

**Schedule 13**  
**Funding Request for the 2012-13 Budget Cycle**

Department: Public Health and Environment  
 Request Title: Radiation Control Program  
 Priority Number: R-9

Dept. Approval by: *[Signature]* 12/16/11  
 Date

- Decision Item FY 2012-13
- Base Reduction Item FY 2012-13
- Supplemental FY 2011-12
- Budget Amendment FY 2012-13

OSPB Approval by: \_\_\_\_\_  
 Date

Line Item Information		FY 2011-12		FY 2012-13		FY 2013-14
		1	2	3	4	6
Fund		Appropriation FY 2011-12	Supplemental Request FY 2011-12	Base Request FY 2012-13	Funding Change Request FY 2012-13	Continuation Amount FY 2013-14
<b>Total of All Line Items</b>	<b>Total</b>	1,905,979	256,500	1,951,617	412,500	420,000
	FTE	23.1	-	23.1	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	1,736,144	256,500	1,776,238	412,500	420,000
	RF	-	-	-	-	-
	FF	169,835	-	175,379	-	-
<b>(6) Hazardous Materials and Waste Management Division, (G) Radiation Management, Personal Services</b>	<b>Total</b>	1,905,979	256,500	1,951,617	412,500	420,000
	FTE	23.1	-	23.1	-	-
	GF	-	-	-	-	-
	GFE	-	-	-	-	-
	CF	1,736,144	256,500	1,776,238	412,500	420,000
	RF	-	-	-	-	-
	FF	169,835	-	175,379	-	-

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Fund 123 - Radiation Control Fund  
 Reappropriated Funds Source, by Department and Line Item Name: N/A  
 Approval by OIT? Yes:  No:  Not Required:   
 Schedule 13s from Affected Departments: N/A  
 Other Information:



# DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

*FY 2011-12 and FY 2012-13 Funding Request  
January 2, 2011*

*John W. Hickenlooper  
Governor*

*Christopher E. Urbina  
Executive Director*

**Department Priority: R-9  
Request Title Radiation Control Program**

Summary of Incremental Funding Change for FY 2011-12	Total Funds	General Fund	FTE
Radiation Control Program	\$256,500	\$0	0.0
Summary of Incremental Funding Change for FY 2012-13	Total Funds	General Fund	FTE
Radiation Control Program	\$412,500	\$0	0.0

## **Request Summary:**

The Colorado Department of Public Health and Environment requests \$256,500 cash funds spending authority for FY 2011-12, \$412,500 cash funds spending authority for FY 2012-13, and \$420,000 cash funds spending authority in FY 2013-14 to support the (6) Hazardous Materials and Waste Management Division (HMWMD), (G) Radiation Management, Personal Services line. The additional spending authority will allow the Radiation Control Program (RCP) to contract with an engineering firm to provide technical review and construction oversight at two uranium mills in Colorado. This increase is temporary and will not be needed beyond FY 2013-14.

The Radiation Control Act (C.R.S. 25-11-101 through 305) makes the RCP responsible for oversight at uranium mills in Colorado. Those oversight responsibilities include the review and approval of design and construction documents and plans, review of documents required for licensing and actual oversight of construction activities.

The RCP has 2.0 FTE dedicated to the current uranium permit workload. These FTE are managing three extremely complex and difficult permit actions from Energy Fuels, Cotter, and

Powertech. At the time these permit actions were presented to the division, estimates indicated that 2.0 FTE could manage the workload. However, changes in regulations are increasing the complexity of permit reviews; plan and design reviews, construction and operational oversight (see Appendix B for timeline). Additionally, the increased complexity surrounding two of these permit applications (Cotter and Energy Fuels) is straining available resources. Because this increase in workload is temporary, the division is requesting spending authority for contractor support to assist in the required document review and construction oversight.

Cotter mill in Canon City has recently advised the RCP that it will be submitting an application for license renewal. Given the regulatory changes and increase in complexity and associated increase in staff time discussed above, Cotter's decision to pursue license renewal necessitates additional resources for the RCP.

