

Release date: October 1, 1996

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DOE

A NEW ERA FOR HANFORD: FLUOR-DANIEL TEAM ASSUMES CLEANUP RESPONSIBILITIES

In a series of employee recognition events stretching across the 560-square-mile site, the Department of Energy and Fluor Daniel Hanford officially recognized today's start of the Project Hanford Management Contract by focusing on the successes of its workforce.

"I want to congratulate each and every one of you on the work you have accomplished to date," said Department of Energy Richland Operations Office Manager John Wagoner. "Because of your dedication, our work at Hanford is characterized by safety improvements, cost reductions and schedule accelerations. We are poised and ready for the innovative ideas of the Fluor Daniel Hanford team."

Wagoner and Fluor Daniel Hanford President and CEO Hank Hatch joined the principals of the Fluor Daniel team and "enterprise" companies in talking with site workers during an informal "coffee break" hosted for all Project Hanford employees by the Fluor Daniel team.

"It is my great privilege to honor your accomplishments and mark the first day of the new contract with you, because what happens at Hanford during the next few years will represent your hard work, skill and accomplishment," Hatch told the employees.

The Project Hanford Management Contract requires the Fluor Daniel team to achieve significant cleanup results and other performance goals in order to receive full fees. In addition, a major component of the new contract is the inclusion of a number of initiatives to diversify the regional economy. The contract commits the team to help create 3,000 jobs independent of Hanford over the next five years.

Hatch told employees that "change will be a way of life" at Hanford. He urged them not to be afraid of it, but instead to seize the opportunities for achievement that will present themselves in the months and years ahead. The Project Hanford team will consist of 13 companies in all, including Fluor Daniel Hanford, six subcontractors, and six "enterprise companies", to which 2,500 of the current work force have been assigned. The enterprise companies will provide services to Project Hanford, but will also have the opportunity to attract outside business, eventually making them independent of Hanford Cleanup funding.

The management team also is setting up Columbia Basin Ventures, a business development company that will provide expertise to the community in the attraction of new businesses. CBV also will have the resources to invest millions of dollars in companies and business initiatives that show promise of being profitable and adding jobs to the area.

"Doing the job safely -- doing it in a timely, cost effective manner to protect the long-term health of the community -- these are the overriding goals of Project Hanford," Wagoner said.

Hatch agreed. "We will succeed because of the commitment and skill of our work force," he said. "Let us begin."

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RL 96-097

MEDIA BACKGROUNDER Project Hanford: Safety, Cost Effectiveness, Economic Stability

The new Project Hanford management contract represents a milestone in the U.S. Department of Energy's contract reform effort -- to produce cleanup results safely and more cost effectively over a shorter time period. The Project Hanford Team will achieve a safe and efficient cleanup, while helping to diversify and stabilize the Tri-Cities economy so that there will be jobs in the local community when the project is over.

Key points:

- Fluor Daniel Hanford and its major subcontractors have placed all of their project fee at risk. They will be paid only if they accomplish agreed-upon cleanup and local community economic stabilization goals within a certain time period. This introduces new accountability into the government's cleanup programs that carefully conserves the funds appropriated by Congress for this effort and protects taxpayers.
- Each of the 8,600 employees (except for 209 managers) at the site received job offers at the same salary when they joined one of the 13 companies that comprise the Project Hanford Team. The benefits, such as insurance, vacations and retirement, vary depending on which of the companies employs the workers. However, the benefits are competitive with those paid in the private sector for the same kind of work. Workers received information about their new benefits in a job offer letter sent August 30.
- The future size of the work force will depend on the ongoing scope of the project and the amount of government funds available. However, a key feature of this project is that new private sector jobs will be created that will stay in the area long after the cleanup is over.
- To help provide long-term job stability in the region, six enterprise companies were set up, initially employing about 2,000 current site workers, to provide services to the Project Hanford cleanup program. These companies also will identify and pursue other business, so that they can become strong, independent and healthy on their own, providing jobs in the community for many years to come.
- In addition, \$10 million will be available to a new venture capital fund, called Columbia Basin Ventures (CBV), that will have capacity to invest in companies and business initiative that show promise of being profitable and adding jobs to the area. In addition to the \$10 million, the Project Hanford Team has agreed to provide up to 12 percent of the fees to finance CBV activities.
- Besides preserving existing jobs and generating new ones in the community, Project Hanford is committed to spending at least 50 percent of its procurement budget in the region, so that hundreds of private businesses in Southeastern Washington will continue to benefit as the cleanup proceeds.

