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DOE

\$11 BILLION IN PERFORMANCE-BASED CONTRACTS AWARDED AT SITES IN WASHINGTON AND SOUTH CAROLINA UNDER CLINTON REFORMS *Competition Begins for \$8.5 Billion in Results-Driven Contracts in Ohio and Tennessee*

Building on the Department of Energy's success in contract reform efforts, Secretary of Energy Hazel R. O'Leary today announced \$11 billion in performance-based contract awards. These pay-for-performance contracts will speed waste cleanup and advance national security at sites in Washington and South Carolina. The new contracts are the largest for the department since Clinton administration reform efforts were initiated in 1993. O'Leary also announced the decision to compete \$8 billion in work at Oak Ridge, Tennessee and the beginning of competition for \$500 million of work and at Mound in Ohio. The Fluor Daniel Hanford team won the Project Hanford Management Contract in Richland, WA and Westinghouse Electric Corporation was awarded the Savannah River Integrated Team Management Contract in Aiken, S.C.

The contracts announced today ensure that contractors will be paid a fee only if they achieve specific, defined results, such as cleaning up a contaminated site by a specific date. "Before contract reform, DOE paid for simply showing up. Not anymore. If the contractors don't deliver on their commitments, we don't deliver on their fee," said Secretary O'Leary.

"This results-focused approach demonstrates success in President Clinton's efforts to change the way our government does business, and ensures the American taxpayers get more for their money."

The Project Hanford Management Contract award is valued at approximately \$5 billion over 5 years; the Savannah River Integrated Team Management Contract is approximately \$6 billion. The contracts are designed to improve performance through strengthened accountability and focused incentives. O'Leary committed to these reforms at confirmation hearings in 1993. They were designed in cooperation with Congressmen John Dingell (D-MI) and Dan Schaefer (R-CO) -- who then had oversight responsibilities over DOE contracting -- to better manage contractors.

Project Hanford Management Contract "The Fluor team at the Hanford Site offered an aggressive approach to producing results and cost savings," said O'Leary. "They stood out as innovative and committed to the new mission at Hanford. Their plan to help create 3000 private sector jobs will strengthen the economic health of Washington state," she added.

The Fluor team includes Babcock and Wilcox Hanford Company, Duke Engineering & Services Hanford Inc., Lockheed Martin Hanford Company, Numatec Hanford Inc., Rust Federal Services of Hanford Inc. The team has committed to:

- Stabilize plutonium by December 1999, reducing hazards associated with this dangerous

substance.

- Complete removal of sludge and debris in the K-basin by June 2000, reducing risk to the Columbia River and downstream communities.
- Control, clean, and stabilize two tank farms containing sludge and waste from the production of nuclear weapons by December 2001, reducing the highest risk on the Hanford site.
- Deactivate weapons plants by 2005.

Savannah River Integrated Team Management Contract "The new pay-for-performance contract awarded to Westinghouse Savannah River Company accelerates the reform initiatives and will increase productivity, cost effectiveness and accountability at the site," O'Leary said.

The team is comprised of Westinghouse Savannah River Company as the prime contractor with Bechtel Savannah River Inc., Babcock & Wilcox Savannah River Company, and BNFL Savannah River Corporation as subcontractors. The Savannah River site contract includes major reform and performance objectives such as:

- Conversion of high-level waste into high stability glass at a rate of at least 150 canisters in FY 97.
- Transfer of liability from the government to the contractor to encourage good business management.
- Stabilizing nuclear materials, thereby reducing proliferation risks.
- Expansion of environmental, safety and health requirements, including mandatory flow down of requirements to subcontractors.

Oak Ridge and Mound Contract Actions "Our decision to initiate the competition at the Oak Ridge and the Mound facilities will speed up the environmental cleanup, allow the department to obtain contractors with specialized experience and advance science and national security," O'Leary said.

The Oak Ridge Reservation will remain an important component of the DOE complex. It consists of three major facilities: the Oak Ridge National Laboratory, Oak Ridge Y-12 Plant, the Oak Ridge K-25 site. O'Leary's decision to initiate a competition for the environmental cleanup allows the department to focus on a single mission and provides an opportunity for improved management and cost savings. Two other contracts for operation of the Oak Ridge National Laboratory and Defense Program Y-12 work will be extended for two years and are then scheduled to be competed so that contracts can be awarded by the end of the extension period. Total value of the three contracts is \$8 billion over five years. The department will be conferring with the local community and affected workers as it implements these decisions.

The Mound Plant located in Miamisburg, Ohio was used to support research and development for nuclear weapons and energy programs. The department's request for offers anticipates the accelerated closure of the Mound Facility by 2005 at the latest. The contract will be awarded in February 1997 and is valued at over \$500 million. It requires the awardee to accomplish economic development to help the sustain the local economy of Miamisburg.

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