

FINAL MEETING SUMMARY

**HANFORD ADVISORY BOARD
BUDGETS AND CONTRACTS COMMITTEE
February 13, 2002
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.

Introduction

Harold Heacock, Budgets and Contracts Committee (BCC) Chair, announced last week’s release of the administration’s new budget for Fiscal Year (FY) 2003. Coupled with release of the budget, the U.S. Department of Energy-Headquarters (DOE-HQ) issued its Top-to-Bottom Review of the national cleanup program. On Wednesday, February 6, BCC held an informal meeting to discuss the budget request and the Top-to-Bottom Review. During that meeting, participants generated a list of questions concerning these two issues. BCC presented these questions to the full Hanford Advisory Board (HAB) on February 7. The HAB then adopted and sent a letter to Spencer Abraham, Secretary of Energy; Jessie Roberson, DOE-HQ; Keith Klein, DOE-Richland Operations Office (DOE-RL); and Harry Boston, DOE-Office of River Protection (DOE-ORP), outlining some of the Board’s concerns about the budget and Top-to-Bottom Review.

DOE Fiscal Year 2003/2004 Budgets

Gerry Pollet distributed a primer he had written on the Top-to-Bottom Review. DOE-RL’s 2002 budget appropriation was \$695 million plus some supplemental funding. The requested 2003 appropriation is \$138 million less, including a \$62 million cut for K-Basins/spent nuclear fuel, an \$18 million cut for 100 Area cleanup, and a few million dollars cut from the 300 Area cleanup. DOE-ORP has a difference in budget of \$124 million plus the supplemental funds, making the total difference \$140 million. DOE-ORP took a rather significant cut in operations (\$56 million). Gerry’s big question is, if DOE wants to accelerate cleanup, why did it propose cutting spent nuclear fuel, 100 Area cleanup, tank farm safety, and the Plutonium Finishing Plant (PFP)?

Harold Heacock stated that one of the questions before the committee regarded the allocation process for supplemental funding. How do you get that funding? How will it be divided? What is the rationale for who gets what? What is the process?

Bob Rosselli, DOE-RL, said DOE was looking at this as a floor or starting point, rather than a cut. DOE was unsure of the criteria for obtaining supplemental funding. Gerry Pollet quoted Jessie Roberson as saying, “We understand each of our sites are at different places. The key criteria is that we focus on acceleration.”

Bob Rosselli remarked that Keith Klein had gone to DOE-HQ to discuss a package of five target areas: spent nuclear fuel, Plutonium Finishing Plant, waste management with an emphasis on transuranic waste (TRU) retrieval and mixed low-level waste treatment, the River Corridor Contract, and a proposal to address strontium and cesium. Somewhere on the order of \$200 to \$300 million is needed. There are almost exact correlations between the Top-to-Bottom Review and what DOE-RL is trying to construct. For example, they have been accelerating spent nuclear fuel and the PFP, which is part of the Review.

Committee Discussion

- Maynard Plahuta asked if Bob Rosselli knew when more information would be available. He was concerned DOE will lose momentum if it moves into the next fiscal year with no additional money coming. Bob replied that they did not know when they would get more information, but the River Corridor Contract Request for Proposal (RFP) was earmarked to go out the following day.
- Gerry Pollet was concerned with Jessie Roberson’s statement about restoring funding to projects. She said that the River Corridor was a project at Hanford that would be supported. On the other hand, if DOE-HQ looked at everything as a project and only restored funds to projects, what would happen to all of the other line items that would get cut, such as training or the groundwater program?
- Jim Hagar asked how DOE would maintain the Fluor Hanford contract if funding changed. Bob Rosselli said that was an anomaly. If the funding was not restored, DOE-RL would not abandon performance-based contracting, but would certainly renegotiate. If DOE-HQ was serious about its contracting strategy, Bob thought DOE-RL would be well positioned.
- Gerry Pollet was more worried about DOE-ORP. There seems to be far less of a path forward for restoring those cuts based on the Top-to-Bottom Review criteria. The Top-to-Bottom Review specifically mentions accelerating spent nuclear fuel, not tank farm operations.
- Harold Heacock mentioned that during its morning meeting, the River and Plateau Committee (RAP) had discussed cuts in K-Basins and PFP. Bob Rosselli replied that the budget decisions were being made somewhat independently of the final development of the Top-to-Bottom Review.
- Harold Heacock recalled that at the Tank Waste Committee (TWC) meeting the day before, DOE-ORP representatives had said they were getting quarterly funding allocations. This would give them restraints on their procurement for big ticket items. Bob Rosselli said that since a lot of the operations at DOE-RL were daily, they did

not have big procurements to pursue. Therefore, the impact on DOE-RL would not be as large.

