

FINAL MEETING SUMMARY

**HANFORD ADVISORY BOARD
BUDGETS AND CONTRACTS COMMITTEE MEETING
January 12, 2010
Richland, WA**

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This is only a summary of issues and actions in this meeting. It may not represent the fullness of ideas discussed or opinions given, and should not be used as a substitute for actual public involvement or public comment on any particular topic unless specifically identified as such.

Welcome and introductions

Gerry Pollet, Budgets and Contracts Committee (BCC) Chair, welcomed everyone and introductions were made. The BCC approved the November meeting summary with no objections.

Fiscal Year (FY) 2010 Budget Appropriations

Janet Diediker, Department of Energy, Office of River Protection (DOE-ORP), gave a budget briefing regarding major accomplishments achieved in FY 2009 and planned work scoped to be accomplished in FY 2010. She said DOE-ORP is achieving significant accomplishments in the tank farm and Waste Treatment Plant (WTP) and she said DOE is committed to meeting their compliance commitment. She said that it is important to note that the FY 2010 scope is approximately 28% higher than FY 2009 including an additional \$30 million omnibus directed towards tank retrievals. Janet listed off the tank farm projects that are near-term objectives and priorities such as readiness for waste feed delivery, tank closure activities and continued progress on Single Shell Tank (SST) retrieval. She said there have been many meetings regarding goals and she feels that DOE has done a good job of being inclusive on these priorities. Janet went over the funding profile for FY 2009-2010 for the tank farms. She said there is money from appropriation and from the American Reinvestment and Recovery Act (ARRA) and DOE would like to be in a position to execute further projects when more funding comes in. She said DOE is spending their dollars and hiring people and should be done with their scope by 2011. She said DOE has a buy back list of priorities for where potential funds could be used in

bringing more activities back in. She said the more DOE accomplishes, the more money is freed up to allocate to new projects and continue with more retrieval.

Janet went over the progress that DOE-ORP made in FY 2009. She said for the tank operations the contractor met 95% of their performance based incentives for the first year which is very good. She said getting Integrated Safety Management System (ISMS) Phase 1 and 2 done for the tank farm project was also a large milestone. She also noted the other tank farm project accomplishments including obtaining an Earned Value Management System (EVMS) certification, developing a draft updated baseline, negotiating milestone changes to the Tri-Party Agreement (TPA), and issuing a draft Tank Closure and Waste Management Environmental Impact Statement (TC&WM EIS). She said there was a sweep of the financial systems in FY 2009 and DOE allocated funding not needed by some projects to start new work. She said DOE developed a lifecycle baseline which recognizes the Hanford Advisory Board's (HAB or Board) advice on using different technologies such as blending to accelerate tank retrievals.

Janet presented the work that was done in FY 2009 on the Single Shell Tank (SST) retrieval and closure. She said the C-110 retrieval was resumed and is 86% complete and construction work was started for C-104 which is 60% complete. She said design and procurement was started on the robotic arm for Mobile Arm Retrieval System (MARS). She said for waste management, DOE has completed the evaporator campaign and major facility decontamination and upgrades.

Janet also noted the progress made on the WTP support. The tank operations contractor, Washington River Protection Solutions, has updated the River Protection Project System Plan and is very focused on integrating work with WTP's contractor, Bechtel. The tank farm project and WTP are working together on the operational readiness review for WTP start-up.

Janet referred to pictures giving examples of how DOE-ORP used ARRA funding for ventilation and evaporator valve upgrades and waste feed and waste transfer infrastructure. She noted work was done for electrical modifications, and old filters and trailers were buried in Environmental Restoration Disposal Facility (ERDF).

Janet presented the planned accomplishments for FY 2010. She said there is \$197 million for base operations of the tank farms and facilities to maintain safe and complaint manner. She said some of the planned actions for base operations include surveillance and maintenance of single and double shell tanks (DST), tank sampling, 242-A Evaporator operations, and fifteen DST to DST transfers.

Janet said there is \$84 million in omnibus funding for SST retrieval and closure. She said with this money DOE will carry out planned actions such as bulk retrieval of C-104 and C-111, complete C-107 retrieval design and initiate procurement, complete SST large riser project, five hose-in-hose transfer line removals, and construct TY interim barrier this spring.

Janet reviewed a long list of planned accomplishments for FY 2010. Within the ARRA scope, \$133 million is allocated towards overall progress to de-clutter the tank farms to get them into better conditions. She said with this funding radial filters will be replaced, SST electrical systems will be upgraded, DOE will initiate core sampling systems and transfer line upgrades. The waste feed delivery/WTP support will plan to use the \$52 million for updating the System Plan, evaluating the DST space and working on WTP program interface \$38 million will provide DOE-ORP support for the TC&WM EIS and last, contractor fee and management reserve will be at \$37 million.

Delmar Noyes, DOE-ORP, went over the funding profile for the WTP and said the key point is that the spend plan is different than FY 2009 due to \$319 million being carried over to FY 2010. He said in FY 2009 the big accomplishments were total project completion of 50%.