In summary, change is coming to Project Hanford. It will be change for the better in creating a more viable way of cleaning up large remediation projects, with much more accountability for achieving results. This approach also provides the Tri-Cities region with an opportunity to build a strong economic future that will last after the Hanford project is over. For everyone involved, Project Hanford means: safety, cost effectiveness and local economic stability.

MEDIA BACKGROUNDER Project Hanford: Goals

While the overall cleanup effort at Project Hanford is broad in scope and demanding, there are several primary goals. They are:

- Conduct the cleanup effort in a safe manner with measurable progress that completes the work well ahead of previously set deadlines. This includes:
- Complete stabilization of all plutonium on site nearly two- and-a-half years ahead of current schedule.
- Place all tanks into safe, clean and stable condition three-and-a-half years ahead of schedule.
- Shut down, decontaminate and decommission designated plants and facilities 11 months to 20 years ahead of schedule.
- Establish financial and management systems necessary to guarantee that dollars spent on the project are tied to actual results.
- Maximize existing physical and human resources at the site by using an appropriately trained workforce to accomplish project work, eliminate the duplication of services, and outsource appropriate jobs and services (such as security or on-site general maintenance) to the private sector.
- Stabilize the local economy by helping to attract 3,000 new jobs that are independent of the overall efforts at Project Hanford.
- Meet designated commitments and schedules including those established by the Tri- Party Agreement -- a cleanup plan developed by the U.S. Environmental Protection Agency, Washington State Department of Ecology and DOE.
- Manage the overall efforts and activities of the major subcontractors to produce a seamless and effective cleanup effort.

MEDIA BACKGROUNDER Project Hanford: Benefits to the Tri-Cities and Region

The U.S. Department of Energy's Project Hanford will have the following benefits to the Tri-Cities and the region under the new management contract:

- Plutonium and radioactive contamination at the Hanford site will be stabilized and contained to preserve the environment and to ensure the long term health of workers and residents of the area, including the safety and purity of the Columbia River. Much of the land and other assets will be converted to new and other productive public and private uses. The pay-for-performance contract will result in these benefits being achieved in a shorter time period.
- Each of the 8,600 employees (except 209 managers) at the site were offered the same kind of job at the same salary when they joined one of the 13 companies that comprise the Project Hanford Team. The benefits, such as insurance, vacations and retirement, vary depending on which of the partner companies employs the workers. However, the benefits are competitive with those paid in the private sector for the same kind of work.
- The future size of the work force will depend on the ongoing scope of the project needs, as well as the amount of government funds available. However, a key feature of this project, under the new management contract, is that additional private sector jobs will be created that will stay in the area long after the cleanup is over. The Project Hanford Team is committed under the contract to help attract 3,000 new jobs, independent of Project Hanford, over the next five years.
- To help provide long-term stability in the region, six "enterprise companies" were set up, initially employing about 2,000 of the current site work force, to provide services to the Project Hanford cleanup program. Importantly, these companies also will identify and pursue other business, so that they can become strong, independent and healthy on their own. It is expected that these companies will become permanent members of the business community in the Tri-Cities area, providing jobs, paying taxes and contributing to the region for many years to come.

It is important to note that these enterprise companies are being set up by strong, successful international companies -- Fluor Daniel, Babcock & Wilcox, Duke Engineering, Lockheed Martin, Numatec and Rust Federal Services. These companies have the expertise, new business know-how, and financial resources to help these companies be successful (recognizing that in private enterprise, it will eventually be up to the management and employees of these enterprise companies to achieve success).

- Ten million dollars will be available to a new venture capital fund, called Columbia Basin Ventures(CBV), that will have capacity to invest in companies and business initiatives that show promise of being profitable and adding jobs to the area. In addition to the \$10 million, the Project Hanford Team has agreed to provide up to 12 percent of the fees to finance CBV activities.
- By contract, Project Hanford is committed to spending at least 50 percent of its procurement budget in the region, so that hundreds of private businesses in Southeastern Washington will benefit.