- Maynard Plahuta asked Bob Rosselli if he saw any opportunities to provide input on DOE-HQ's criteria. Bob responded that DOE-RL was already trying to do that in subtle ways. DOE-RL is reporting it has an understanding with its regulatory community on the path forward. DOE-RL also has a well-defined baseline and could develop a new baseline that reduces lifestyle cost, which translates into getting risk reduction much sooner. If DOE-HQ was really using the Top-to-Bottom Review to drive criteria, DOE-RL had criteria that fit.
- Maynard Plahuta expressed concern about forgetting the "must-do's," such as infrastructure. Four million dollars was cut from infrastructure and site services. Other things were pretty well funded. The big cuts came out of mainline projects, and DOE-RL is hopeful it can get those back and continue its cleanup progress.
- Gerry Pollet asked if the budget profile was meant to last through 2007. Bob Rosselli replied that it would last through 2008. If DOE-RL could sell a life-cycle acceleration, DOE-HQ would likely allow the funding profile for that six-year period of time without further justification. If DOE-RL can lock in and be successful with its first wave of projects this year, DOE-HQ will support a nominal funding profile through 2008. Bob hopes they will not be shut out if they are not successful with the first round of projects.
- Gerry Pollet asked what the extra funding increase was for the River Corridor Contract above current contract levels. Bob Rosselli answered that it was about \$45 million for FY 2003.
- Harold Heacock referred to the morning RAP meeting, during which they discussed three items. The first was problems with the Fluor Hanford contract regarding incentive-type agreements for work performance. If the funding is cut, they will have to renegotiate. The second item was support for performance-based contracting, which will only work as long as there is adequate funding. (RAP expressed support for that approach.) The third item was funding for the M-91 facility.
- Bob Larson asked what held up the River Corridor Contract that might go out tomorrow. Bob Rosselli replied that there were two issues: getting closure on the funding and finalizing more terms and conditions.
- Bob Rosselli emphasized that they would need multi-year funding or would have to look at a different contracting approach. A lot of work was going into the contracts to change the requirements' base and reduce the number of requirements. Requirements drive spending. Keith Smith pointed out that some of the requirements do not drive work but just drive costs.
- Max Power, Washington State Department of Ecology (Ecology), asked for clarification on the sequence of events for renegotiating the performance-based contracts. Bob Rosselli replied that DOE-RL is working with the regulatory community to get alignment of the Tri-Party Agreement (TPA) milestones with contracts and use that as the foundation point for getting funding.
- Jim Hagar asked Bob Rosselli to address the question of "If agreements aren't changed, we won't get money. Would there be layoffs?" Jim asked if the TPA as it exists now was in alignment with the Top-to-Bottom Review. Bob Rosselli said that it was in alignment to the degree the Top-to-Bottom Review was risk-based in terms

of how they approach cleanup. He thought the TPA was risk-based because they wanted to protect the river and move forward with spent nuclear fuel. Gerry Pollet noted that TRU retrieval was at odds with the TPA. Jeff Luke added that the site should not have been cut if the TPA was in alignment with the Top-to-Bottom Review.