Delmar gave an update on the FY 2009 accomplishments regarding the WTP. He said the design and engineering activities have been completed for the Low Activity Waste (LAW) facility and that significant structural progress has been made. He said in FY 2009 DOE completed formwork on the Analytical Laboratory structure and waste transfer equipment has been received for procurement activities. He said the High Level Waste (HLW) facility had many design activities in FY 2009 such as the completion of the final design for the HLW melter assembly taking into account more conservative seismic criteria. He said for the Pretreatment facility civil construction was done and the structure is now 56 feet in height. Delmar showed pictures of the facilities to show the progress that was made in FY 2009.

Next, Delmar gave an update on the FY 2010 planned accomplishments. He said in FY 2010 DOE plans to be approximately 75% complete with the LAW facility with progress in design, procurement and construction activities. He said the Analytical Laboratory is planned to be at 48% completion with complete installation of the waste collection tank pit elevated concrete and 90% of bulk piping installed. He said the Balance of Facilities are planned to be 56% complete in FY 2010 with \$50 million which will allow for finalized electrical capacity calculations for the WTP and complete acquisition package for the Wet Chemical Facility. Delmar said the HLW Facility is projected to be 56% finished with \$160 million for FY 2010 and have completion of the auto sampling system design along with key materials to support construction. He said the facility will continue to change the skyline by reaching structural level 14 in February or March of this year. He said for the Pretreatment facility DOE is planning to set into position one of four ultra filtration vessels as well as other construction activities putting it at 54% completion.

Regulator perspective

- Melinda Brown, Washington State Department of Ecology (Ecology), said Ecology originally responded to DOE with comments on budget impacts with a letter from July 2009 for FY 2010 and FY 2011 funds. The Board received this letter with a list

of their priorities. She said Ecology's priority is to construct the WTP as quickly and safely as possible, to continue with construction of new facilities and to decrease the waste in SSTs. She said Ecology would like to see operational improvements with development of the lithium technology if it does not impede WTP progress. Melinda said Ecology is pleased with the waste retrieval systems. She said Ecology supports closure demonstration activities at the TY barrier and immobilizing the HLW. She said Ecology does think efforts should be focused on technology for LAW. She is pleased with the progress and is impressed with the idea that DOE- ORP is not just working but looking at funds as well. She encourages DOE-ORP to continue on this path.

Committee Discussion

- Keith Smith asked if the allocation of funding had been discussed with rank and file workers. Janet said DOE did have field input and said there has been efforts to clean up and look at deteriorating equipment as a result. Keith said this is important that people in the field have been heard because items have been purchased that have not been useful to them. Janet said she has been impressed with the program office in ensuring ARRA funding allows people to have what is needed to do their job.
- Harold Heacock asked if the past electrical shortage problems with the feed lines have been resolved. Delmar said DOE is getting close to resolving the feed line problems. He noted the real concern is the power capacity. However, DOE is now looking at engineering options to determine the final loads and make sure assumptions are correct.
- Gerry said if more stimulus funds were available would DOE-ORP accelerate SST retrieval. Steve Pfaff, DOR-ORP, said DOE tries to avoid these tank conditions of buyout displaced gas where chemicals are trapped and then released and DOE is looking at the amount of sludge to see how many SSTs can be retrieved. Janet said the wiped film evaporator can be used to assist in tank retrieval. Gerry said he was under the impression that the evaporator was only used in some cases and he asked if this has changed. Janet said the use of the wiped film evaporator has not changed; however, it is a mobile facility and it can be used as a backup to the 242-A evaporator. Steve said the evaporator is there to assist and streamline the tank retrieval and there is a briefing on these practices coming out including on the Mobile Arms Retrieval System. DOE-ORP is deploying this system to decrease the amount of waste sent to the 242-A evaporator. Janet said DOE will continue with briefings for tank retrieval technologies.
- Keith asked about the hard heel removal system and if it was related to MARS. Steve said the hard heel removal is not related to MARS. He said clean water is being used to dissolve the solids and other materials are used to meet the TPA requirements. Keith said what happens to materials left in the tanks. Steve said that will be a factor for TC&WM EIS.

- Keith said one issue from the past was the water pressure system for the tanks. Delmar said DOE will look into this.

FY 2010 Budget Appropriations

Mark Corconado, Department of Energy, Richland Operations Office (DOE-RL), went over the FY 2009 and FY 2010 allocation.. He said funds have moved around and the budgets are put together to continue with the progress in FY 2010. He referenced a chart that showed the ARRA funds spent to date versus the spend plan estimates for FY 2010. He said the total money spent was \$160,069,151. He said the projection for next year's spend plan estimate is about \$703 million; however there was some question on if there was a typo on this due to the switch from months to years on the chart.

