

**FINAL MEETING SUMMARY**

**HANFORD ADVISORY BOARD  
COMMITTEE OF THE WHOLE MEETING  
December 11, 2008  
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. Gerry reviewed the agenda and framing questions that were developed to guide the meeting’s discussion.

**Baseline Workshop Follow-Up**

Gerry provided an update on the Baseline Workshop that took place in mid-November. He said he hoped that by gaining a more in-depth understanding of baselines and assumptions the Board would have more context for the work proposed in the contractors’ work scopes, which are currently under development. Gerry explained that work scopes and baselines will affect Fiscal Year (FY) 2011 budgets. One of key issues BCC members learned in the Baseline Workshop was the role of integrated priority lists (IPLs), which the Board has not reviewed for several years. The Board asked for IPLs to be re-presented in lieu of the advice that was adopted at the Hanford Advisory Board (HAB or Board) December meeting.

Gerry said the Board is interested in how the Department of Energy – Office of River Protection (DOE-ORP) will develop their new baseline. He said the Board was concerned that DOE-ORP baselines were presented and adopted without input from regulators and the HAB. Gerry said one goal of the Committee of the Whole (COTW) meeting was to have a clear process for how the Board will be involved in looking at baselines and contractor work scopes, and what the Board’s role will be in providing input on FY 2011

and outyear budgets, which are going to be critical this year because of the new administration.

Stacy Charboneau, DOE-ORP, provided a review of how baselines are formulated and an update on current DOE-ORP baselines. Stacy said the Waste Treatment Plant (WTP) schedule is a major factor in the tank farm baseline. Originally, the baseline had a WTP start date of 2016, but now the start date is 2019. As the alternatives for the WTP evolve, a new baseline needs to be created. DOE-ORP also has a new contractor, Washington River Protection Solutions (WRPS). Stacy said the innovations in retrieval technologies WRPS plans to use need to be built into the new baseline as well.

Stacy said historically a project's system plan is one of the biggest contributors to baseline development. System plans provide reference and narrative for building a baseline, and include information about the WTP, supplemental treatment, impacts from uncertainties and risk, and retrieval sequencing. She said DOE-ORP has started developing their assumption set, and recently decided to update the system plan annually instead of once every three years. Stacy said DOE-ORP is unable to use the system plan as a tool for planning their work scope unless they can stay on top of uncertainties. Stacy said WRPS is required to deliver the updated baseline in June 2009, which will include a detailed near-term baseline and a lifecycle baseline.

Stacy said a draft of the Tank Closure and Waste Management Environmental Impact Statement (TC&WM EIS) is undergoing a two-week intense review at DOE Headquarters. The TC&WM EIS will be released for public review in 2009. She said this is the base document for moving forward with performance assessments and records of decision (ROD) for activities on the Central Plateau, and will include clean closure documents and waste management plans. She said Waste Management Area C will be the first tank farm to move forward with closure, and is still a high priority for DOE-ORP even though the closure will not meet the Tri-Party Agreement (TPA) milestone. She said this has led to discussions regarding what constitutes closure of tank farms, and will require integration between the Resource Conservation and Recovery Act (RCRA) and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). In areas where contamination in the deep vadose zone is mixed with contamination from other areas, Stacy said it is important to show how the closure process will deal with this overlap and describe in enough detail that stakeholders feel comfortable.

Jon Peschong, Department of Energy – Richland Operations Office (DOE-RL), provided an update on budgets and baselines. He said DOE-RL will not meet all of their TPA commitments by 2024, although there are significant projects in the baseline that go beyond TPA commitments. Jon said the new DOE-RL contractor's proposals were based on a baseline that was developed two years ago. He said in all cases, the contractors proposed cheaper and more efficient ways to complete projects than the federal baseline predicted. DOE-RL is currently systematically working through the proposals to determine which methods contractors suggested will be adopted. These decisions will impact which projects are extended past the 2024 deadline.

Jon explained that when DOE-RL developed their baseline it focused on the near-term baseline rather than the outlying baseline. DOE-RL has federal employees who work on baselines, and once the new contractor's baselines have been established these federal employees will focus on 2018 and beyond to pull milestones into the process.

### *Regulator Perspectives*

- Ron Skinnarland, Washington State Department of Ecology (Ecology), suggested DOE-ORP present to the Board on their assumptions and updates to the system plan for the June baseline. He said since DOE-ORP plans to conduct annual updates, there is an opportunity for HAB committees to suggest alternative assumptions as DOE and contractors formulate the baselines. He said this would require the Tank Waste Committee (TWC) and River and Plateau (RAP) committee to go through the system plan and look at baselines for affected projects. Stacy thought it would be possible to do briefings on the assumptions in the system plan before June.
- Ron said he hopes the new administration will clarify the schedule for cleanup of the tank farms. He said it is important to understand the baselines because they define the work that will be done. He commented that when creating a baseline, it is important to identify and evaluate alternatives and look at how the costs differ. Once this has been completed, an enforceable schedule can be created.
- Ron suggested looking at lifecycle baselines for work that will not be completed by the original deadline because the Board and regulators need to be able to consider alternative ways to complete this work. For example, if cleanup of Tank Farm C is not funded, it is important to consider how this would affect the ability to close it by 2020 and whether it would result in increased costs. He said he hopes that evaluating the budget and the TPA on a yearly basis will help define what needs to be funded and in what order.

### *Committee Discussion*

- Susan Leckband asked whether the Board would receive any more information about FY 2010 budgets and have the opportunity to provide advice or values input. Gerry said the FY 2010 budget will be presented to Congress in February, and the Board will not have an opportunity to offer advice. Traditionally the HAB has reviewed and offered input on budgets, and, although the 2010 budget is a carryover, Congress and the new administration will be looking to reshape it.
- Keith Smith said the discussion of the FY 2011 and outyear budgets should include the cost of contractor changes on cleanup. Gerry agreed that this is important, and said the Board should get information about the transition costs and how project management transition is funded.
- Susan asked if DOE-ORP baselines are all-inclusive or specifically for tank farm operations. Stacy said the \$62 billion baseline does not include WTP construction, but does include WTP operations.

