



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
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ARLINGTON, TEXAS 76011-4005**

October 2, 2003

Aubrey V. Godwin, Director
Arizona Radiation Regulatory Agency
4814 South 40th Street
Phoenix, AZ 85040

Dear Mr. Godwin:

A periodic meeting with Arizona was held on August 19, 2003. The purpose of this meeting was to review and discuss the status of Arizona's Agreement State Program. I have completed and enclosed a general meeting summary, including any specific actions that will be taken as a result of the meeting.

If you feel that our conclusions do not accurately summarize the meeting discussion, or have any additional remarks about the meeting in general, please contact me at (817) 860-8143 or e-mail VHC@NRC.GOV to discuss your concerns.

Sincerely,

/RA/

Vivian H. Campbell
Regional State Agreements Officer

Enclosure:
Agreement State Periodic Meeting
Summary for Arizona

cc w/enclosure:
Paul Lohaus, Director, OSTP

bcc via e-mail ADAMS distribution:

- E. Collins
- L. McLean
- V. Campbell
- L. Bolling, OSTP
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AGREEMENT STATE PERIODIC MEETING SUMMARY FOR ARIZONA

DATE OF MEETING: August 19, 2003

ATTENDEES:

NRC

Vivian Campbell, Regional State Agreements Officer
Elmo Collins, Director, Division of Nuclear Materials Safety, Region IV
Lloyd Bolling, Office of State and Tribal Programs

State of Arizona

Aubrey Godwin, Director, Arizona Radiation Regulatory Agency
William Wright, Program Manager, Radioactive Materials & Nonionizing Compliance

DISCUSSION:

The following is a summary of the meeting held in Phoenix, Arizona, on August 19, 2003, between representatives of the NRC and the State of Arizona. During the meeting, the topics suggested in the letter dated April 14, 2003, from Ms. Campbell to Mr. Godwin were discussed. The discussion pertaining to each topic is summarized below.

1. Action on Previous IMPEP Review Findings

The previous Integrated Materials Performance Evaluation Program (IMPEP) review was conducted during the period February 25 - March 1, 2002. The status of the recommendations outlined in Section 5.0 of the final IMPEP report were also discussed and are summarized below.

- a. **Recommendation:** The review team recommends that the Agency review all Arizona licenses to ascertain if they require financial assurance, and take appropriate action on each affected license to ensure that all licenses meet the State's financial assurance requirements. (Section 3.4)

Current Status: The State has completed the review of their licenses and made the appropriate changes to ensure that all licenses meet the State's financial assurance requirements.

It is recommended that this item be closed at the next IMPEP review.

- b. **Recommendation:** The review team recommends that the Agency reexamine their procedure for handling allegations, consider the key elements of procedures outlined in NRC's Management Directive 8.8, and incorporate the elements that are appropriate for their program. (Section 3.5)

Current Status: The State informed the staff that they have examined the procedures for handling allegations in NRC's Management Directive 8.8. They are working on a draft procedure and expect to have it completed by the end of the year.

It is recommended that this item be reviewed at the next IMPEP review.

- c. **Recommendation:** The review team recommends that the Program submit legally binding requirements to NRC for review. (Section 4.1.2)

Current Status: As of the date of this periodic meeting, the State has not submitted any legally binding requirements for NRC review. The status of the State's regulations is discussed in detail in Item 8 of this summary.

It is recommended that this item be reviewed at the next IMPEP review.

- d. **Recommendation:** The review team recommends that the Agency review its procedures to improve the timeliness in incorporating new rule changes into their regulatory program, including immediately addressing the reporting requirements for generally licensed device distributors which was due by August 16, 2001. (Section 4.1.2)

Current Status: Agency management described the State's current legislative process. Because of the length of time it takes for a regulation to become law and the Sunset review process by the State Legislature, the Agency has been challenged in some cases to adopt new rule changes.

It is recommended that this item be reviewed at the next IMPEP review.

- e. **Recommendation:** The review team recommends that the Agency make correction to the SS&D registration certificates Nos. AZ-244-D-101-S and AZ-244-D-102-S. (Section 4.2.1)

Current Status: The State issued new registration certificates for both devices.