Rich Holten, DOE-RL, said DOE is working towards shrinking the footprint of active site cleanup in moving towards the 2015 vision. He said the goals DOE are setting are achievable with the funding that has been allocated to the RL office. He also said DOE-RL will work with the Fish and Wildlife to ensure their standards are considered since they will be the final landlords in areas outside of TPA space. Rich noted several areas for active cleanup including the River Corridor, Central Plateau Outer Area, Central Plateau Inner Area and Hanford Reach National Monument. He further explained how DOE plans to collapse the site down to the 200 Area which is reflected in the cleanup priorities designed to meet the 2015 vision. DOE-RL is trying to finish this project by 2013 to save funding for the Plutonium Finishing Plant (PFP). He said the majority of these priorities are reflective of past priorities and DOE-RL is looking to execute their 2015 vision and achieve regulatory and TPA compliance.

Dana Bryson, DOE-RL, gave an update on FY 2009 accomplishments. He said DOE has initiated the sludge treatment project in the K Area with a two phased approach and T plant for interim storage. He said DOE completed four TPA milestones and demolition and removal of eighteen facilities. He said in FY 2009 DOE removed the leak prone K East (KE) Basin and initiated studies on KE reactor core removal versus placing it in interim safe storage. He said DOE-RL also initiated phase two technology evaluation for the treatment and packaging of engineered container and settler tube sludge.

Dana said for the FY 2010 planned accomplishments for the 100 K Reactor DOE will operate and maintain KW basin and associated structures in a safe and compliant manner. He said DOE will support continuation of sludge treatment design as well as characterization sampling and testing of the knockout pots, engineered containers and settler tubes which they have seen good progress.

Next, Dana presented on the FY 2009 River Corridor accomplishments. He said DOE has completed remediation of the 618-7 Burial ground. He said DOE has completed construction and placed ERDF cells seven and eight in service and started interim safe storage of the N reactor. He said DOE has completed D4 of the 107-N facility including

removal and disposal of the sand filters and T-1 tank. He said the D4 was difficult and the Washington Closure Hanford awarded DOE-RL the Voluntary Protection Program status for safety performance. He said DOE disposed of 864,800 tons of waste at ERDF and completed excavation of the 118-H-1 burial ground. He said DOE also initiated river sampling activities in support of the remedial investigation work plan for Hanford Site releases to the Columbia River.

Dana presented planned accomplishments for FY 2010 for the River Corridor. He said DOE plans to dispose of eleven surplus facilities in the 300 Area and continue remediation of waste sites and burial grounds in the 100 and K Areas. He said DOE will complete six waste sites in operable unit 300-FF-2. He said DOE will complete remediation of three 100-H burial grounds and continue to do risk assessment activities in support of the final end state and River Corridor closure. Dana said DOE will continue the deactivation and demolition of the 324 b and 327 buildings in the 300 Area. He said DOE will continue interim safe storage of the 109-N reactor which is a bigger work scope because the reactor is bigger. Additionally, DOE-RL will continue field remediation of ancillary facilities and waste sites in the 100 K Area. He said DOE will operate ERDF to support field remediation and demolition activities as well in FY 2010.

Rich presented on the accomplishments for the PFP in FY 2009. He said DOE finished all the plutonium removal from PFP. He said security clearance is no longer needed to get into PFP which fosters getting more workers at PFP. He said the focus for the PFP will now be on how to get the glove boxes out of that plant.

Rich reviewed the FY 2010 planned accomplishments for the PFP. He said ARRA funding is being focused on treatment, retrieval and shipping. He said DOE-RL is expecting that retrieval will slow down in FY 2010 due to the fact that DOE is switching to graded containers so the containers are being re-packaged. He said base funding will be used to maintain the PFP complex. He said DOE plans to complete shipment of un-irradiated and slightly irradiated fuel to an interim storage area. He also remarked that DOE plans to continue decontamination and decommissioning of Plutonium Reclamation Facility.

Rich then reviewed accomplishments for waste treatment and disposal. He mentioned that TPA milestone 91 is currently under negotiations. Once the Tri-Party agencies sign the consent decree then they will know what the targets are for transuranic (TRU) waste retrieval. In terms of planned accomplishments for FY 2010, DOE will continue ARRA funding of retrieval and treatment activities. Rich said that they will plan to do five shipments per week of TRU waste in March and then ramp up to seven shipments a week until they run out of TRU material to ship.

For the FY 2009 accomplishments regarding soil and groundwater projects, Rich said DOE-RL is looking at utilizing more extraction and ejection wells. He said there is over 60 % design completion for the 200 West groundwater treatment facility and over 60 % completion for the 100-DX facility and construction. He said the 100 million dollar facility in the 200 Area is projected to be at the 90% design stage. Rich said the ARRA

funding is paying for the design and construction and the capital portion for the 200 Area. He said base funding is allocated to the remaining work. He said in FY 2009 DOE completed 22 TPA milestones for soil and groundwater.