- Harold Heacock asked whether the baselines include tank closure, low-activity waste (LAW), and processing and disposal of waste. Stacy said the baseline costs include tank storage, retrieval and treatment, processing and disposal of waste, and tank closure. These costs do not include the cost of the Integrated Disposal Facility (IDF), which has been transferred to the waste disposal contract.
- Mike Korenko asked whether the baselines include disposal of the contaminated soil under the tanks. Stacy said a definition of what closure of a tank farm will look like is still needed. One alternative in the TC&WM EIS is clean closure, which includes clean up of everything in each tank for RCRA sites. Stacy said DOE-ORP is looking closely at the specifics of zone closure and ways to coordinate cleanup activities within zones.
- Gerry asked how the Board can review and give input on the assumptions included in the system plan. Stacy explained that the assumptions are set up based on the ROD process. Stacy said the assumptions built into the system plan could be presented to the Board for input. She said DOE-ORP is trying to integrate assumptions of what the end result of cleanup will look like. Issues such as environmental impact, funding and the political environment all play into this assumption set.
- Ken Gasper said he appreciates DOE-ORP's decision to update its system plan annually and would like to see each update be publicly available. He said he would like the document, each time it is released, to contain information that allows the public to comment on the enabling assumptions and associated risks.
- Gerry commented that it is difficult for the Board to review the budget and the adequacy of baselines and assumptions without knowing the target end date for closing the tank farm. One point made in the Board's system plan advice (Advice #209) was to present a range of alternatives, including a schedule and timeline for clean closure versus landfill closure. Stacy said DOE has priorities for cleanup, regardless of funding, and the feasibility of completing the work is included in the baseline. The system plan will look at sequencing, baselines and the work scope for a range of funding levels, as any CERCLA or RCRA process considers a range of alternatives and accounts for factors such as environmental risk and cost schedule. This process is what leads to an \$18 billion range in cost and a five to 10 year range in the schedule. By updating baselines each year, new information can be incorporated. She said the plan will still have interfaces and technical uncertainties, and will factor in input from agencies and stakeholders.
- Gerry said it would be helpful to have a revised deadline for missed milestones to determine whether money should be included in a specific year's budget. Stacy said DOE's resources will still go toward the same scope of work; it is just a question of whether they will have adequate resources. Stacy gave an example: even though the budget fell short for FY 2009, cleaning up C Farm is still a major priority and DOE-ORP is requesting a compliant baseline. She said the resources that are provided are aligned with priorities, but the question is how to bridge the funding gap.
- Gerry thought that when deadlines are missed new milestones should be set. Even though more work is required, he said it is important to work backward from a date so it is clear when to begin requesting funding. Stacy said a great leverage for the Board

to consider is existing TPA milestones. It would be difficult to request funding for a date that is not yet a legal requirement. She suggested the HAB could focus on getting milestones that are appropriate, and then using these to request funding for compliance milestones.

- Maynard Plahuta said the Board should look at assumptions and provide input on areas of disagreement or recommendations even though future TPA milestones are unknown. He suggested the HAB find out what date is included in the request and baseline. Gerry said the Board will see the baseline dates from DOE-ORP and DOE-RL, and it will be important to know whether the State agrees with these dates, even if they are not in the TPA. He said input from regulators is an integral part of this process, as they define the necessary schedule.
- Mike said he was impressed with the process, and agrees the priority should be near-term projects. He said it is important to look at ways to accelerate processes such as clean closure by considering different technologies and new paradigms. Stacy said for clean closure it is important to look at more than tank farms, since chemical contamination, rather than radionuclides, is most important. Stacy stressed the importance of looking at the overall picture and what is best for the site.
- Dick Smith agreed with Mike's comments, and said it is important to consider what happens in the process of starting cleanup. He said techniques for certain jobs may maximize the effort needed, and feasibility studies should be carefully considered. He said offering suggestions to evaluate alternative solutions at this point in the process is one way the Board can influence cleanup techniques.
- Gerry asked: if contractors are directed to create a plan that meets the 2024 deadline; whether they bid on the baselines, which do not meet 2024; and, whether the bids or contract work plans reflect successful strategies that involve using subcontractors and small businesses to plan and complete the work faster. Jon said when the request for proposal (RFP) went out, contractors bid on the work factoring in scope, cost, schedule, cash and risk. The forecast funding in the RFP was more than the Department thought it would get, but DOE-RL wanted to receive proposals on the full suite of work that could possibly be completed in a 10-year period. He said future funding scenarios will be imposed to get the baseline in place with forecast funding while incentivizing contractors to pull work in to meet the 2024 deadline.
- Jon said DOE-RL's baseline was certified, which means an external party reviewed it and said it had the highest chance of success of meeting its deadline during the next five years, and that the out-term baseline appeared reasonable. (The baseline, however, does not meet the TPA deadlines for completing all non-tank farm soil and groundwater units by 2024). In their proposals, however, contractors say they can do the work cheaper and faster than the baseline. Jon said baselines need to be reviewed before they are submitted to Congress.
- Dick asked how differences between federal recommendations and contractors' proposals are resolved. Jon said there is an activity-specific process for resolving the differences in baselines. In some cases DOE-RL knows the federal estimates are too high, and in some cases the work is being completed more efficiently than original estimates allowed for. He said they want to make sure the savings are going to

continue before adjusting the baselines. Keith applauded DOE-RL's cautious evaluation of contractors' proposals. He said he thinks it is important to take this responsibility seriously to make sure savings are real and there are not shortcuts that compromise safety.

