FINAL MEETING SUMMARY

HANFORD ADVISORY BOARD
Budget & Contracts Committee Meeting
May 11, 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 committee agreed to approve the January meeting summary. Gerry said there needs to be a vote to formally adopt committee leadership. Harold Heacock offered to serve as vice chair and Gerry offered to remain BCC chair.

Lifecycle Cost & Schedule Report

Shannon Ortiz, Department of Energy – Richland Operations Office (DOE-RL), gave a status update of the Lifecycle Scope, Schedule and Cost Report (Lifecycle Report). She said the Tri-Party Agreement (TPA) agencies have a proposed milestone as part of the consent decree and the Lifecycle Report will be submitted annually. She said the Hanford Lifecycle Report will include the entire Hanford Site cleanup mission.

Shannon said the use of the Lifecycle Report is to provide a foundation for budget requests to integrate all current planning information, and would be used to brief the tribal governments and stakeholders as well as foster discussions between the agencies. She said the Lifecycle Report is not a decision document; however, it provides information on scope and schedule and will contain the complete lifecycle. Shannon said there have been briefing sessions to date that include the tribal nations and Oregon Office of Energy.. The Hanford Advisory Board (HAB or Board) advice is being taken into

account while the report is written. The milestone has not yet been adopted, but the report is being prepared and will be finished in early 2011.
Shannon discussed the draft outline for the 2011 Lifecycle Report. She said the report will be user-friendly and the detailed information will be in the appendices. She said sections 1-3 will be introductory and provide background, including the values of affected governments and stakeholders along with views of the Environmental Protection Agency (EPA) and the Washington State Department of Ecology (Ecology). She said section 4 leads into the project baseline summary level 1 which has the current planned baseline activities without alternatives. Sections 5, 6 and 7 are the major Hanford Site cleanup projects such as the River Corridor, Central Plateau and Tank Farms with in-depth analysis of selected alternatives. She said sections 8-10 are long-term stewardship, institutional controls, other related cleanup activities and the improvement of future reports. She said the appendices go over the schedule and cost details.

Shannon discussed the ongoing activities for DOE-RL. She said there is a Lifecycle Report working group with the Tri-Party Agreement (TPA) agencies that meets regularly to develop the initial Lifecycle Report. She said this group determines the optimal Lifecycle Report framework and resolves key policy and technical issues. She said the Lifecycle Report working group is trying to make this first report as useful as possible. Current cleanup action estimations (for necessary cleanup actions that lack a final regulatory decision at this time) are being prepared for the first Lifecycle Report and include reactor disposition and closure of the 200-SW-2 solid waste burial grounds. Additional cleanup actions have been identified and will be analyzed for inclusion in follow on Lifecycle Reports..

Regulator perspective

- Ron Skinnarland, Ecology, said the Lifecycle Report is much anticipated. He said it is important to manage expectations. Ecology is identifying what information people might want to integrate into future versions of the report, and the intention is to keep coming to BCC for support. He said the cost schedule is not yet available.
- Dave Einan, EPA, said this is the first Lifecycle Report and it will be a good tool. He said there are baselines but they are not currently coalesced. He said DOE is learning as this report is prepared and the first report will not be perfect, but it will get better with experience and input from BCC.

Committee Discussion

- Ken Rueter, Washington River Protection Solutions (WRPS), asked how far into the future the Lifecycle Report goes regarding post closure activities. He said the Lifecycle Report should contain enough information so the tradeoffs for Institutional Controls (ICs) can be seen. He wants to see the ongoing costs of ICs considered since it will affect time frames and cost. He said it would be useful to see evidence that the

capital projects in the baseline have funding profiles in the system plan, but funding needs to be used early in order for large projects to be initiated. Shannon said the intention is to give the annual dollar amount for the near term.