It is recommended that this item be closed at the next IMPEP review.

- f. **Recommendation:** The review team recommends that the Agency establish qualification requirements for SS&D reviewers and develop a formalized, written training program. (Section 4.2.2)

Current Status: The State has not developed a formalized, written training program for SS&D reviewers. However, the State currently has two staff registered for the September 22-26, 2003, Sealed Source & Device Evaluation Workshop in Los Angeles, California.

It is recommended that this item be reviewed at the next IMPEP review.

2. Strengths and Weaknesses of the Program

Program strengths:

Agency management identified the Radiation Measurement Laboratory as a strength of the program. In general, the Agency has qualified and experienced staff.

Program weaknesses:

Program funding continues to be a challenge for the Agency. The Agency had a 17 percent budget cut for fiscal year 2003. For six weeks during the last two fiscal years, the Agency ran out of travel funds and staff performed inspections without being reimbursed for travel expenses. During the last budget process, the State Legislature appropriated a budget for one year instead of the normal projected two year cycle. Currently, the Agency does not have a budget after July 2004.

In addition, Agency management expects significant staff turnover, including program managers, within the next five years due to staff retirements. At the time of the periodic meeting, the Agency had one vacancy in the radioactive materials program, two vacancies in the laboratory and three vacancies in the x-ray program. Since the periodic meeting, Agency management informed the Region that they have another vacancy in the materials program due to the loss of a staff member to another Agreement State program.

Agency management also discussed the lack of depth in the emergency response organization. The program currently does not have enough personnel to staff a second shift in order to respond to a major emergency event.

3. State Feedback on NRC's Program

Agency management generally complemented NRC staff on actions taken on technical issues. However, management expressed disagreement that NRC retains the common defense and security authority in Agreement States. Agency management believes that many of the compensatory measures are also measures which are used to ensure safety.

4. Recent or Pending State Program Changes

There are no pending State program changes with regard to reorganization and distribution of responsibilities. As discussed earlier, Agency funding has been a challenge because of the 17 percent budget cut in fiscal year 2003. However, the State could not identify any areas where health and safety were compromised. The State Legislature has requested that the Agency evaluate the steps that would need to be taken in order for the program to become 100 percent fee funded.

5. NRC Program or Policy Changes That Could Impact Agreement States

Ms. Campbell, Mr. Collins, and Mr. Bolling discussed the Region IV organization, security issues and NRC rulemaking and guidance development, specifically Part 35 and IMC 2800. Ms. Campbell assisted the State in accessing the NMED web page and also showed the staff how to generate NMED reports.

6. Internal Program Audits or Self Assessments

Agency management has staff meetings on a weekly basis to discuss the status of tasks that need to be completed. The Agency currently has no backlogs in inspection or licensing. Management performs inspector accompaniments two times per year and reviews all licensing and compliance actions. The Agency is required to report timeliness statistics to the Legislature once a year.

7. Status of Allegations Referred by NRC to the State

Two allegations were referred to the State by Region IV during the period. The State has followed up on both allegations.

8. Compatibility of Arizona Rules and Regulations

The State submitted four proposed amendments, dated June 30, 2001, for review and comment. These amendments were received by NRC on May 21, 2003. The proposed amendments covered Radiography (Part 34), License Termination (Part 20), Respiratory Protection (Part 20) and Well Logging (Part 39) NRC regulations required for compatibility. As a result of this review, seven comments were developed. We also reviewed the State's response to our May 31, 2002 letter covering our review of Arizona equivalent amendments to NRC Parts 20 and 34 regulations. We found that four of our comments were not addressed. A comment letter, dated June 27, 2003, was sent to the State and we are expecting a response soon.

Additionally, the State was advised that if regulations or program requirements are addressed by "Legally Binding Requirements" (LBRs), a copy of the LBR should be sent to NRC.

9. Nuclear Material Events Database (NMED)

The State currently reports significant events to NRC's Operations Center. The State's process appears to be effective for initially reporting events. The NRC staff requested that routine and follow up event information be provided to the NMED on a monthly basis and that events be closed out in the NMED system. The State agreed to close out all events.

10. Schedule for next IMPEP Review

The next IMPEP is scheduled for fiscal year 2006.