- Susan asked whether contractors develop their baselines in concert with a certified baseline that is then overlaid with the priorities list. Jon said two and a half years ago the government developed baseline data to give to Plateau Remediation Contract (PRC) and Mission Support Contract (MSC) bidders. This scope definition was built into the baseline that got certified. He said this baseline is fundamentally the same as the one contractors bid on, and DOE-RL is currently in the process of bringing these two baselines together.
- Gerry said this process raises problems about the regulatory agencies' role because contracts set priorities for the work that will be completed. Gerry asked whether regulators review the schedule and give input on the contract and baseline. Ron said regulators were briefed on the baselines that were done a couple of years ago. He said it is important to focus on the existing baseline, which has assumptions already built in, while asking regulators to give input on the funding priorities they would like to see on the baselines that will come out in June. He said the Board should give input on the FY09 and FY10 budgets by getting into the details of assumptions and asking regulators as they go through this process. Then, when DOE gets new baselines, even if there are still differences, regulators will be aware of what they are. Ron said it is important that regulators participate in this, as it will help line up milestones for the TPA.
- Gerry asked what the opportunity is to change the scope of work in the contract if regulators disagree with an element of the scope. Ron said he hopes that, by looking at the assumptions, the Board and regulators will move toward alternatives with cost associated with it so they can see the level of funding, how it would be spent and how much work can be completed.
- Gerry asked if a contract's work scope can be modified. If a regulator recommends that the PW-1, 3 and 6 work scope needs to be started during the latter part of this contract, rather than the next contract, can a contract's work scope be changed to accommodate this? Jon said a contract's work scope can be changed. When DOE-RL reviews a Project Management Baseline (PMB) coming from a contractor, it is included in DOE-RL's schedule. The contractor will know what lies outside their contract management schedule, and they are incentivized with savings to pull in additional projects.
- Dick said there is a list of items in outyear budgets that have costs and incentives associated with them, which can be pulled into a contract. He asked how DOE-RL got from a two-year-old baseline to today. Jon said the incentives are not yet established, but DOE-RL has the ability to do this. The difference is, as soon as contractor is hired, they are incentivized to go faster and cheaper. Federal employees will then turn their attention to outyears and what will happen in 2024. DOE-RL's current focus is getting work turned over to federal contractors.

- Susan Kreid asked how DOE decides which projects to incentivize. Jon said DOE-RL gets feedback about what is prioritized now and in 2018. He said in every budget process there are key times to comment, and the focus of the federal staff is to discreetly look at activities that will not happen for another year.
- Susan Kreid asked when they would start this process, and Jon said this would take place in 2010. Susan asked if this would then involve re-working expectations from 2012 to 2018. Jon said the period from 2012 to 2018 will be locked in, as the contract covers two five-year periods. He said his staff will look at the quality of planning for 2018 and beyond, considering factors such as whether durations were correct and the risk to the scope and cost of the plan. The Government Accountability Office (GAO) has findings on the lifecycle baseline, but right now the focus is getting contractors in place. He said it is possible that the contract will change before 2018.
- Maynard asked how new technology is factored into this process, and whether the DOE-RL staff integrate with federal staff. Jon said a baseline can be established regardless of technological advances, but certain projects such as extensive groundwater remediation, are not in the baseline because technologies do not yet exist. He said that while it is possible to accomplish a baseline without new technology, contracts can be re-bid and professional people can be brought in to implement new technologies.
- Maynard asked whether new technologies developed within the next five to 10 years could be applied quickly. Amy Lientz, CH2M Hill Plateau Remediation Company (CHPRC) said technological adjustments can be accounted for after a ROD is signed using CERCLA's five-year reviews.
- Dick asked whether the ability to change a baseline gives contractors an incentive to use new technology. Jon said it is necessary to look at the end result and if it is within a contractor's authority. The goal is to make the process flexible enough for advances, while ensuring everything in scope will be completed.
- Pam Larsen said she is excited about the flexibility and creativity from contractors and that DOE is providing this process. She is looking forward to the next year and a half, and said the Board must focus on providing comments and informing communities about this process.
- Pam asked how the DOE is dealing with the \$200 million budget shortfall for 2009, and how this relates to outyears. Jon said DOE always submits what it deems to be a compliant budget request. (It was clarified that Jon was referring to the field office sending HQ what the field office believes is a complaint request, and acknowledged that the Budget sent to Congress by DOE was not adequate to fund many milestones). For milestones that have already been missed, such as K Basins, DOE cannot make up the budget but can focus on completing the work as quickly as possible without regard to funding limits. In upcoming years, the budget gap is increasing, and in 2011 there is a projected \$800 million gap between compliance and the expected budget. DOE needs to come up with a way to deal with that and find a middle ground in the funding gap by focusing on the fastest, most responsible way to catch up on missed deadlines. Jon said in 2009 DOE elected which activities to defer due to the budget shortfall.

- Keith said not being able to ramp up efforts due to the budget gap is a valid concern, especially considering that the DOE is laying off people. This puts DOE in a negative position to get work done, and the costs of re-training an operator are significant.
- Gerry said the letter DOE sent to the regulators with the list of activities that would be deferred says the contractor is being excused, and regulators have not yet agreed on what milestones will be missed. Ron clarified the letter asked the HAB to help regulators with how decisions made in 2009 will lead to future prioritization. Gerry said the Board has not yet issued advice on what appropriate priorities would be.
- Gerry asked about the status of the proposed unconstrained funding report from Ecology and the DOE, and whether this is currently being negotiated. Ron said he hopes everyone can agree that the Tri-Parties need feedback on priorities. Ron said the Board should have committee meetings to discuss draft schedules for each major part of the cleanup that includes work for each area and TPA milestones. He said these schedules could be used to identify key assumptions for further discussion.

### **Planning for Input to Fiscal Year 2011 and Outyear Budget**

Gerry introduced Lisa Copeland, DOE-ORP, and Pam Zimmerman, DOE-RL, who discussed the planning process for FY 2011 and DOE's process for building IPLs. Lisa handed out a River Protection Priority List, which reflects DOE-ORP's approved baseline, planned scope and accomplishments. This information was also presented at the March 2008 budget public briefing.