- Pam Larsen, thinks that lifecycle costs need to be identified and that the early cost estimates may seem low. Shannon said she is not sure when the lifecycle cost reports will be out and added that the cost savings reports are different. The Lifecycle Report will reflect American Recovery and Reinvestment Act (ARRA) funding.
- Keith Smith asked what the stimulus report shows. Shannon said the stimulus report provides the ARRA milestones.
- Keith asked how cost is verified. Shannon said DOE-Office of River Protection (ORP) is using the contracted baseline, and DOE-RL is using federal schedulers and an estimate system. She said the methodology has been revised by an outside source and risk management will be incorporated.
- Harold Heacock asked if the Lifecycle Report will include work to be done and if end state assumptions are considered. Shannon said the Lifecycle Report will include work to be done and does consider assumptions.
- Harold asked about onsite and offsite disposal costs and if there will be delays in the report. Shannon said DOE will consider appropriations through the Fiscal Year (FY) 2010 and FY 2011 budget, which will show the impact of potential delays. She said if a TPA milestone cannot be met, DOE will try to explain why. Dave Einan said it is not possible to have all delays in the report, and DOE will not guess at those types of delays. Shannon said DOE is making assumptions and the risk impacts will be shown.
- Jeff Luke asked if DOE will identify risk based on activity. Shannon said there is a programmatic risk management plan with identified risks. Jeff asked if these identified risks will be seen in the Lifecycle Report. Shannon said yes with more detail in the appendices. She added that the Lifecycle Report is separated by area to make it easier to navigate.
- Gerry Pollet said readability would be a good role for the Board to give input on.
- Susan Leckband said this is a living document updated yearly and asked if the report will be publically available. Shannon said yes, it should be on the internet or distributed after it is submitted to EPA and Ecology. Susan recommended it be on the web.
- Maynard Plahuta asked if the report is limited to TPA milestones. Shannon said the TPA milestones are the minimum requirement and the other Project Baseline Summaries (PBS) will be included. The detailed information will be focused on the cleanup actions.
- Maynard asked if cost will be included if there were major upgrades to the electrical systems. Shannon said this information would be in the Lifecycle Report.
- Maynard asked if long term projects will be included. Shannon said DOE is going beyond cleanup and is still working on Long-Term Stewardship (LTS) and Institutional Controls (ICs) costs for inclusion.

- Dirk Dunning asked about the ARRA funding for the approved baseline plan. Shannon said ARRA funding falls under assumed savings.
- Dirk asked if agencies will identify cost losses. Shannon said cost losses could potentially be included in future Lifecycle Reports.
- Dirk asked if natural resource damage will be included in the Lifecycle Report. Shannon said DOE is including the costs associated with the Natural Resource Trustee Council. But not any natural resource damage assessment because damages are being litigated. Dirk said natural resource damages, LTS and IC costs need to be included even when there is uncertainty. Shannon said the Lifecycle Report is not the decision document so it is difficult to portray this.
- Gerry said he would like to walk through HAB advice #223. He said there is concern over the cleanup on the Central Plateau and the retrieval of the burial grounds. He asked if these concerns have been addressed or changed. Ron said the intent is to analyze the alternatives and the acceleration is meant to meet the TPA. Ecology is first looking at a compliant cleanup schedule, and the intention is to show the compliance in the report. Gerry said the third bullet of advice #223 regarding acceleration remains a concern.
- Gerry said soil discharge operable units (OUs) should be included in the systems plan and the Lifecycle Report. Ron said the tank alternatives have not been completed. Gerry said the concern is that the tank system leaks and discharges are not included in the report. Ron said the intent is to have information available, but it may not all be in the first Lifecycle Report.
- Gerry asked if there will be comments taken on the first iteration of the Lifecycle Report as a TPA document with a response from DOE. Shannon said the intent is to receive comments. There may not be a formal response, but in the next report improvements will be made based on comments received and will be shown. Gerry said there could be potential advice on the comment process.
- Ron said the first bullet in advice #223 refers to the entire Hanford cleanup. He said the intent is to have more detail in the Lifecycle Report, but there are caveats on how much detail will be in the first report. Gerry asked if Comprehensive Environmental Response Compensation and Liability Act (CERCLA) require a report for every OU. He said the concern is not just having a schedule for groundwater but having groundwater OUs. He asked if the Lifecycle Report will reach this level. Ron said the scope of the OUs might be presented as a group; Ecology is trying to find the right level of detail to present in the Lifecycle Report. Maynard said the Board would like to see the OUs separated; however, it could be laid out in the appendix. Gerry said the concern was that the Lifecycle Report would be at the PBS level. Shannon said the Lifecycle Report will be more detailed than the PBS. Ron said next year's version of the Lifecycle Report will accommodate some of these concerns.
- Shannon said the third bullet of the advice #223 is helpful to DOE.
- Ron said Ecology has not completed enough of the Lifecycle Report to address the fourth bullet of the advice. Gerry said it sounds as if the information being requested will be available in the Lifecycle Report. Ron said the information DOE might not

include the total cost, but some of the information on cost will be available. Gerry said the advice is requesting to be able to look to the report for proposed delays.