Rich presented on the FY 2010 planned accomplishments for the Central Plateau Decontamination and Decommissioning (D&D) and waste site remediation. He said the largest part of Project Baseline Summaries (PBS) is surveillance and maintenance in order to keeping the facilities safe until final disposition. He said there is progress being made with D&D, however, some waste sites remain and need characterization done before remediation can occur. He said the majority of the money for D&D projects is from the Recovery Act. He said DOE-RL's goal for the PBS on D&D is to have enough money to collapse the outer zone to get to the inner zone.

Regulator perspective

- Melinda said the July 14th document discussed Ecology's priority of how to use ARRA funds to clean the groundwater and remediate along the river. She said Ecology likes that PFP is going down quickly which decreases risks to workers. She also noted that Ecology encourages DOE-RL to complete the remedial investigation/feasibility study for the river corridor soon. She said Ecology looked at the funding priorities and agree that the Fast Flux Test Facility D&D should be the lowest priority. She remarked also that Ecology supports the idea of continuing waste remediation and moving away from the river to shrink the site.

Committee Discussion

- Harold asked what is being done with the direct effluent lines buried in the river. Dana said the effluent lines are taken on a case by case basis and DOE is working with Ecology and EPA to address the benefits weighed against the damages to the river. Keith asked where DOE gets the fill for the holes. Dana said the fill comes from approved miscellaneous borrowed pits.
- Bob Suyama asked if there is a treatment schedule for K Basin sludge. Dana said the plan is to retrieve the sludge and put it in T Plant away from the river in a form where it can be remediated and treated. DOE is still doing research on this with a technical evaluation.
- Keith asked if DOE uses a cold vacuum facility. Dana said if Keith is referring to hydrogen levels in vacuum facilities this will not be an issue.
- Bob asked what cold and dark storage is. Rich said because of the conditions the plants have to be manned and whether the plant is manned or not is the difference between light and dark storage.
- Gerry asked if the PBS for the nuclear facility D&D work (RL-0040) would be factored into the TC&WM EIS. Rich said that DOE-RL intends to put the PBS into the TC&WM EIS but because of funding this might not be the case.

- Gerry said there is not a new milestone in place at the end of the fiscal year for retrieval of TRU waste. Rich said DOE-RL is putting an extension on this. DOE-RL and the regulators are meeting today with the purpose of setting this milestone. He said there is money for TRU retrieval and DOE-RL is at a point of technical feasibility for TRU waste retrieval. Paula Call said there will be a status update tomorrow at the River and Plateau committee meeting.
- Gerry clarified that RL-0040 increased from \$40 to \$80 million but only a certain amount is for the work shown and the rest is set aside for infrastructure. Rich said he is correct. Rich said these are complete PBS numbers and some of the money goes to the mission support contractor.
- Susan Leckband asked if Hanford has financial or physical responsibility after plutonium waste leaves the site. Rich clarified that DOE does not have responsibility once the waste leaves the Hanford Site.
- Gerry asked if the amount of money allocated to groundwater projects is at the correct phase for the PFP for cleanup and demolition. He asked what Ecology views as the priority for groundwater and other retrieval activities. He said milestones have been relaxed and if there is not money these milestones might not be regained. Melinda said Ecology is very interested in groundwater cleanup. She said this topic is part of the negotiation package so she is unable to address it now.
- Rich said DOE is doing a large amount of work at the T Plant and DOE is trying to save money by packaging at the trench and bringing in equipment to do so. He said DOE is looking at mobile hot cells to save money as well.
- Gerry encouraged DOE to put these projects that are being funded now on the integrated priority list (IPL).
- Keith thought the problem is going to be for security and how DOE calculates the site infrastructure taxes. Gerry said site infrastructure may be the wrong word; instead it may include integration planning.

Committee Discussion on Integrated Priority Lists (IPLs)

Gerry said the Board adopted Board Advice #213 discussing the need for an IPL for both field offices. The purpose of today's discussion is to review the response given from DOE-Headquarters (HQ) and to determine if the committee would like to take further action. Specifically, Gerry asked what makes IPLs business sensitive and why is this information not shared with the Board. Bob commented that DOE should be able to share this information with the committee. Gerry said there is no contract sensitivity.

Gerry said he would also like the regulators' perspectives on the request for complete IPLs. Melinda said in paragraph 149-151, Article 48 of the TPA discusses information that is permissible to be released regarding activity building blocks (ABB). These ABBs are part of the budget development process and outline what will or will not get funded. Ecology has authorized the ABBs and noted that IPLs are outside the TPA.

Gerry commented that it was not about the terms used but about the fact that IPLs are not in the TPA. He said his concern is that DOE-ORP's priority list does not meet the BCC's needs. Harold said to keep in mind that different terminology is used while developing

budgets. There is a process to identify what to spend money on followed by an internal review. Harold said then regulatory requirements and a preliminary budget will dictate the priority list. He said before a certain stage is reached maybe the priority list should not be public. Harold asked what stage should the BCC be seeing the priority list in the budget process.