Pam handed out a timeline for DOE-RL's FY 2011 budget. She said ideally the FY 2010 budget will come out at the end of February or beginning of March 2009, and by mid-March she hopes to be able to discuss the FY 2010 and 2011 planned work scopes. DOE-RL will have guidance from HQ in February regarding the assumptions in the IPLs. She said she hopes to integrate this information into a mid-March briefing, with a presentation to HQ in late April. The final submittal of the baseline plans was at the end of April of last year, and at that time the request become embargoed. She said DOE-RL's guidance will probably be to assume funding targets consistent with those last year. They will collect public input from regulators and the Board up through the time the budget is submitted to Office of Management and Budget, and all comments will be sent together with the letter. She said she anticipates following the same process as has been done previously, which will be fine-tuned as DOE-RL receives updates.

### **Regulator Perspectives**

- Ron said the site is still struggling with supplemental treatment in 2010, and a milestone was due to help make a decision. This is also being evaluated in the TC&WM EIS. For tank operations, he said he would like to see retrieval be a priority for C110, C104, C108, C109 and S102, which have not met TPA goals. He said other key activities include compliance work in tank farms, hose-in-hose lines to do transfers for retrievals, and examining liquid in catch tanks.

- Ron said Ecology plans to write a letter regarding prioritizing projects and how this will affect the work scope for contractors. Ron said Ecology thinks RODs should be prepared so work is ready as soon as funding is available. For sites where it has already been determined what actions will be taken, the HAB can help prioritize. He said work needs to be completed on baseline assumptions for what the site's short and long-term priorities are, and what should be accelerated if additional money is available.
- Ron said Ecology wants to focus on environmental work to get the contractor focused on doing the right things on site. He said Ecology and EPA have to work with DOE on how to prioritize this.

### *Committee Discussion*

- Gerry said the anticipated rollout date for the FY 2010 budget is usually the first week of February. He suggested planning briefings with HAB committees about the baselines for each specific area of the site and each contractor's proposal. He said a more in-depth examination of assumptions. Maynard suggested this be conducted as a six-hour session on each site area rather than a four-hour session for each group.
- Gerry asked whether the priority list for FY 2010 that has been submitted to HQ is still embargoed. Lisa said the priority list is based on the approved baseline and guidance from HQ, which includes \$666 million for tank farms and \$609 million for the WTP. She said guidelines from HQ on ranking priorities from an overall perspective are then given to individual offices.
- Gerry asked whether additional details on IPL priorities are available, so it would be possible to see where DOE would spend money if approved beyond the baseline and how this correlates to the Board's advice. Lisa said this was not available, because the list provided is an approved baseline priority list.
- Susan Leckband asked if the total amount for FY10 in the handout is based on what DOE expects to receive. Susan also asked whether it was correct to assume that items with zeros are in the baseline, and work would start if funding is available. Lisa said this is the approved baseline, so the items with zeros are not in the 2010 planned work scope, but will possibly be included in 2011 or 2012.
- Susan Kreid asked what would happen if DOE received less money, given the current economic situation. She asked how the ranking list would be used to adjust priorities. Lisa said this would be adjusted based on minimum safety priorities and the previously approved baseline. At the time it was submitted, the items were listed by priority, so if no factors have been changed those at bottom would be eliminated if underfunded.
- Pam Larsen commented that she did not see line items requesting technology money in terms of secondary waste streams. Lisa said this list is strictly for tank farms, and no technology development and deployment is included on this handout.
- Gerry asked where the money that was set aside for projects like the demonstration bulk vitrification system (DBVS) would go, and how regulators could provide input

on this decision. Lisa said DOE would accept feedback at any time. Steve Pfaff, DOE-ORP, said a cost report was released a couple of days previously with DOE-ORP treatment scenarios that essentially put DBVS at the bottom of the priority list. He said this is now being taken into consideration, and a contractor is coming in to re-baseline its bid.

- Ken said Ron's suggestion supports the Board's recent advice, which included not only retrieval and upgrade work, but supported further work looking at early low-activity waste (LAW), which this week's LAW report defers to 2017. Steve said that what was referred to 2017 was whether to build a LAW facility for high-level waste.
- Mike said secondary waste treatment should be a priority, specifically technetium and orphan waste. He said he will work through the TWC to give specific advice, while in the meantime provide criteria for the selection process for technology and funding priorities.
- Maynard said a priority list makes people think that if specific projects are not funded, then they will not be done. He said there are levels, in addition to minimum safety requirements, that can be maintained even if a project is not fully funded. He said it is necessary to distribute funding to get a baseline started so that projects are ready if funding comes up in the future. Jon said DOE has to do legitimate summaries of what happens at each budget level and attribute a dollar level to each one. He said low-level activities are not always included on a policy level.
- Susan Leckband asked if it would be helpful if the Board came up with advice regarding what projects the Board would like to see prioritized if a work scope is not performed. She said this would not be a dollar amount, but a list of projects the HAB would like to see funded. Lisa thought that would be helpful.
- Susan asked whether advice from the Board's February meeting would be timely enough for 2010. Lisa said it would be better to have the HAB's advice sooner.
- Harold said until there is a clear path forward and waste streams are identified, it is difficult to begin determining what the highest priority is aside from building the WTP and getting material out of tanks. He said until this is defined he would have trouble giving funding preferences.
- Mike said eliminating orphan waste is a priority, and secondary waste studies are necessary. He said DOE is aware of these issues, but the problem is the solutions. The worst substances, like technetium, have not been dealt with previously, and in terms of funding it is important to prioritize these.
- Pam said additional technetium will be generated by pump and treat in the 200 Area. She said the two offices should work together on what should be done.
- Gerry asked what the process is for determining which milestones are missed, and whether there is an opportunity to provide input. Gerry cited the letter from DOE-RL to its contractors purporting to "relieve" them from meeting 23 specific TPA milestones. Those milestones which DOE-RL unilaterally chose to be missed, Gerry noted, did not reflect any public or regulator input. Matt McCormick, DOE-RL, said the process started two years ago in preparation for the FY09 budget and workshops were conducted with the HAB, regulators and the public. The target was

approximately \$950 million, and the budget was \$936 million. DOE had work that was needed for compliance above this target, and communicated what the impacts would be based on its priorities. Matt said the missed milestones are consistent with the communications DOE received from regulators and the HAB.