- Bob Larson felt it was important to do something about the Site-Specific Advisory Boards (SSABs). He thought every DOE board should talk to Jessie Roberson, DOE-HQ. Harold Heacock replied that some sites and boards would see a bigger impact than others. Gerry Pollet remarked that if the SSABs were dissolved, he hoped the State of Washington and the U.S. Environmental Protection Agency (EPA) would take enforcement action and defend the position that the Hanford Advisory Board (HAB) is a legal requirement of the TPA through the Community Relations Plan (CRP).
- Gerry Pollet said the committee needed to discuss the budget process. On a telephone call earlier that morning, Jessie Roberson had said public workshops had already occurred on the budget and Top-to-Bottom Review. Gerry had corrected her and said the roadmap was coming forward. He suggested the committee discuss the roadmap and identify issue managers.
- Jeff Luke looked through the list of 20 questions and noted that nine appeared to be directly related to the \$262 million budget shortfall. They could pose those questions to DOE. The other questions appeared to be rhetorical or unanswerable within the next week or two. Gerry Pollet felt question 17 should be rephrased to ask what would happen with the DOE-ORP vitrification baseline and the proposed acceleration in the tank farms.
- Gerry Pollet discussed the Tank Waste Committee concern about the cost for characterization and analyzing tank closure. Funding retrieval of wastes will cost tens of millions of dollars to adequately characterize the vadose zone and approve the closure plan, including the completion of an environmental impact statement (EIS). In the end, tens of millions of dollars will be diverted from near-term risk reduction. Safe operations and retrieval would be underfunded. Harold Heacock added the concern about closing one tank in the middle of a tank farm, instead of the whole farm.
- Harold Heacock suggested DOE come back and discuss the budget when more information becomes available.
- Gerry Pollet asked about the process for FY 2004 budget development. Bob Rosselli replied that DOE-RL was still waiting for some guidance from DOE-HQ to get things started. The Chief Financial Officer had presented rough guidance for a five-year period to all of the assistant secretaries at DOE-HQ, but that information had not yet been disseminated to the field. DOE is still proposing to have budget workshops in March. Harold Heacock did not think the committee had enough information to proceed on either the 2003 budget allocations or planning for the 2004 budget preparation and hearings. Bob Rosselli said they did have a baseline, and the baseline had a funding profile associated with it for FY 2004.
- Harold Heacock noted that BCC would set a meeting date the second week in March, prior to the budget workshops, in order to review the current status of FY 2003 budget issues and talk about the 2004 budget.

Out of the 20 questions, the committee identified 12 as expressing concerns directly related to the FY03 budget:

1. \$262 million shortfall: What is the plan to get it back? (verify number)
2. What is the rationale for proposed cuts?
3. 100/300 Area change package to accelerate cleanup requires more money, not less. (Agency is in the middle of comment period for this)
4. What is the process for getting some of the \$800 million? New agreements?
5. Timing: How do you operate until new agreements are in place?
6. Are agreements just TPA-type agreements? Other types of agreements?
7. If agreements aren't changed, we won't get money. Will that mean layoffs?
8. Need to understand what "faster and cheaper" means.
9. What is the baseline for comparing "faster"? TPA?
10. What is going to happen with the ORP vitrification baseline, including proposed acceleration?"
11. Is the HAB funded?
12. What is the cost of more characterization and analyzing closure versus the cost of getting on with the work?

Regulator Perspectives

- Dave Einan, U.S. Environmental Protection Agency (EPA), noted that the existing baselines were a good place to start discussions, but cautioned that some of the existing baselines were not true anymore.
- Melinda Brown, Ecology, commented that Ecology was taking a close look at the budget. She reiterated points that Max Power had made at the last HAB meeting. The first point was that planning was done, but accountability and funding were missing. The second point was the approach made at Rocky Flats would not work for Hanford because Rocky Flats would be closed. The third point was if DOE was going to plan at the national level for risk-based cleanup, it needed a national dialogue about what that risk was. The fourth point was DOE was assuming Ecology would write regulations, which was a good argument for external regulation. Ecology saw places in the Top-to-Bottom Review where the milestones did not seem to be funded, and the milestones for public review were not included. Ecology was also in the dark about the procedure for getting more money. Bob Rosselli said that DOE fully recognized that the TPA required it to have interactions with the regulators in 30 days; however, DOE-RL was still waiting for some guidance from DOE-HQ.
- Dave Einan remarked that EPA is still a bit concerned with cleanup in the River Corridor. They just negotiated packages for the 100/300 Area, which would be out for public comment. This set of projects seemed well aligned with the Top-to-Bottom Review, so it is important that the work get funded. The lack of funding for spent nuclear fuel did not seem consistent with acceleration.

Rich Holten, DOE-RL, discussed the DOE-RL life-cycle baseline, which he felt was a fairly close representation of the negotiated packages. The difference was that DOE could drop some of the near-term requirements in 300 Area buildings and shift some 300

Area cleanup work out. DOE could also achieve compliance with less money in the River Corridor than the baseline reflects because some 300 Area buildings will not have to be done until 2018. DOE was still trying to show completion of the River Corridor Contract by 2012. Items of note were the 618 burial grounds, which would be done before 2018; reactor removal; and final removal of the 300 Area buildings, including the 325 Building.

There were areas of Central Plateau remediation that would start to grow around 2012 or 2013. The first growth area was finishing soil remediation around the 200 Area. The next growth area was Canyon Disposition, followed by remaining buildings, surveillance and maintenance. Waste management grew in the middle of the baseline, due to the vitrification plant.

Rich Holten went over groundwater remediation in the 100 Area, which was split into the N, K, H, and F areas. There was a large allowance for the H Area in 2002 representing an in-situ remediation demonstration. There was also an allowance for installing systems in 2005, 2006 or 2007, depending on the technology they will use.