Keith said one of the problems is getting a clear idea of how DOE will allocate funding. He said that the BCC can give productive comments on it if they are given the information needed to see where money is being spent. He thinks it does not matter what the document is called, there has to be a clear idea of what are the priorities.

Harold said the BCC needs to articulate the Board's interests. Keith concurred with Harold and commented that the committee should articulate their interests earlier in the process.

Gerry said each spring the committee should be reviewing each field offices' priority lists. He said it is difficult to do this if BCC does not have the information.

Gerry said DOE-RL has provided more detailed funding information on the River Corridor to see how much is going to groundwater and solid waste projects. He said the BCC was able to look at the information and see what work is or is not going to be funded and provide input on it.

Paula said usually whatever is under a certain dollar amount line is considered not funded. Gerry said in the past a line has been physically drawn for funding capabilities. Susan clarified that if all the baseline work is funded, the work below the line does not have funding. She said that the potential for Hanford to get money and what work has been identified for this extra money is what the BCC would like to see.

Susan said the BCC should clearly state what is wanted. Gerry said he thinks that the Board explicitly states this Advice #213. Harold said the BCC needs to clarify which stage in the budget process it needs this information.

Susan said a big stumbling block is lack of guidance. Melinda said that DOE will brief them on FY 2011 budget guidance and within two weeks they will respond. Paula said in terms of stakeholder input, DOE has submitted Board advice to DOE-HQ directly even if it seems it is not hitting the time target.

Gerry said the committee still would like someone from DOE-HQ to address their concern about what is business sensitive in the IPL. Paula said she has this request into DOE-HQ.

Gerry recommended that DOE-ORP provide the IPL in the same way as DOE-RL. Keith also said BCC would like access to a list of activities that can be funded if available.

Steve clarified that DOE-RL does not provide a list of unfunded activities either. To him, it sounds like what BCC needs is to look at the baseline. Gerry said the BCC would like the baseline to show how much money is needed each year for certain activities. He said this information is not easily seen in the baseline.

Gerry thinks the committee should defer drafting IPL advice. Now that DOE-ORP has a better understanding of what the committee is requesting, they can maybe revise their priority list to show what is above and below the line. Committee members agreed with his recommendation and DOE-ORP will use the meeting summary as a guideline for revising their priority list.

Susan made a last comment that there is a financial cliff in 2011 with the end of ARRA funding. She advised the committee and agencies to examine the economic impacts and the steady state of cleanup that could potentially stop from the cease of ARRA funding. She said the BCC should suggest a way of continuing this cleanup momentum. She said if the argument is good to prevent a crash to sustain jobs and the continuation of cleanup work, the BCC should consider creating advice on how this is being planned. Susan said workers are being trained now, and DOE should retain as many of them as possible after ARRA funding ends. Gerry concurred with Susan and remarked that this is a big issue of ARRA funding and the budget process for 2012. Gerry said this dialogue can be continued with both offices on how to address work plans so funding continues.

Mission Support Alliance (MSA) Contract Presentation

Jeff Frey, DOE-RL gave a presentation on the Mission Support Contract (MSC) for the Hanford Site. He gave a quick orientation to the other main Hanford contracts. The Tank Operations Contract (TOC) includes operations and construction activities necessary to store, retrieve, treat, and dispose tank in order to begin to close the tank farm waste management areas. Jeff said the Plateau Remediation Contract (PRC) includes the plutonium finishing plant closure project, solid and liquid waste treatment and disposal, soil and facility remediation and disposition and other activities related to handling nuclear facilities and contamination.

Jeff said the Mission Support Contract provides integral site support services to DOE-RL and DOE-ORP and their contractors. He said DOE had one contractor previously that did the bulk of the work, however, now the MSC provides site specific strategic services for all contractors.

He said the scope of work includes five primary functions: safety, security and environment, site infrastructure and utilities, site business management, information resources and content management and, portfolio management. He said that one of the largest costs at Hanford is Information Technology (IT) and that all of the tools bare a cost.

Jeff said the overall expectations of MSC are to allow DOE to focus on cleanup and let MSC focus on site support services. He said another expectation is to establish an MSC portfolio management function and a site wide environmental management program. He

said the MSC is expected to create common Hanford site safety processes, and reduce the overall cost of site services through consolidation. Jeff noted that breaking up the mission into smaller pieces will free up more dollars for cleanup as well. Jeff said the overarching concept is to lower cost. Jeff said the MSC's base period of performance is five years and DOE has two options to extend the contract for a total of 10 years.

Next, Jeff reviewed the key features of the MSC which are interface management, infrastructure services alignment plan (ISAP), portfolio management, and performance evaluation management plan (PEMP). For interface management, he said the idea behind Mission Support Alliance (MSA)'s service delivery approach is to simplify a contractor's focus to one mission. Jeff went over past Hanford practices and MSA's current approach which DOE thinks will be easier to define and improve upon to better align contract services. He additionally spoke to the differences between management and services. He said a new concept is the project liaisons that have personnel with key skills to help and anticipate client needs and retain client relationships. Jeff said DOE sees and understands the benefit of having good communication.