- Matt said Ecology provided a letter that included 2009 priorities for the River Corridor such as groundwater cleanup, Central Plateau waste, completion of the Plutonium Finishing Plant (PFP) and low-level waste treatment. He said advice from the Board would be most helpful if it was prioritized, in the same way prioritizations from Ecology and EPA are being used to adjust the 2009 budget allocations. Gerry said the Board's advice was not prioritized, but did list projects that should be completed if \$200 million was available. He said the projects not included on that list were not a priority for the HAB. Matt said, due to constrained funds, DOE had to make choices, a process that was vetted through regulators and the HAB. Matt said they did not get \$200 million, but the projections for how this is spent is consistent with HAB advice.
- Gerry said previous HAB advice emphasized funding of treatment to address safety issues such as backlogs of illegally stored waste, and that the most recent budget advice included specific support for funding such treatment. He asked what the State's view is on how this will fit into the milestones which Ecology will urge to receive funding. Ron said it would help to take time to look at urgent safety risks that need to stay on the high-priority list, and noted in agreement that legal requirements for treatment exist for good reason. Ron said regulators have not agreed that milestones cited in the DOE-RL letter can be missed, and that creating a new backlog of wastes for treatment was not good.
- Pam asked whether the \$600 million shortfall is in the current budget shortfall. Ron said this is the one-year shortfall for DOE-RL from TPA compliance. The TPA and DOE-ORP baselines have been between \$500 and \$700 million short during the last few years.
- Pam asked whether there is capacity in the Central Waste Complex (CWC) to store barrels since they will not be characterized or shipped for the next five years due to the Waste Receiving and Processing Facility (WRAP) shutting down in January. Matt said the WRAP will maintain its loading facility in case the waste can be shipped to the Waste Isolation Pilot Plant (WIPP), and it is currently on standby to ship the waste. He said there is room in the CWC to safely store waste, and it will be designated and stored in accordance, even if it is not fully characterized.
- Keith asked whether, beyond the safety issue of deteriorating drums, DOE is keeping track of how much the cost increases each year if these are not retrieved. Matt said escalation factors are included in the cost. Jon said the factor used to calculate this cost is approximately 2.5 percent, but this will probably be adjusted. Gerry said the escalation factor does not capture the special treatment that will be necessary due to deterioration, rather it only reflects standard inflation. Matt said for any delay in remediation or retrieval of a drum, the risk analysis process factors in the budgetary risk and consequence this could have in terms of increased cost. Jon said these risks are updated quarterly.

- Gerry said it would be helpful for the RAP committee to see what the risks and costs of deferral would be for the milestones in the M91 series, both in a budget and technical sense. Matt said DOE originally submitted the budget without retrieval funded, it would be beneficial to continue, but not stop completely.
- Larry Lockrem said contractors presented a path forward at a recent HAB meeting, and contractors on the DOE-RL side provided a general overview of their work scopes and priorities. He expressed concern that now there is funding in place to support the groundwater program, but it sounded like this was third on the priority list behind K Basin cleanup and PFP. Matt said all three projects were funded in 2009 to meet the TPA milestones. He said there is no current de-emphasis on groundwater.

### **Planning for Contractor Work Scope**

Jon Peschong handed out an IPL for DOE-RL, which included figures for each project baseline summary (PBS), Activity Building Blocks (ABB), FY 2010 funding, FY 2010 cumulative PBS, and FY 2010 cumulative figures. On the last page, the cumulative total is \$1,689,167. Jon said this figure goes above the anticipated funding, which is \$1,000,800. He said the list is prioritized, so every activity on the handout above the FY 2010 cumulative total of \$1,000,800 will be funded.

Ben Harp, DOE-ORP gave an update on planning for contractor work scope. He said WRPS is the new tanks contractor with a one-year baseline. When the RFP went out, the project had less funding, so there is disconnect between the RFP proposal and the lifecycle baseline over the next year. He said the system plan will be out in April, with baseline development in June and additional Environmental Impact Report (EIR) processes after this.

As far as incentives, Ben said DOE has scoped out one year's worth of incentives, which were developed with priorities from DOE-ORP, and include minimum safety requirements, a fee associated with upgrading safety, environmental incentives, a work plan to remove hose-in-hose lines, and incentivized retrieval activities, including technology development to improve retrievals. Ben said the scope of work is divided into line item numbers, and the scope reflects some changes to the baseline group that were part of the development of the RFP. Some aspects of funding are not realized in places like supplemental treatment and treatment for the WTP, and the new baseline is based on the new contractor. Ben said the milestones missed to date were due to technical, not budget issues.

### **Committee Discussion**

- Susan asked how often DOE-RL will update the IPL, and after it is updated if it will be available to share. Jon said the document is updated formally once a year, and the schedule of activities is continually being updated. He said drills from HQ go back to this document, and it may be updated for the purpose of a specific budget drill. In general, he said it will be updated in February, and then the Board will receive it.