- Shannon said to address bullet five in the advice, DOE is expecting input for subsequent reports and is trying to include as much as possible in the first report. Dave said there is a way to provide input to DOE.
- Gerry asked if comments would be addressed without a commitment to respond to the comments. Shannon said the current view is that the comments will be reviewed and incorporated where it makes sense, and the next iteration of the report will be the formal response. Gerry asked if the comments will be included in the report as a separate section. Shannon said a separate comment section is a possibility. Susan said it makes more sense to have the comments on the internet so people can see the comments.
- Dick asked when the enabling assumptions will be agreed upon. Shannon said DOE will be able review comments after March 31, 2011, and DOE will integrate the agencies comments before releasing the document.
- Harold asked if work such as offsite disposal will be from the consent decree. Ron said there is a cost associated because there is not a national repository. This cost will be reflected in the Lifecycle Report.
- Pam asked if there is information on the cost impacts of Yucca Mountain not being open.
- Gerry said the options for next steps on the Lifecycle Report could be a potential advice point. Keith said this topic should stay on the radar. Pam said BCC should ask for the opportunity to look at the assumptions. Keith said it would be helpful to review the minutes from this meeting at the next Board before writing advice.
- Jeff Luke brought up that Shannon said the Lifecycle Report is not a decision document and is reflecting decisions already made. He asked what assumptions would need input if it is not a decision document. Pam said there is an assumption in the TPA change package that it is okay to take waste to the Waste Isolation Pilot Plant (WIPP) after 2030, which needs input.
- Gerry said there will be a briefing at a Board meeting and a summary of the issues with a follow up on the topics discussed. Maynard suggested that everyone review the minutes before the Board meeting to be aware of what was said.
- Harold said there cannot be advice by the next Board meeting.
- Pam said there should be advice in November so it can be analyzed.
- Gerry said there could be language in the advice about dialogue on the assumptions in the Lifecycle Report.
- Keith said he is concerned about the advice response. Dave said there will be a written response coming, but he is not sure when.

Multi-Tier Pension and Benefit

Keith Smith introduced the topic of Multi-Tier Pensions and Benefits. He said there used to be a contributory pension program at Hanford and in 1966 General Electric Company left the site and bought an annuity for people who had a pension. As a result, individuals retired with less than 100 dollars a month for a pension. He said there have been small changes made and in 1986 a pension plan based on wage rates was adopted along with a 401K plan. This pension plan is the one that some employees still have, which is the concern. He said the question is about the market based plan, however, after talking with DOE things seem to be going well. He said DOE wants to look for any cost savings with having a single plan and how that plays out.

Greg Jones, DOE-RL, said there are two main types of pension plans; a defined benefit plan and defined contribution plan. Hanford contractors utilize both defined benefit and defined contribution plans. He said in 1996 some people were taken off the defined benefit plan and put were offered market based plans normally defined contribution plans., He said these individuals basically had their defined benefit plan frozen, and have been participating in a defined contribution plan .

Greg said the main difference between an incumbent and non-incumbent employee is that an employee who is accruing services or can come back to the defined benefit plan is an incumbent employee.

Greg said an example of a market based plan utilized on site today includes a 401K plan with immediate vesting and 5% employer contribution with up to 4% matching. He said the health care plan has the option of a traditional plan or Health Maintenance Organization (HMO) plan with 80% coverage after a deductable and coverage after co-pay in the HMO plan. The market based plan also includes a dental plan, vision plan and disability coverage. He said the premiums for health care are dependent on the company.

Greg said DOE has seen some of the defined benefit plans across the complex become underfunded. The Hanford pension plan's funding levels today are acceptable. He said the plan would be able to handle more people, but the problem is a potential liability affiliated with a defined benefits plan which is why DOE defaults to a market based plan.

Greg said that there could be a savings by having a single plan at Hanford, however, each contractor has the ability to develop their own benefit strategy. Sometimes that strategy uses existing plans from the contractor's parent organizations or plans like the current Hanford benefit plans.

Committee Discussion

- Jeff asked how DOE will address the pension plans at the other sites and if it will impact the pension plan funding for Hanford. Greg said pension plan issues at other sites will not impact Hanford.

- Pam said it seems as if retirees have restrictions for defined benefits. Rebecca Holland said negotiations have not been able to continue with retired persons because they no longer work for Hanford.
- Keith asked if an individual who has been out of the plan for over five years can come back into the plan. Greg said within five years an individual can come back to their plan, but after five years they would go to a market based plan. Keith said this might explain why some people could not be brought back in to their previous plans.
- Jeff asked if the five year sunset rule for returning to their plan would still apply if the contractor changes. Greg said it would depend on the contract.
- Maynard said he does not agree with using the enterprise systems because people who did not have a choice as to what company they worked for are forced to change their policy. Greg said in 1995 DOE did a Request for Proposal and a contractor with enterprise companies as part of the proposal was competitively awarded.
- Gerry said there has been a lot learned from this pension process and BCC should make sure it does not happen again.
- Keith asked what happens to employees when the contractor leaves the site with a market based benefit plan. Greg said the employee in most cases is automatically vested and the money accrued can be rolled over into the next employers plan.
- Jeff asked if there was a mechanism to make sure BCC reviews Requests for Proposal (RFPs). Keith said BCC does review RFPs and BCC has done advice in the past.