Jeff Bird, DOE-RL, said one performance incentive in place for MSA is to integrate the contracts with site services. Jeff noted that DOE should understand the contracts and stage there services in response to meet key needs. For this reason, DOE developed project liaisons who act as client managers. This integration will lead to better alignment of contractor schedules to achieve cleanup. Jeff Frey said the Hanford interface management plan is to simplify and implement the requirements of the contract under one contract, attachment J-3 for the Hanford Site services. He said the Contracting Officer (CO) is the exclusive authority on the Hanford interface management plan and has concurrence from the other site contracts, PRC and TOC.

Next, Jeff Frey reviewed the Infrastructure Service Alignment Plan (ISAP). This plan is the strategic and tactical planning document for the five functional areas of the MSC. He said the services MSA provides can reduce cost and maintain quality for site services. Jeff then discussed the portfolio management function of the MSA contract. Under this function, MSA serves DOE as the trusted agent to provide services such as integrating the Life-Cycle Cleanup Planning Process and responding to changes in scope, schedule, cost, budget, contract performance, and regulatory requirements to provide a credible baseline.

Jeff said the objective of the performance evaluation management plan (PEMP) is to align incentives to achieve strategic contract outcomes. These outcomes include supporting the accomplishments of the 2015 vision, enabling cost-effective cleanup of the Hanford Site and upgrading deficient infrastructure. Jeff said there are five major performance objectives for FY 2010 such as meeting performance commitments and sustaining performance excellence. He said this is about establishing the baseline and making sure things are happening and going well. He said DOE has many measurement tools to verify the quality of this process.

Jeff presented the mission support work scope diagram. He said the purpose of the workscope is to show how the MSC is funded. He said there is direct funding from Project Baseline Summary (PBS) 40 and PBS 20. He said much direct funding comes from PBS 40 for many activities with a budget of around \$20 million. He said the reliability projects keep up the site infrastructure and physical upgrades to the systems. He said the institution piece is a small part of PBS 40 that will grow in the future along with the Hammer program. Jeff said safeguard and security has protective services and cyber security funded under it. He said there is funding allocations for site wide services; those cumulatively go to pay for the other activities. He said the user based services such as training and facility services are pay as you go.

Jeff presented the Assistant Manager for the Mission Support (AMMS) portfolio work scope shown by service area to illustrate funding of services and to provide a road map to where the services are and where the services are going.

Committee Discussion

- Gerry said to some extent the MSC's Service Level Agreement (SLA), has some discretion on how to meet and quantify the agreement requirements. Jeff said there is tension surrounding this topic. He said DOE is using SLAs and has agreed to have quantifying means in the negotiated contract. He said DOE is trying to determine the quality of indirect and direct customer services necessary to support contractors, while trying to save money and seek a balance as well as get feedback.
- Gerry asked for clarification on SLAs. Jeff said SLAs exist to understand what services are available. He said SLAs are merely a formality, and before SLAs this process was in some ways invisible to DOE. He said with SLAs there is much more visibility to prescribing a team of workers to perform a job function.
- Keith asked if the MSA was supposed to do a survey on funding for services. Jeff said yes and DOE is forming this strategy and DOE is depending on the ISAP for the next priorities.
- Harold asked for clarification on safety and work procedures. Jeff said one of the first deliverables was to maintain Technical Safety Requirements and to help define the roles and responsibilities on site to promote safety. He said there are fifteen common safety programs for MSC site contractors and others to meet these performance objectives and implement. Jeff said each contractor uses their own process; however, they have to use the Integrated Safety Management System (ISMS). He said DOE ensures contractors meet ISMS and there is periodic review and the Voluntary Protection Program compliments ISMS.
- Gerry asked how MSC productivity is measured and incentivized. Jeff said in the future DOE will establish bench marks for future performance and reviewing the baseline submittal. He said DOE has started to look at the EVMS approach which will allow them to track and report project costs. Gerry said he assumes these improvements in productivity will be tracked. He asked if there will be incentives for improvements in productivity. Jeff said it is DOE's intent to establish improved metrics to continue to incentivize cost reduction through the SLA.

- Gerry asked what the site wide PBS tax is and if it varies. Jeff said yes the PBS tax does vary depending upon priorities. He also said there will be decisions depending on which PBS tax and how much contribution a PBS has to cover for site wide services.
- Gerry asked if ARRA money contributes to these services. Jeff said ARRA funding does not contribute directly to site wide services, only annual appropriations. Keith said he was under the impression that ARRA funding is set aside for certain items that fall under site services. Jeff said the cost for initial equipment can come from ARRA but the maintenance is funded with MSC dollars.
- Susan asked about the transition of site-wide services from other site contractors to MSC since DOE awarded this contract a year after the others. Jeff said the other contractors presumed the scope of work until MSC started. DOE directed Project Hanford Management Contract (PHMC) to act as MSC until the contract was in place. Jeff said DOE routinely talked to the contractors to try to bridge the gap to make this transition smooth from to MSC in accordance with the J-3 Attachment.