- Keith asked if the DOE would incur the cost if there is a need to maintain surveillance of some facilities because they have not been torn down. Jon said maintenance and decommissioning and decontamination (D&D) costs are carried in the schedule. He said those costs are tied together so when activities are deferred, the surveillance and maintenance travels with it.
- Keith asked whether surveillance and maintenance costs are likely to increase each year. Jon said the PFP is the perfect example of this, because it has a fire suppression system in it that will need to be upgraded, and these costs will be included if it gets deferred beyond that timeline.
- Susan said the Board was told it could provide advice on ranking priorities. She asked whether DOE would be open to receiving or seeking advice from the Board on priorities. Jon said DOE would accept that advice and encouraged the HAB to prioritize activities close to the \$1 billion funding demarcation line.
- Susan asked whether activities before the \$1 billion cumulative line have changed. Jon said these have changed, but they are embargoed. Pam Zimmerman said DOE continuously looks at progress and, as money frees up, considers the scope of work, so advice is always helpful.
- Keith said he once interviewed a DOE manager about infrastructure and his philosophy was to run things to failure and then recover them. He asked whether this is still a philosophy at DOE. Jon said sometimes running infrastructure at Hanford takes a different company than those running activities such as groundwater or D&D which is why the new MSC contract groups activities. He said the DOE is going to focus on truly stating the impact some infrastructure failures would have on cost and schedule, and that will bump them up on the list of funding.
- Keith said one reason there has been a failure to maintain infrastructure is a predisposition to moving money to the projects. He said having a separate contractor for infrastructure, with its own budget, is the right thing to do. Jon said the shrinking footprint of 2015 is related to infrastructure, because focusing on a smaller geographic area will cause the costs to go down.
- Maynard asked whether the day-to-day operation of infrastructure is a specific item or whether it is in an overhead account. Jon said these services were estimated as either a tax or a direct charge based on usage. Maynard said previously infrastructure was always accounted for in overhead, and was not a specific budget item. He asked whether there is now a specific PBS for infrastructure operations. Jon said there is not one PBS, but there are line items in for infrastructure upgrades. Pam said this captures infrastructure better contractually.
- Larry asked how the usage fee for infrastructure allowed DOE to maintain a facility and its workers if there is not enough usage. He said under the MSC, other contractors are not obligated to use a facility such as a lab, and it may not be used to its fullest extent. Jon said DOE directly funds a base so the doors are open and available for service, and beyond that users pay for the base's services.
- Gerry said there are large portions of funding set aside for site services in the PBS for the PFP, for safety and security as well as management and sitewide services. If PFP

cuts back on its operations, Gerry asked how this is accounted for in the budget for site services. Jon said \$48 million is the minimum amount of site services allocated to PFP. Pam Zimmerman said this is the estimated total site services, and the DOE had to prepare a plan to allocate this total back to the site profile. She said, when it comes to allocation, liquidation of the site will be relative to the funding this PBS receives.

- Keith asked whether security needs to stay constant as long as plutonium is at the site. Pam Zimmerman said this is correct.
- Maynard asked if infrastructure costs are reflected similarly to the old services assessment, in which an amount needs to be allocated to infrastructure for each project, and it is not its own line item. Pam said infrastructure is planned and validated that way.
- Maynard said infrastructure needs to be spread around, as there is no program manager for this. Jon said DOE will have an estimate and the contractor will be incentivized to maintain infrastructure.
- Larry said the MSC is currently scheduled for January 21, and asked whether it would be awarded before the end of the year. Jon said he cannot comment on this. The GAO is currently reviewing it and the 100 day protest period is due in late December, when they will either sustain the protest, or not.
- Dick asked whether the HAB could obtain additional information on the content of the ABBs. Jon said this is included in the Impact Narrative section of the handout, and additional information could be provided.
- Gerry asked whether pension costs are included in the contract. Ben Harp said contract line item number six deals with this. Steve said legacy pensions, cost and funding come from legacy management.
- Gerry asked how DOE ensures legacy management is included in the contract. Steve said he did not have an answer for this. Gerry expressed concern that it could appear that the funding is going to pension legacy management rather than the Hanford Site. Steve said legacy management is separate money that is not part of the contract. Susan Leckband asked whether legacy management goes to the contractor. Steve confirmed this is the case.
- Gerry asked whether there are incentives tied to the estimated cost of work for DOE-RL, such as incentives for coming in five percent below and disincentives for coming in five percent above. Ben said those incentives are not included, as contractors can accelerate certain scopes of work to look better on the schedule performance index (SPI).
- Gerry said he was surprised cost incentives and disincentives have not worked. He said the HAB was under the impression that the DOE was happy with such incentives. He expressed concern that contractors can pull money out of areas where there is not an incentive, since there is no penalty for having gone over cost. Ben said he did not know of any scopes of work that would be delayed, as the majority of the work is incentivized for operations.

- Gerry said earlier in the meeting it was discussed that a large part of the FY 10 IPL for DOE-ORP was tied to DBVS for 2010. He asked how, if that is not going forward, regulators and the Board could give input on where those dollars should be reallocated. Ben said DOE-ORP does not make changes to the IPL, and cannot discuss this as it goes through the budget process. Jon said the Board and regulators can always give input, but may not be able to directly address this until the budget is released. Ben said all expenses are funded under one PBS, and it is easy to move this to other scopes of work. Gerry said the TWC plans to look at assumptions and bring forward advice in the February HAB meeting.
- Susan asked whether there are any intersections in these assumptions where DOE-ORP intersects with DOE-RL. Ben said there are overlaps regarding waste acceptance criteria and storage facilities. Susan asked if someone else controls those costs, and if they are identified in the assumptions. Ben said the interfaces are identified in a flow sheet format that is contained in the system plan as appendices. Susan asked if the Board will be able to see this in January to have a discussion about the assumptions. Ben said it would be possible for the Board to have a dialogue about the assumptions, as input to the contractor is due next week. He said the only assumption he is not sure the DOE would be able to provide is the information on funding target assumptions.
- Larry asked if the DOE could provide this report to the TWC. Ben said that in past DOE has discussed this with the TWC about tank sequence documents, the tank farm model and what was retrieved, and ways to balance high-level and low-level waste when the report was rolled out.
- Susan Leckband asked if it would be possible to obtain the same assumption report from DOE-RL. Ron said for a presentation to the committee it would be helpful to talk about next steps, and to pull out and summarize assumptions. This would give the committee an idea of what alternatives the DOE is looking at.
- Pam said she heard that for commissioning and starting the WTP an expected 3,000 employees would be needed. She said the Board had previously heard this estimate was 1,000. Ben said the WTP operations estimate is the least specific, and DOE does not know how many employees will be needed. He said they are hoping to refine this estimate for the next baseline update, as this will be part of the next contract period.
- Dick asked if Bechtel will provide the flow studies for the WTP. Ben said WRPS is completing those studies, and is estimating operations through the lifecycle of their contract.
- Larry said there are potentially 10 years until the WTP begins operating, and the WRPS contracts will be over before then. He asked if it was possible that a different contractor would be taking this over. Steve said preparations need to take place before 2018, and if a new contractor is hired these responsibilities will then be transferred to them.
- Gerry asked about the status and goals of tank operations and small business subcontracting. Ben said DOE-ORP is meeting its goal with the small-business contract with Allied Technology Laboratories (ATL). Steve said Columbia Energies

is meeting the specific goal for protégé services, as they are developing a robotic arm for future retrievals.

