



TETRA TECH FW, INC.

August 23, 2004
FWHN-FTMC-04-0154

Ms. Lydia Tadesse
Contracting Officer
US Army Engineering and Support Center, Huntsville
P.O. Box 1600
Huntsville, AL 35807

Subject: Performance Assessment Report, U.S. Fish and Wildlife Transfer Area, Task Order 0020,
Ordnance and Explosive Response at Fort McClellan, Alabama, Contract Number DACA87-99-D-0010

Dear Ms. Tadesse:

This letter provides TtFW's response to the ratings received in Section V of the Performance Assessment Report dated August 12, 2004.

14.a Quality of Product/Service (Unsatisfactory (RED))

COMMENT: The contractor's personnel moved MEC items from a clearance area without observing the statement of Work, UXO Safety Procedures, Data Item Description, etc. This has resulted in the issuing of an Emergency Administrative Order by the Alabama Department of Environmental Management.

RESPONSE: On July 1, 2004, a team of UXO technicians (team) was performing the clearance specified in the subject task order. For some inexplicable reason and without conferring with site management, the team decided to move some of the fuzed items from the area being cleared to another area as yet uncleared. We were made aware of this inappropriate action on the afternoon of Friday, July 30, 2004, when the Alabama Department of Environmental Management (ADEM) issued the Emergency Administrative Order (Order). TtFW immediately recognized and accepted full responsibility for the inappropriate acts of those employees that violated not only our procedures, but also the USACE procedures, our contract and approved project work plans. In our first teleconference on August 2, we accepted full responsibility for re-performing this work at our cost. On that same date, we initiated an internal investigation into this incident, and have since hired outside counsel to assist with this effort, which is ongoing. Four of the six individuals involved admitted their wrongdoing and resigned immediately. One individual had already left the company, and disciplinary action was not taken against the remaining employee who stated that he reported the improper activity to the authorities. Thus, TtFW no longer employs five of the six employees involved in the incident. Further, The Anniston Star reported in its August 14, 2004 edition that Philip Stroud of ADEM had stated that, "he's confident that they found everything in the area investigated during the past two weeks." We are committed to and will continue to incur costs for reasonable corrective actions until the balance of the Order is removed. We don't believe that the isolated yet wrongful actions of those employees, five of six of whom are no longer employed by TtFW, should significantly impact the evaluation of all of the other quality work that has been performed by TtFW on this project.

14.b Schedule (Marginal (YELLOW))

COMMENT: The failure of the contractor to completely remove and destroy all of the MEC items has resulted in schedule impacts with the delivery of the Site Specific Removal Report for the Fish and Wildlife service Removal Action. This delays the full use of the roads and firebreaks for the fighting of control burns and wildfire.

RESPONSE: Immediately upon notification of this incident, actions were undertaken to recover and properly dispose of the items involved. USFWS does not have a control burn scheduled until January



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2005. We will continue to work to resolve the remainder of the Order as expeditiously as possible thereby restoring full USFWS access to required areas.

14.c Cost Control (Satisfactory (GREEN))

COMMENT: This Task Order is a Firm Fixed Price task order. The contractor has submitted several notices of changed site conditions.

RESPONSE: USACE has previously concurred that in each instance that we have submitted a change notice, there was in fact a changed condition.

14.d Business Relations (Marginal (YELLOW))

COMMENT: Business relations have suffered because of the issue of the Administrative Order. They have suffered because there is some concern that the contractor had personnel that don't always follow the correct procedures. This illustrates that the contractor doesn't do the necessary screening of personnel before they are brought onto a project.

RESPONSE: The isolated and inappropriate actions of the employees initially affected business relations, but all indications are that ADEM has recognized the efforts of USACE, the Army and TtFW to take appropriate remedial action. When the incident became known, two TtFW corporate executives and the Director of UXO Operations traveled on a Sunday to be immediately present at Fort McClellan on Monday morning to initiate investigation of the incident and to develop corrective action scenarios. TtFW has undertaken corrective actions in cooperation with the USACE, its customer, and ADEM. ADEM's public statements have positively recognized these corrective actions. The company disagrees that appropriate employee screening was not performed. TtFW performs employment screening of all new hires and screening was accomplished for these employees as it is for all of our other employees. The following specific screen process is performed:

Initial Screening Requires Presentation of the following information:

Resume,
EOD School Certificate,
Any additional certifications such as: Blaster, CDL, Tech Escort, Diver, Heavy Equipment Operator, etc., and
References.