ARRA Funding

Jon Peschong, DOE-RL, presented on ARRA funding in regards to jobs created and saved and how jobs are tracked compared to ARRA dollars being spent. He said when jobs are quantified it is sometimes difficult to get accurate numbers. He said there are circumstances where estimates and assumptions are used to calculate the number of jobs. He said these assumed job numbers are not completely off, however, the down side is that different DOE sites have different ways of estimating job calculations. He said DOE is transitioning from estimating to only counting jobs that can be physically counted. He also noted DOE determines those jobs in a headcount if their paycheck is from ARRA funding, whether it is just a portion or the whole day. He cited that DOE saved 285 TRU retrieval jobs under ARRA funding. He then compared how Congress' omnibus bill, which increased the site's budget, would or would not have saved those jobs. Under the omnibus bill, those 285 workers would have been laid off and the increase in funding would have gone to PFP and groundwater work.

Jon said of the \$236 million DOE-RL received in ARRA funding, DOE allocated almost half to total goods and services. Jon noted this cannot be counted towards jobs. He said of the 4,600 headcount of full-time employees, there is a reduction in the apparent number due to the contribution of goods and services, roughly \$80-100 million.

Jon said DOE is using the data more on the web site reporting.gov as it continues to become more accurate and adapting to comments and concerns. He also said the data is a rolling three month average to reflect changing conditions. Each contractor has one data set that stays constant. Jon said the datasets that are used are developed from employees' timecards.. He remarked that this may change to include subcontractors. He said there are certain vendors under contract that have to report job data, but local providers are not required to do so. Additionally, DOE does not include contributions from goods and services in their data analysis as well as not requiring information from certain subcontractors such as Caterpillar.

Committee Discussion

- Gerry said the BCC is interested in this topic about the number of jobs created with ARRA funding because he gets asked about the difference between jobs created and jobs saved quite frequently. Jon said the number of jobs that are shown as saved comes from the number of jobs that are continued due to allocations from ARRA funding to prevent layoffs. Gerry said there are other forms of funding. He asked how it is known what pool of money saved a certain job. Jon said the plan changed to save these jobs once the ARRA money became available.
- Gerry said FY 2008 is lower than FY 2009 even without ARRA funding and he asked where this increase in funding has gone. Tom Fletcher, DOE-ORP, said the increase in funding went to other allocations. Tom said instead of laying people off, DOE utilized ARRA funds to keep workers on the pay role and this is what is considered a saved job. Gerry said it is important to make sure these jobs are not double counted and asked if DOE has means of identifying if there has been double counting in jobs data. Jon said he would have to get back to Gerry on this. He is almost positive the concept of double counting is not addressed in all contracts.
- Tom said DOE is not required to report off the shelf goods and services in jobs data.
- Susan asked about job losses in 2011. She said it is important to take into account the impact of those losing their jobs and the slowdown in cleanup work as a result of loss of funding. She asked if DOE is doing anything to stretch out the ARRA funding and ease these impacts. Tom said DOE-ORP is going to continue on with projects and acquiring new employees as long as the budget is met. He said DOE-ORP is in a position to ramp up staff to get ready for WTP operations. Their goal is to create careers, not jobs. Jon said DOE-RL will experience a substantial drop in funding from FY 2011 to FY 2012. He said DOE-RL is working on performance management (PM) baselines and reviewing ARRA work that was selected so it can be completed by FY 2011. The PM baselines will allow DOE to mitigate a halt in funding. Tom said DOE-ORP is also looking at these concerns for FY 2011 funding. Jon said there are three phases to a PM baseline: (1) start-up - baseline is in place and money is spent, (2) line management responsibility – federal project officers execute projects, and (3) end – trying to keep money coming in and cleanup projects sustained.
- Keith said DOE makes a lot of investment into training new employees. Tom said it takes three to nine months to train a worker.
- Gerry asked about DOE-RL's FY 2010 budget and questioned why it was 30 million dollars under spent. Jon said these spend plan budget estimates for FY 2010 are accurate and DOE is getting jobs done for less than these estimates. He said DOE is a little behind schedule, and there is lagging financial accruals from contractors that have not been counted as spent. He said Gerry is correct that DOE is about 30 million dollars under spent according to the chart and that the spend plan estimate will become more accurate. Jon said he could update the committee at a future meeting on DOE-RL's spend plan estimate.
- Jon continued saying there are 2,500 stable jobs and the spend rate is increasing. He mentioned the job rate is good and that it would not change dramatically. Jon also

said there is already pre-approved work and DOE knows what work can be added with more funding. Gerry said if there is a wish list of additional work that is waiting for funding BCC would like to be able to see it. Jon said there are three major capital projects undergoing External Independent Reviews. He said the first is the Non-Radioactive Dangerous Waste Landfill barrier construction which will cost about 8 million dollars. Second is the 600 Area barrier land fill. Third are the PFP glove boxes at about 40 million dollars. He said these three main projects would be put into action with additional funding.