- Gerry asked if it would be possible for the Board to look at the 2011 work scope for each contractor. Ben said contractors submit a baseline, which must be approved. He said the contract is a general scope of work, not a specific year-by-year scope of work, and details are included through the approval of baselines.
- Gerry asked if the approval of contractors' baselines is the same as when DOE-HQ approves DOE-ORP's baseline. Ben said this is the case.
- Gerry asked if this is then translated into the contractors' scope of work each year as shown in that baseline. Ben said once the baseline is funded, contractors can slide scopes of work in and out of the year with the approved baseline. Gerry asked if the Board could look at the work contractors are expected to complete in 2010 and the fees associated with the section of the IPL. Ben said detailed schedules provide this information. There is currently a one-year interim baseline until the multi-year incentives are put into place. Gerry asked if these incentives are added to contract, and if the Board would be able to see them. Steve said incentives are included in the contract, but the baseline is not. Ben said if the Board wanted to provide input for the multi-year incentives, this advice would be needed toward the end of the year.
- Larry asked how often contractors are evaluated on whether they meet their incentives for small business contracts. Steve said he would have to look this up, as he did not have copy of that contract clause.
- Ken said the IPL process DOE presented is not a new process, but it is new that they were able to get management concurrence to bring forward the IPLs to the COTW and the TWC. Ken thanked DOE representatives and management for sharing this information with regulators and the Board.

## **Start of Budget and Contracts Meeting**

### **Government Accountability Office Report on Project Management**

Harold gave a presentation on the recent GAO Report on Project Management, which was the final report in a series that examined the DOE's project management. In this report, the GAO looked at 15 separate DOE projects across country, all of which have varying degrees of cost or schedule problems; five of which are at Hanford.

Harold said the report found that baselines used by DOE are not linked to technical and funding realities, which leads to programs without enough funding and costs time and money. He said with the type of cleanup work DOE is undertaking, it is difficult to come up with a well defined, fully specified project. In many cases, once work begins, new problems such as groundwater or burial trenches are discovered, making it difficult to characterize the work. Harold said the report also found that baseline assumptions were often optimistic, which he thinks could reflect the pressure to set dates that regulators put on DOE. The report found that independent reviews and panels of experts are helpful, but do not prevent problems.

Harold said a standard recommendation from the GAO is to define the scope, technology, costs and schedules before starting work, as well as create more realistic assumptions on baseline costs and schedule. Another issue the GAO identified is that regulatory requirements are not necessarily the same throughout a scope of work, which can lead to changes to the defined baselines. The GAO recommends an increase in funding contingency carried on projects. Harold said since the DOE has a limited number of dollars, putting contingency in certain projects would lead to fewer projects.

### *Committee Discussion*

- Bob Suyama asked if GAO provided recommendations or if they just reported their findings. Harold said the report did not contain recommendations for positive corrective actions, and instead focused on identifying general problems such as scope and lack of funding. Harold said one recommendation made in the report was to increase contingency.
- Larry asked what happens after the GAO releases its report. Harold said the reports are issued to the government. Steve clarified the reports are often directed to a Congressional member who requested it, but unless they follow up on it, action is not necessarily taken on the GAO's findings.
- Harold said a section of each GAO report includes a response from the DOE. He said the responses primarily relate to the need for increased funding.
- Pam said she has not read many GAO reports, but she has noticed they often receive negative attention in the press. She said the reports do not seem to use current information, and often criticize issues that have already been addressed.
- Harold said DOE's main problem is with scope. He said that even well planned projects, when not funded at a certain level, result in longer schedules and increased costs.
- Dick said the GAO report on the early LAW review said the DOE does not fund contingencies due to the uncertainties involved. Ben said on line item projects and capital projects DOE does fund contingencies, but not on projects that have to be pushed to an outyear and done to a certain confidence level. Jon said DOE funded a federal contingency at 50 percent level to cover federal risk. From 50 percent to 80 percent is unfunded contingency, which is where the liability is. He said this is easier to do in cases in which there is only one PBS, but DOE-RL has seven, and this is why the DOE never plans projects to 80 percent. He said he thinks 50 percent is the correct level to fund.
- Dick asked how the question of contingency would be dealt with in the case of a commercial project. Jon said commercial projects deal with money, while the DOE deals with time. Commercial projects allow for fixing risky activities by adding additional money to the baseline, or by applying funded contingency. He said since this project is capped, holding money for one project shuts down another, as the contingency must come from a different project. Ben said WTP is a capital project, with year-by-year built-in contingency.

- Dick asked if this contingency money can be banked if it is not spent. Ben said it could. Jon said money is set aside for contingency, but during the year a project sometimes does not suffer risks. Throughout the year the project can buy into additional work with that money. Gerry said in a commercial setting this would show up on the company's liability balance sheet. Since a company has a contract to complete certain tasks, every analyst has an opinion on the adequacy of the contingency. Harold said in commercial work if a job is too risky a company would not take it on a fixed price. For commercial work, companies either make reasonable judgments on risks and unknowns or ensure they have enough contingency money to take on a risky project.
- Gerry said the GAO review included a discussion with regulators. He asked if this addressed issues such as improving the expectations of a baseline for regulatory changes and requirements. Harold said when budgets and estimates are formulated assumptions are made for regulatory requirements, although these requirements can change. He said K Basin is a case in which this happened. The area was considered high risk and a high priority, but when cleanup began not all of the logistics were taken care of, such as deciding whether to permanently dispose of the fuel and developing a way to dispose of the sludge sitting in the tanks. Harold said that due to these factors, unless a project has detailed designs and specifications, it is difficult to determine how much it will cost.
- Maynard said often by the time a GAO report is published a decision has already been made on what actions will be taken. Ken said in a newspaper article about the GAO report there was a recommendation that independent oversight by an organization such as Nuclear Regulatory Commission (NRC) was needed. Harold said this was not addressed in the recent GAO report, but other reports have addressed this issue. He said the GAO report takes exception to the fact that the DOE is self-regulating.
- Harold said one of the GAO's main points is that each project must have a defined scope and risks that do not change. He said in the type of work DOE is doing, this is not possible. Jon said Flour Hanford had 66 milestones, and 65 were done on time and on budget. In the same year, the River Corridor was more than 10 percent ahead of schedule and had a favorable cost variance of 10 percent. He said the GAO picked up on mistakes, but did not recognize these accomplishments.
- Gerry said certain aspects of the design of the river contract have worked well. He asked if these successes could be applied to the design of the Tank Operations Contract (TOC) and PRC. Jon said these are different kinds of work, and it is important to pick a contract to match the type of work it includes. He said in his opinion the more people who are familiar with a project's planning and truly know what it takes to get the work done, the better the chance is that a correct contract vehicle will be chosen.
- Gerry said he has heard that one project was successful because it was broken into small contracts, having different teams out at the same time. He asked if this could be applied to other projects. Jon said the River Corridor Project (RCP) worked as a nice, well defined package with a clear end point, and that kind of contract was many