After review of the above information, the employee is contacted by phone and discussions are held with regard to the following:

Their experience level, both military and civilian,
Expectations of employment with Tetra Tech,
Availability for stateside and overseas work,
Why he/she is interested in employment with Tetra Tech, and
Any references from current Tetra Tech employees.

After the phone conversation, any TTFW references so identified will be called for any input and recommendations. In addition, TTFW employees who served in the same military branch of service are also called for a recommendation.

After the information and input is received by HR:

Two work-related references are completed,
Drug and physical screenings are scheduled, and

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Any additional references to schools and work are confirmed.

All screenings must be completed and acceptable to GMG Medical Services prior to an employee's start. Any reference requires follow-up with the potential employee if discrepancies arise.

Annual performance evaluations include a management assessment of the employee's performance in categories that include safety, quality, compliance with laws and regulations and teamwork/cooperation. If there are any performance issues during the performance period, those issues are addressed by a counseling sheet, which is provided to the employee with a copy to the responsible resource manager and HR. The resource manager evaluates the information and takes appropriate disciplinary action that may include "Memorandums of Caution", "Letters of Reprimand", or, if a serious incident, "Termination". Other actions have included a reduction in classification with a commensurate pay cut.

14. e Management of Key Personnel (Marginal (YELLOW))

COMMENT: The UXO Supervisor is an integral part of the Management team for a MMRP project. The UXO supervisor was aware of the mishandling of the MEC items and did nothing to correct the mishandling of the items and may have been a participant.

RESPONSE: The UXO Supervisor, Team Leader, and team members all exercised extremely poor judgment in their actions. One of these employees had been with TtFW over 2 years, and 5 had been with TtFW over 3 years. There had been no performance issues identified for any of these particular employees during their annual performance evaluations and there was nothing to indicate their inability to make sound decisions.

Further, the employees involved, along with all TtFW employees, received training regarding the standards of conduct within the workplace expected of employees and the importance the company places on ethical behavior. The employees either knew or should have known that moving the fuzed items was not only in violation of the work plan, but improper and a violation of TtFW's standards of conduct. The employees also knew or should have known that TtFW expected them to report such misconduct and that there are avenues to do so within TtFW. TtFW maintains a HOTLINE for the anonymous reporting of such conduct. TtFW employees are also encouraged and expected to speak with their Program and Project Managers about any improper conduct of which they become aware. In this instance, while all of the employees knew moving the fuzed items was improper, none of them chose to disclose what had occurred to TtFW management.

14. f Other (Optional) (Marginal (YELLOW))

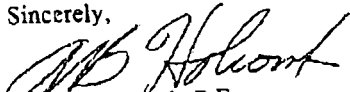
COMMENT: The failure of this UXO Team to follow applicable procedures places a question on the abilities of the contractor to field the appropriate team members for the successful completion of future projects.

RESPONSE: We disagree that this isolated incident impacts our ability to execute future work on this or any other project. When employees exercise poor judgment or commit malicious acts, the manner in which the company responds should be the chief factor in evaluating the incident. In this instance, TtFW stepped forward and accepted full responsibility to repair the damage created by their employees. Five of the six employees involved are no longer employed by TtFW and have notations in their personnel files that they are not eligible for rehiring. We proceeded immediately to recover and properly dispose of the items that were mishandled. This initial action was completed to everyone's satisfaction, and we will continue to work with the Army, USAESCH, and ADEM to expeditiously satisfy the remaining requirements of the Order.

TETRA TECH FW, INC.

Please contact me at (256) 820-7904 if you have questions or comments.

Sincerely,


Arthur Holcomb, P.E.
Project Manager

No enclosure.

CF: Mr. Daniel Copeland, US Army Engineering & Support Center, Huntsville
Mr. David Douthat, US Army Engineering & Support Center, Huntsville
Dr. John Potter, US Army Engineering & Support Center, Huntsville
Ms. Frances Steel, US Army Engineering & Support Center, Huntsville

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