- Gerry asked if DOE-ORP had a similar wish list. Tom said the buyback list for ARRA funds includes: the 616 building upgrade, a crane dedicated to for the mobile arms retrieval system, removal of additional obsolete equipment from the SS and DS tank farms, disposal of excess vehicles in Radioactive Material Area and dedicated tank farm cameras to support the cleanup mission.
- Tom said the scope list for FY 2010 budget appropriations would consist of AP&SY exhauster construction, hose-in-hose transfer line removal, programmable control, logic control system modifications, SST integrity and 222-S facility upgrades. He said the major item is more funds for SST integrity and also noted that a reliable wiped film evaporator available by 2019 and remove clutter from the tank farms as other important activities for DOE-ORP.
- Susan asked what the financial plan is if the vitrification plant does not work. She said the use of Yucca Mountain for storage is no longer an option. Tom said DOE-ORP's path is to get to a Critical Decision on where to store the glass logs once vitrified. He said there is no indication of work to create any alternate options besides vitrification. Tom said the onsite Canister Storage Building will hold about 800 logs which the vitrification plant can produce in four years. He said DOE has to make the assumption that the vitrification plant will work, with the immediate goal of getting waste out of the tanks.
- Harold said the technology of the vitrification is proven. He said there may be glitches on the start-up but the plant will run. He thought the challenge will be in meeting all the Washington Administrative Codes.
- Gerry said he questions DOE's dollar choices regarding how DOE allocated its project money. He said he had heard there is no more DST capacity for transfers for over two years after the vitrification plant is operational. He said if there was more ARRA money there should be more efforts to get waste out of SSTs. Gerry suggested the committee track ARRA funding with quarterly updates from DOE.

Committee Business

Gerry said BCC would like to talk about when to have an FY 2012 briefing. He said BCC talked about specific concepts being presented on for the building blocks, such as talking about the financial cliff.

Gerry said because of the TC&WM EIS, BCC cannot do it in February so maybe BCC should have the workshop no earlier than late March when the TC&WM EIS process is over.

Susan reminded committee members that the Board meeting is April 1 and 2. She suggested that the BCC should do a budget meeting the last week of March. Gerry said the earliest a meeting could be held would be March 24 or 25. He suggested a one day budget meeting. He noted developing advice on FY 2012 budget guidance is complex and developing this would be tight since the Board meets the following week.

Sharon commented that the BCC should wait until DOE received budget guidance before moving forward. She said that DOE is not sure when it will receive guidance from DO-HQ. Gerry recognized this situation and said the meeting would just be a place holder.

Gerry said the committee needs to talk about the timing of the February meeting, to have a briefing on the FY 2011 request. The BCC placeholder is February 9. He proposed moving the meeting to the afternoon of February 11 due to the TC&WM EIS public hearings.

Gerry asked Paula call if the scope was due in February, and if the urgency for February is wrong? Paula said Gerry is correct.

Gerry suggested a half day meeting to propose the tank farm contract presentation.

Cathy McCague confirmed that Gerry will request a half day meeting on the afternoon of February 11 on the EIC call next week. The BCC will not have a January committee call.

Handouts

NOTE: Copies of meeting handouts can be obtained through the Hanford Advisory Board Administrator at (509) 942-1906, or tgilley@enviroissues.com

- Office of River Protection Priority List FY 2011, July 22, 2009.
- Environmental Management Recovery act: Keeping You in the Know, U.S. Department of Energy, October 15, 2009.
- Attachment J-4: Mission Support Contract Performance Evaluation and Measurement Plan,
- Richland Operations Office Organizational Chart, January 6, 2010.
- Recovery Act Funding at Hanford, DOE-RL, November 2009.

Attendees

HAB Members and Alternates

Harold Heacock	Gerry Pollet	Bob Suyama
Susan Leckband	Keith Smith	Art Tackett

Others

Jeff Bird, DOE-RL	Annette Carlson, Ecology	Cathy McCague, EnviroIssues
Dana Bryson, DOE-RL	Melinda Brown, Ecology	Blair Scott, EnviroIssues
Paula Call, DOE-RL		Dru Butler, MSA
Mark Corconado, DOE-RL		Sharon Braswell, MSA
Jeff Frey, DOE-RL		Dave Hovley, MSA
Rich Holten, DOE-RL		Jeff Dennison, MSA
Janet Diediker, DOE-ORP		Annette Carey, Tri-City Herald
Tom Fletcher, DOE-ORP		John Britton, WRPS
Lori Gamache, DOE-ORP		
Delmar Noyes, DOE-ORP		
Steve Pfaff, DOE-ORP		