Rich Holten then discussed baseline alternatives for 100 Area groundwater remediation. The groundwater staff said that if 100 Area groundwater remediation were to accelerate, it would be necessary to split it into two plumes – chromium and strontium. They believe in-situ redox manipulation (ISRM) shows promise as a final remediation option, but the current system is a demonstration and needs to run for several years to establish confidence in it. That does not preclude work in the near-term because if they want to accelerate this program, they could sink additional wells; complete characterization and design of the remainder of the ISRM system; conduct additional impact studies, if needed; and issue a final Record of Decision (ROD) in about three years. The goal would be to line up as much as possible with the next five-year review period. DOE would spend roughly \$5 to \$10 million dollars for the next three years on the accelerated program.

There is a technical group currently evaluating options for the strontium plume. Several different options may come out of the evaluation, but there is no leading alternative at this time. The acceleration cost estimate is to be determined pending technology reviews. Gerry Pollet requested an estimate of the profile for implementation and installing a barrier. Nothing has been done so far about the strontium plume in terms of moving to an expanded, full-scale effort. Gerry wanted a reasonable number for what it would cost if DOE were to start moving toward design and implementation of groundwater cleanup one year after finishing the soil for each area where there is strontium. For example, if N Area soil were finished in 2010, in 2011 there would be an ROD for a chosen technology and installation could begin.

DOE Top-to-Bottom Review

Harold Heacock distributed a list of 20 questions from the BCC meeting on February 6 regarding the FY 2003 Administration budget request for Hanford cleanup, in addition to

comments from the last Board meeting, and comments from the TWC meeting the previous day. Harold suggested the committee go through the Top-to-Bottom Review section by section and identify anything that seemed inconsistent or an issue of concern. EnviroIssues would take the different lists and combine them into one long list. At the next committee meeting, that master list will form the basis for developing draft advice.

Regulator Perspectives

- Max Powers said he and Mike Gearheard, EPA, both thought there were disconnects between some of the things the Top-to-Bottom Review suggested must happen and what the budget said. It did not make any sense to underfund removal of spent fuel and waste removal from tanks, if the stress was on risk reduction.
- Max Power's second concern was that the Secretary of Energy seemed to stress Rocky Flats as the ideal example. Rocky Flats was not the same as Hanford, Savannah River or the other big sites because just about everything there would be gone within a few years. Hanford expected to have continuing waste management and disposal facilities for some time. The regulatory assumption that Hanford could be cleaned up totally under Superfund did not hold for Ecology.
- Max Power's third point was that there were places at which significant policy-type decisions were assumed, including building a national risk analysis framework and revising the classification of various kinds of waste. Max thought a very thorough discussion with the regulators and stakeholders needed to happen soon, if those were ways to make a significant process. The Top-to-Bottom Review did not mention external regulation. Max agreed with the December General Accounting Office (GAO) report that criticized DOE ambiguity about accountability and external regulation. If DOE started talking about revising orders, they needed also to talk actively about external regulation of DOE.
- Max Power's fourth point was that much in the contracting and business management side of the report that reflected the past HAB advice. Max hoped DOE implement these improvements because these were also highlighted in the GAO report. Max felt the expectation that DOE could initiate these changes in 90 days was probably overly optimistic, but Ecology wanted to support efforts to improve the situation.
- Dave Einan stated that the EPA had not yet done a thorough analysis, but EPA did think it was reasonable for the new administration to evaluate its inherited program. Whether DOE had the numbers right or recognized the steps that had been made was a different story. For example, the tank waste baseline was a privatization baseline, and the agencies had renegotiated all of the milestones for the River Corridor Contract and River Corridor projects. Dave also felt the Constraints to Cleanup and Challenges Team (C3T) work and targets of opportunity were in alignment with what DOE-HQ wanted.

Gerry Pollet reviewed the Top-to-Bottom Review with the committee. People were asked to identify any questions or issues they wanted to capture to future BCC work.

- The call to close sites is highly political and at odds with the risk-based picture (re: money being spent as a priority on small sites).