Washington River Protection Solutions (WRPS)

Gerry said BCC is tracking how WRPS manages health and safety. He said there has been discussion of including fee previsions in RFPs.

Ken Rueter, WRPS, said he is responsible for construction and interface management, ARRA funding, project managing and project engineering. He said he also looks at the baseline and budget.

Ken presented the tank operations contract. He said the project goals are to work safely, manage legacy waste and necessary infrastructure, reduce risks to the river and public through retrievals, and ensuring reliable and predictable waste feed delivery system for Waste Treatment Plant (WTP) operations.

Ken said the two pieces to a baseline are the near term and the out years. He said this is all in the consent decree and the TPA. He then presented the funding forecast from Fiscal Year (FY) 2009 to FY 2013.

Ken said WRPS has work packages every two years and listed the tank operations and funding for FY 2010 and FY 2011. He said these operations are to prepare the farm for tank integrity and lifecycle extension. He said there is a focus on construction as the pace is picked up on tank projects and there is a trend on waste feed delivery to ensure sustainability.

Ken presented the status of what major TPA consent decree milestones have been completed and where they are incentivized. He listed off the completed and projected actions for the C-Farm retrieval and the M-45-90 interim actions.

Ken went over the milestones for the Double-Shell Tank (DST) space management and facility systems upgrades. He said there are infrastructure upgrades that are ahead of schedule.

Ken said WRPS has completed C-110 retrieval and reached 75% retrieval of C-104. The systems installation on C-111 is under way and retrieval is planned to begin in summer 2010. He said WRPS is preparing to use the Mobile Arm Retrieval System (MARS) on C-107 and larger risers are being fabricated.

Ken said for facility upgrades the 222-S laboratory has new analytical instrumentation, new computer network and a new roof. He said the 242-A evaporator has an upgraded raw water line and a new compressor.

Gerry said BCC is looking for information on performance incentives and to the contract. Ken agreed to move ahead in the presentation to provide this information.

Ken presented on the Tank Operations Contract (TOC) and said the contract includes delivery of the scope and project performance. He said WRPS is ahead of schedule and can accelerate other work as a result. He said the best worker feedback was removing legacy equipment and refurbishing facilities with the savings. He said the basic message is that the work is being delivered on schedule. He said the fund management is known as the buy back process, and WRPS has reinvested $27 million more into the scope.

Ken presented the Readiness Assessment (RA) performance summary. He said the total ARRA funds received was $322.3 million. In FY 2009, $28.1 million was spent. An estimated $132.2 million was spent in FY 2010, and an estimated $162 million will be spent in FY 2011. He said WRPS added 233 direct employees, and there will not be any net reductions. He said accelerating the work being accomplished does not degrade safety. He said there were no recordable days away and no restricted or transferred cases for the RA. He said there are 20 contract milestones met on or ahead of schedule.

Ken listed the RA projects and their cost and benefit to the TOC mission.

Ken discussed the equipment system piping upgrades. He said the DST ventilation system has been upgraded, Single Shell Tank (SST) infrastructure has been improved with new filters and improvements have been made for tank waste sampling.

Ken showed pictures of the legacy items removed along with electrical upgrades. He discussed the RA technology applications and said the wiped film evaporator has been a huge benefit, minimizing tank storage and supporting the old evaporator. He provided an example picture of MARS and the wiped film evaporator.

Ken listed more RA facility upgrades and the resulting benefits. He then presented pictures of the raw water upgrades taking place with the facility upgrades.

Ken discussed the TOC RA project performance and said WRPS is ahead of schedule. He said WRPS identified efficiencies and utilized associated funds to accelerate and add buy back scope. He said the RA work was estimated at a high confidence level and the reinvestment process is known and works well.

Ken said the TOC project is enhancing a strong nuclear safety culture. He said WRPS has had about a 50% reduction in injury rates in FY 2009, which is continuing to drop in FY 2010. He said integrated safety management system phase 1 and 2 verifications are complete, and WRPS is implementing a commercial As Low As Reasonably Achievable (ALARA) program for workers. He said WRPS is working towards Voluntary Protection Program (VPP) star status for the entire organization in FY 2010.