In summary, the benefits of the new Project Hanford program to the Tri-Cities region include:

- Preservation of a safe, healthy and sound environment in the workplace and for the general public, including preservation of the water quality in the Columbia River.
- A commitment to help generate 3,000 new jobs, independent of project Hanford, over the next five years.
- Creation of six new independent companies in the Tri-Cities area, backed by the expertise, new business know-how and financial resources of the strong international companies that are part of the Project Hanford Team.
- A commitment, of a minimum of \$10 million for venture capital funds to invest in companies and business initiative that show promise of being profitable and adding jobs to the area.

The new Project Hanford Team will help build a stronger future for the people of the Tri Cities region.

MEDIA BACKGROUNDER Project Hanford: Who Are the Primary Partners?

The cleanup effort at Project Hanford involves 13 different companies. This team is made up an overall management contractor, six world-class major subcontractors, and six newly created "enterprise companies." The management contractor provides the leadership for making decisions. It focuses on integrating and directing, not performing the cleanup tasks. The actual cleanup work is conducted by the six subcontractors -- each possessing a different highly-developed area of expertise. The "enterprise companies" will provide services to the six major subcontractors and have a combined employment of about 2,000. One of their long-term goals is obtaining and managing non-Hanford contracts and business.

Management Contractor Fluor Daniel Hanford -- The parent company, Fluor Daniel, has conducted numerous engineering and remediation projects throughout the world. It derives its competitive strength from its reputation for quality and safety, project management expertise, world-wide procurement capability, and extensive experience across a wide range of services and technologies. As the primary management contractor for Project Hanford, Fluor Daniel Hanford has the ultimate responsibility for the entire project with emphasis on safety, high quality of work, and performing all functions on time.

Subcontractors

Babcock & Wilcox Hanford Co. -- The parent company, B&W Federal Services, has more than three

decades of experience in decommissioning commercial nuclear facilities. The Hanford subsidiary will have the responsibility for the Facility Stabilization Project. In this role, it will examine all highly contaminated structures and make the appropriate recommendations as to the best remediation action.

Rust Federal Services of Hanford, Inc. -- The parent company, Rust Federal Services, is the world's largest commercial waste manager. The Hanford subsidiary will be responsible for the Waste Management Project. They will use existing technology to accelerate treatment and disposal of waste, reduce need for waste storage, and minimize waste through partnerships with waste generators.

Lockheed Martin Hanford Co. -- The parent company, Lockheed Martin Co., is the world's largest technology application company as well as the DOE's premiere provider of nuclear facility and process operations expertise. The Hanford subsidiary will be in charge of the Tank Waste Remediation System Project. With 177 containment tanks at the site, they will ascertain the contents and determine what is to be done with the materials.

Duke Engineering & Services Hanford, Inc. -- The Spent Fuel Project will be headed by Duke Engineering. The parent company, Duke Engineering & Services, Inc. manages more spent fuel pools and fuel assemblies in dry storage than any other company. This project will address the cleanup efforts associated with the waste and fuel rods stored on site.

Numatec Hanford Inc. -- The parent companies, Cogema, Inc./SGN, are the world leaders in high-level waste processing. The Hanford subsidiary will be in charge of Technology Implementation and Nuclear Engineering Project. They will provide application technology as needed to all the cleanup subcontractors.

DynCorp Tri-Cities Services, Inc. -- The parent company, DynCorp, is a diversified high technology services firm. The Hanford subsidiary will provide non-nuclear related assistance in the areas of site operations, propriety management, medical services, and information resource management.

Enterprise Companies

Fluor Daniel Northwest, Inc. -- It will provide a variety of professional services to the subcontractors, including construction, engineering, finance, accounting, and materials management, etc.

Duke Engineering & Services Northwest, Inc. -- It will provide nuclear and non-nuclear services in the areas of quality assurance, fire protection, and environmental services.

B&W Protec, Inc. -- Provides safeguard and security services to the Hanford site including material control and accountability, physical security, information security, and other security activities.

Lockheed Martin Services, Inc. -- Provides telecommunications and network engineers, information systems, production computing, document control, records management, and multimedia services.

Rust Federal Services - Northwest -- It will provide air and groundwater sampling, well installation and maintenance, permit modification, groundwater modeling and geophysical evaluations.

SGN Eurisys Services Corporation -- Provides engineering and technical support to Project Hanford in the areas of tank waste remediation systems engineering and construction, spent fuel conditioning and the Engineering Testing & Technology Department.

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