generations deep and had a stable of contractors. For the Central Plateau, when vitrification begins this process could be applied, but tanks are a different type of project and applying it to this may be more difficult.

- Steve said DOE has taken lessons from previous contracts, such as moving away from a management operations contract and creating line items with sub-clauses. This provides flexibility by allowing work to be turned on or off, and puts larger fees on riskier work that moves the mission forward, as opposed to base operations work. He said this was not a quick process, and involved a great deal of involvement from DOE-HQ, but allows the possibility of pursuing different options without going to HQ. Gerry said it seems like DOE has taken important lessons and applied them, and that overall there is more federal control. Pam said it was encouraging to hear that decision making can happen in the field, since previously too much was going back to DOE-HQ.

### **COTW & BCC Next Steps**

The committee discussed key issues the BCC should track for 2009:

- Gerry said one priority for the BCC is determining a way for the TWC and RAP to work with assumptions and baselines. Maynard said it will be important for the TWC and RAP to be consistent in their approach. Larry suggested creating a list of framing questions, similar to those created for the COTW meeting, to ensure consistency.
- Maynard asked how time sensitive this issue is. He said the RAP has a full agenda for the January meeting, and it would be best to address this in February. Gerry said since the budget will not be unveiled until the end of February, this provides additional time for committee discussion.
- Gerry suggested the TWC take on budget assumptions to get an overview, possibly by having an issue manager work through what needs to be presented to committee members and what regulators have already looked at. Ken said it is important to get an update from DOE-ORP on what has changed in their assumptions. Gerry suggested two people from the TWC obtain a list of the assumptions in advance and sit down with DOE-ORP and Ecology to develop a list of key assumptions to be presented.
- Pam asked how much lead time DOE-ORP would need to prepare for this meeting. Lori Gamache, DOE-ORP, said she would follow up with an answer on this on Monday. Steve said he would need to locate a system plan and indicate assumptions that have changed from the last set. He said this would need to be after the first full week of January.
- Paula recommended linking the topics of baselines and assumptions to how they will help the Board give higher quality advice that includes input from regulators. Ron said contractors are doing baselines, but there is an opportunity on the System Plan and PRC to provide input. He said regulators can meet with issue managers to determine what is needed.

- Gerry said BCC needs to look at IPLs and input for FY 2011, and conduct a major review of the FY 2010 submission to Congress. He said this will need to commence in late February or early March, and 2010 advice will be most important due to the new administration's potential changes in priorities. He said it will be important to identify a specific facilitation goal as the RAP and TWC look at assumptions, system plans and baselines.
- Maynard said the committee should begin discussing how infrastructure is funded, and consider funding these operations on a PBS level. Gerry suggested conducting an hour briefing with the committee on the site services budget, then tying this discussion to the IPL advice in March or April.
- For the briefing on the MSC, Gerry said the committee needs to understand how DOE is getting their budget. For tank operations and the PRC, he suggested a final briefing after the work scope is adopted, possibly in February, on what is incentivized, what has been done and how it is all tied together.

**Action Items / Commitments**

- The committee will look at baselines and lifecycle costs for all Hanford projects and create a document that shows a schedule and how costs are broken down for each project.
- Lori will provide committee members with a link to contracts and scopes of work.
- Committee members will create a list of framing questions for further discussions of baselines and budgets in TWC and RAP committee meetings, as this would be helpful for Lori and Paula to give to briefers and presenters.

**Handouts**

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

- River Protection Priority List – FY 2010, Lisa Copeland, December 11, 2008.
- FY 2011 Budget Timeline (Draft), Pam Zimmerman, December 11, 2008.
- Richland Priority List – FY 2010, Jon Peschong, December 11, 2008.

**Attendees**

**HAB Members and Alternates**

Kenneth Gasper	Pam Larsen	Maynard Plahuta
Harold Heacock	Susan Leckband	Gerry Pollet
Mike Korenko	Larry Lockrem (by phone)	Dick Smith
Susan Kreid	Laura Mueller	Keith Smith
Mike Keizer	Bob Parazin	Robert Suyama

**Others**

Paula Call, DOE-RL	Ron Skinnarland, Ecology	Amy Lientz, CHPRC
Jon Peschong, DOE-RL		Janice Williams, CHPRC
Pam Zimmerman, DOE-RL		Barb Wise, CHPRC
Stacy Charboneau, DOE-ORP		Molly Jensen, EnviroIssues
Robert Chase, DOE-ORP		Cathy McCague, EnviroIssues
Lisa Copeland, DOE-ORP		Michele Gerber, Flour Hanford
Pete Furlong, DOE-ORP		Richard Leitz, Grant County
Lori Gamache, DOE-ORP		Mike Priddy, WDOH
Ben Harp, DOE-ORP		
Steve Pfaff, DOE-ORP		
Teresa Sanford, DOE-ORP		