In addition to the Cotter mill, the RCP approved a license for a uranium mill to Energy Fuels Corporation last year. Energy Fuels has advised the RCP that it will begin the process of constructing the mill in the first calendar quarter of 2012. That process will require the approval

of construction plans and the actual oversight of construction activities at the site. It is anticipated that the construction process will take 24 to 36 months to complete.

Uranium mill design and construction has changed significantly; requiring specialized and experienced professionals to adequately review construction documents, plans and oversee the construction itself. Although the HMWMD has professional engineers on staff that will participate in these activities, the workload associated with review and oversight under the new, more complex, regulations will result in the need for additional man-hours. Because this is also a short-term project, and experience shows that there are often unanticipated factors that influence and impact construction projects, an external contractor will provide the most cost effective means to obtain the resources necessary to complete the work. Contractor support will give the RCP the flexibility to utilize personnel resources when needed to respond to unpredictable workload demands referenced above.

While it will be necessary to increase the RCP spending authority, the projects will be funded by existing document review fees and other costs supported by Cotter and Energy Fuels.

**Anticipated Outcomes:**

The RCP's ability to respond timely and efficiently is critical to the success of these projects from both a statutory oversight and customer service perspective. Using an external contractor has many advantages over using staff positions. By using a contractor, the HMWMD have the flexibility to use the contractor only as necessary; would not incur any costs for onsite construction oversight if construction schedules are delayed, and would not encounter any delays in responding or meeting statutory requirements.

**Assumptions for Calculations:**

Estimated costs were calculated on an hourly basis for the major tasks of design, plan review, and construction oversight. See appendix A.

**Consequences if not Funded:**

Should the request not be approved, the RCP would perform all the activities with existing resources. By reallocating staff resources to meet the requirements of these two projects, it is realistic to expect other critical activities such as health and safety inspections and enforcement actions needed to prevent public exposure to radioactive agents would be delayed. Additionally, if Colorado fails to meet benchmarks for timeliness and quality of licensing and inspection, the U.S. Nuclear Regulatory Commission (NRC) would identify adverse findings during its periodic audits of the program. These findings could prompt the NRC to revoke its agreement with Colorado and implement its own regulatory program within the state. NRC oversight would result in significant costs and license delays for the regulated community.

**Cash Fund Projections:**

See appendix C for cash fund projections.

**Supplemental, 1331 Supplemental, or Budget Amendment Criteria:**

- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

**Appendix A  
Assumptions for Request**

Fiscal Year/Site	Activity Type	Number of Hours	Cost/Hour	Total Cost
FY 2011-12				
Energy Fuels	Document Review	500	\$150	\$75,000
	Construction Oversight	450	\$150	\$67,500
	Total Cost			\$142,500
Cotter	Document Review	760	\$150	\$114,000
FY 2011-12				\$256,500
FY 2012-13				
Energy Fuels	Document Review	200	\$150	\$30,000
	Construction Oversight	1,150	\$150	\$172,500
	Total Cost			\$202,500
Cotter	Construction Oversight	1,400	\$150	\$210,000
FY 2012-13				\$412,500
FY 2013-14				
Energy Fuels	Document Review	NA	\$150	NA
	Construction Oversight	700	\$150	\$105,000
	Total Cost			\$105,000
Cotter	Construction Oversight	2,100	\$150	315,000
FY 2013-14				\$420,000

## **Appendix B Timeline**

January 2011 – Energy Fuels granted license for proposed uranium mill.

February 2011 – Stakeholder process completed for changes to regulations pursuant to statutory changes to the Radiation Control Act.

March 2011 – Board of Health approves regulations during rulemaking session.

**Appendix C  
Cash Funds Projection**

<b>Cash Fund Name</b>	<b>Cash Fund Number</b>	<b>FY 2010-11 Expenditures</b>	<b>FY 2010-11 End of Year Cash Balance</b>	<b>FY 2011-12 End of Year Cash Balance Estimate</b>	<b>FY 2012-13 End of Year Cash Balance Estimate</b>	<b>FY 2013-14 End of Year Cash Balance Estimate</b>
Radiation Control Fund	123	\$2,613,784	\$487,124	\$462,457	\$437,790	\$413,123

**Note: This request is revenue neutral. The facilities receiving services pay an hourly rate. This revenue is then passed through the CDPHE to the contractor.**