- Hanford deferred work to close other sites and delayed major risks on the assumption there would be increased funding available in 2007. (Commitment won't be met.)
- The Executive Summary does not talk about the urgent risks being faced.
- The focus needs to be on risk reduction coupled with mortgage reduction.
- Hanford contracts are incentivized already.
- There was no public input to the Review.
- Regulators had no significant input.
- There is no path for review and comment.
- Numerous contracts do not have meaningful performance measures.
- There is a philosophy that cleanup agreements are process-oriented.
- The committee supports endorsement of expanded ISMS.
- Streamlined implementation of NEPA – what does that mean and what are potential impacts?
- There are positive points to the human capital strategy.
- \$50 billion figure for vitrification includes privatization costs.
- Budget cuts to stabilization/single shell tanks related to grouting recommendation.
- What analysis supports the assumption that there is a cheaper way to deal with tank wastes other than leaving wastes in tanks?
- IV-2: The committee supports special nuclear materials and spent fuels.
- Accelerated cleanup at other sites takes a big chunk out of the \$800 million.
- High unknown costs for scrap plutonium purification.
- “Some low-level TRU waste may be safe for disposal in a manner similar to low-level or mixed low-level waste.” What analyses are there for such a statement?
- Cesium 137: there is concern with risk evaluation. What are the assumptions?
- Top-to-Bottom Review recommendations are focused on the Atomic Energy Act management of radioactive waste.
- The Review did not focus on hazardous waste risks (RCRA/CERCLA requirements associated with these wastes).
- The report implies that RCRA (instead of Superfund) causes delays and increased costs.
- Establishment of a de minimus classification of wastes is a concern.
- Land use assumptions/scenarios are an unrealistic assertion.
- Delay is possible with the HWS-EIS.
- The committee endorses early initiation of NEPA processes.
- Inconsistency with Top-to-Bottom Review recommendations and the budget request for FY 2003.
- Inconsistency in Top-to-Bottom Review, re: risk-based decisions and accelerating small site closures.
- State, community and stakeholder input are not seen as integral to the cleanup mission.
- The committee endorses moving the science and technology program out of Environmental Management (EM).
- Rocky Flats is not an appropriate model, since it doesn't match Hanford. Rocky Flats is going away, so it can't correlate.

- External regulation is needed. DOE self-regulation is a dangerous premise – would not be subject to federal regulations.
- National risk-based analyses to change priorities – must be a national dialogue.

Committee Business

Penny Mabie asked if there was committee work that needed to happen before the March meeting. Harold Heacock said they needed to get the list together and sent it out to the committee. They may possibly hold a phone call to see if anything was missed, or if they are on the right track. Gerry Pollet added that a couple people would need to volunteer to use some of the list to draft advice.

Ken Bracken asked if there was any decision as to when the HAB budget workshop would be. Penny Mabie told him that it may be during March committee week. Penny reminded the group that the next committee call is Tuesday, March 19 at 11:00 am. The Executive Issues group call is Thursday, March 21 at 3 pm.

Handouts

- Budgets and Contracts Committee Draft Meeting Agenda; February 13, 2002.
 - Letter to Spencer Abraham, Jessie Roberson, Keith Klein, and Harry Boston, Re: FY 2003 Budget, Todd Martin; February 8, 2002.
 - BCC Flipchart Notes from February 6, 2002 regarding FY2003 Administration Budget Request for Hanford Cleanup; February 6, 2002.
 - Memorandum for the Secretary of Energy, Jessie Roberson; February 4, 2002.
 - 100 Area Groundwater Remediation Baseline Alternatives, DOE-RL; February 13, 2002.
 - 100 Area Groundwater Remediation, DOE-RL; February 13, 2002.
 - RL Life-Cycle Baseline, DOE-RL; February 13, 2002.
 - Tank Waste Committee Concerns on Top-to-Bottom Review; February 12, 2002.
 - Hanford Advisory/Public Workshop on Top-to-Bottom Review, Questions for Jessie Roberson, Questions and Comments for Keith Klein and Harry Boston; February 3, 2002.
 - Letter to Robert Card, Undersecretary, DOE, From Jessie Roberson, Assistant Secretary for Environmental Management; February 4, 2002.
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Attendees

HAB Members and Alternates

Ken Bracken	Jim Cochran	Jim Curdy
Jim Hagar	Harold Heacock	Dave Johnson
Robert Larson	Jeff Luke	Maynard Plahuta
Gerry Pollet	Keith Smith	Dave Watrous

Others

Rich Holten, DOE-RL	Dave Einan, EPA	Nancy Myers, BHI
Bob Rosselli, DOE-RL		Penny Mabie, EnviroIssues
Bob Tibbatts, DOE-RL		Natalie Renner, EnviroIssues
Janis Ward, DOE-RL		Chris Chamberlain, Nuvotec
Dave Evans, DOE		