Committee Discussion

- Gerry asked if WRPS used a different cost of work than the baseline. Ken said the cost of work and the baseline are the same. He said base work was a 50% confidence level and ARRA was an 80% confidence level. He is proud of his construction team and they have become the gold standard.
- Pam asked what the minimum cost is for the funding forecast. Ken said about $210 million and it has gone down. Steve Pfaff, DOE-ORP, thinks $210 million is the minimum base, not minimum saved.
- Gerry asked about the ARRA funding reports for cost saved. Ken said the ARRA cost saved is documented and is estimated at around $36 million.
- Keith asked if there are any tank operation items not funded that could be completed. Ken said there is good alignment with funding and lack of funding has not been a problem.
- Pam said DOE is doing better with the allocation of ARRA money, but asked if DOE will receive more funding. Ken said no; however, ORP is reapportioning money and it will be appropriately used.
- Steve said C-104 retrieval was changed from FY 2009 to FY 2010 and DOE has negotiated incentives for health and safety performances. Gerry asked if ORP can send BCC a description. Steve said ORP will distribute that portion of the contract modification.
- Keith said when the RFPs came out there was a problem with safety, which should be a top priority.

Committee Business

Susan asked if there are any nominations aside from Gerry and Harold for BCC leadership positions. The committee agreed to proceed with Gerry and Harold as chair and vice chair.

Susan Hayman, EnviroIssues, reviewed the follow up items.

The BCC committee reviewed the six month work plan.

Gerry said there will be time at the end of the Budget workshop to discuss advice topics.

Gerry asked the committee if BCC needs a meeting in June, the committee said no.

The BCC committee agreed to have a meeting in July with contractor presentation on health and safety previsions. Keith said to add how Mission Support Alliance is implementing safety plans in contracts for the July BCC meeting.

Gerry suggested moving the WTP budget update into July from September. Steve said DOE could entertain the topic in July.

Gerry said the priorities for BCC are advising on content of the Lifecycle Report , advice on budget projections based on the Lifecycle Report, advice on impacts of budget shortfalls with end of stimulus funding, identify work not yet part of the TPA into budget and schedules and budget requirements for infrastructure and long term site operations. Keith said to add that subcontractor payments are an issue due to settlements. Gerry said this needs to be made into more of a policy issue and there will need to be a briefing on the FY 2012 submission as well.

Action Items / Commitments

- Lori Gamache, DOE-ORP and Paula Call, DOE-RL, will follow up on when reports on stimulus funds (cost savings) will be available for the committee
- Lori and Paula to follow up on timing and distribution of reports to stakeholders (e.g. web)
- Lori and Paula to look into comment response document for proposed consent decree (life-cycle cost and schedule) and when this will be provided.
- BCC to potentially develop advice in November on assumptions used in Lifecycle Report.
- Agencies to review notation of response to advice and let committee know if it is okay.
- Greg will get an answer to Keith about the discriminating factor between those moved out of pension in 1996 and subsequently allowed back in, versus those not allowed back in.
- Greg will get answer to Keith on what financial limitations are being placed on employees at other DOE sites.
- Steve Pfaff to send description or contract modification with safety related elements of all contracts.

Handouts

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

- Hanford Advisory Board Advice #223.
- HAB Briefing Regarding Contractor Benefits, Gregory Jones, May 11, 2010.
- Hanford 2011 Lifecycle Scope, Schedule and Cost Report, Shannon Ortiz, May 11, 2010.
- Response to request to correct benefits inequity email, Dave Brockman, April 8, 2010.
- WRPS Contract Briefing, Ken Rueter, May 11, 2010.

Attendees

HAB Members and Alternates

Al Bolt	Pam Larsen	Gerry Pollet
Ken Gasper	Susan Leckband	Dick Smith
Harold Heacock	Jeff Luke	Keith Smith
Rebecca Holland	Maynard Plahuta	

Others

Paula Call, DOE-RL	Dieter Bohrmann, Ecology	Susan Hayman, EnviroIssues
Joyce Gilbert, DOE-RL	Melinda Brown, Ecology	Blair Scott, EnviroIssues
Greg Jones, DOE-RL	Jeff Lyon, Ecology	Janice Williams, CHPRC

Jodi Manley, DOE-RL	Ron Skinnarland, Ecology	Earl Fordham, DOH
Shannon Ortiz, DOE-RL	Craig Cameron, EPA	Sharon Braswell, MSA
Tom Fletcher, DOE-ORP	Dave Einan, EPA	Dru Butler, MSA
Lori Gamache, DOE-ORP		Ross Potter, MSA
Steve Pfaff, DOE-ORP		Mike Berriochoa, WRPS
		Michele Gerber, WRPS
		Katherine Ross, WRPS
		Ken Rueter, WRPS