

PBI-2

Performance Based Incentive (PBI) Title: Waste Treatment Plant Production Support (Feed Delivery and Product Receipt)

Performance Fee available and assigned to this PBI: \$29,000,000

ORP Assistant Manager:	ORP POC:	CH2M Manager:	CH2M POC:
J. Swailes	D. Noyes	J. Eacker	J. Van Beek/J. Biagini/ C. Shipler/G. Parsons

Desired Endpoint/Outcome

The high-level waste and low-activity waste feed delivery systems will be ready to support the Waste Treatment and Immobilization Plant (WTP) and supplemental treatment systems with sufficient demonstrated capacity. Waste staged for delivery to the WTP and supplemental treatment. Viable feed delivery sequence fully integrated with treatment capability. The first immobilized low-activity waste (ILAW) disposal system is completed at lower capital and life cycle cost levels.

Fee Payment Schedule

Upon completion of each fee bearing milestone set forth herein, Contractor will be paid either provisional fee or incremental fee, in accordance with Contract Clause H.2, "Provisional and Incremental Payments of Fee." Whether completion of a milestone entitles Contractor to provisional fee or incremental fee is set forth in the milestone discussions contained herein.

Fee Bearing Milestones

1. Waste Feed Delivery. Performance Fee: \$26,000,000

- a. The Contractor shall develop a Waste Feed Delivery Project Implementation Plan (IP) for the U.S. Department of Energy (DOE), Office of River Protection (ORP) concurrence that is based on Revision 1 of the River Protection Project Systems Plan. The IP shall provide the Contractor's strategy for completing Waste Feed Delivery projects that balances planned WTP production rates, risk, and cost reduction. No fee is payable for this deliverable.
- b. The Contractor shall earn a total of \$3,431,274 in incremental fee for completion of all Project W-314 Phase 1 upgrades in the AY/AZ/AW Tank Farms, and AN Tank Farm Upgrades by 09/30/03. Interim progress milestones have been developed to provide for incremental fee payments (except for Item 4 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 - 1. Complete AN Phase 2 Tank Farm Upgrades, \$857,819.
 - 2. Complete AY/AZ/AW Phase 1 Construction, \$857,818.
 - 3. Complete AN Phase 1 Construction, \$857,819.
 - 4. Receive HVAC Skids, \$857,818 (provisional fee milestone).
- c. The Contractor shall earn a total of \$2,700,000 in incremental fee for completion of Phase 2 Upgrades in AW Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the Hanford Federal Agreement and Consent Order (HFFACO) or Tri-Party Agreement milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments (except for Item 2 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 - 1. Complete Phase 2 Upgrades in AW Tank Farm, \$910,000.
 - 2. Receive HVAC Skids, \$600,000 (provisional fee milestone).
 - 3. Upgrade AW Pits and turnover to Operations (Earn \$100K per Pit).
 - 4. Turnover to Operations, \$390,000.

- d. The Contractor shall earn a total of \$1,500,000 in incremental fee for completion of Phase 2 Upgrades in SY Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete Phase 2 Upgrades in SY Tank Farm, \$700,000.
 - 2. Upgrade SY Pits and turnover to Operations (Earn \$100K per Pit).
 - 3. Turnover to Operations, \$300,000.
- e. The Contractor shall earn a total of \$800,000 in incremental fee for completion of Phase 2 Upgrades in AY/AZ Tank Farms. Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete construction/ATP, \$600,000.
 - 2. Turnover to Operations, \$200,000.
- f. The Contractor shall earn a total of \$1,900,000 in incremental fee for completion of Phase 2 Upgrades in AP Tank Farm. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Complete Phase 2 Upgrades in AP Tank Farm, \$700,000.
 - 2. Upgrade AP Pits and turnover to Operations (Earn \$100K per Pit).
 - 3. Turnover to Operations, \$300,000.
- g. The Contractor shall earn a total of \$1,300,000 in incremental fee for completion of 244-S double-contained receiver tank (DCRT) bypass. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00). Interim progress milestones have been developed to provide for incremental fee payments (except for Item 2 which will be earned as provisional until completion of Item 1). These fee payments will be based on completed physical work products as follows:
 - 1. Complete 244-S DCRT bypass, \$350,000.
 - 2. Complete installation of 50 percent of piping, \$800,000 (provisional fee milestone).
 - 3. Turnover to Operations, \$150,000.
- h. The Contractor shall earn a total of \$1,620,000 in incremental fee for completion of W-211 modification of AZ-156 building, fabrication of piping to the WTP, and installation of 3,500 feet of waste transfer piping between the Tank Farms and the WTP interface point. Interim progress milestones have been developed to provide for incremental fee payments. These fee payments will be based on completed physical work products as follows:
 - 1. Fabricate Transfer Pipe, \$540,000.
 - 2. Install 3,500 linear feet of piping, \$540,000.
 - 3. Complete AZ-156 building modifications and turnover to Operations, \$540,000.
- i. The Contractor shall earn \$1,850,000 in incremental fee for completion of Project W-211 AZ-101 retrieval system construction, except transfer pump installation.
- j. The Contractor shall earn \$1,500,000 in incremental fee for completion of construction of waste transfer piping from the Tank Farms to the WTP interface point, except final installation of three pipe jumpers and related valve actuators.
- k. The Contractor shall earn \$1,900,000 in incremental fee for completion of Project W-211 AN Infrastructure and AN-101 retrieval system construction, except mixer pump installation.
- l. The Contractor shall earn \$2,000,000 in incremental fee for completion of Project W-211 AZ-102 retrieval system construction, except mixer pumps installation.

- m. The Contractor shall earn \$1,750,000 in incremental fee for completion of Project W-211 higher risk construction tasks for the AY-102 retrieval system.
- n. The Contractor shall earn \$1,000,000 in incremental fee for completion of replacement of AP-101 transfer pump.
- o. The Contractor shall earn a total of \$265,000 in incremental fee for completion of AN tank farm clean out box modifications. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- p. The Contractor shall earn a total of \$900,000 in incremental fee for completion of SY tank farm pipeline upgrades. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- q. The Contractor shall earn a total of \$450,000 in incremental fee for completion of AZ-151 reroute. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- r. The Contractor shall earn a total of \$1,100,000 in incremental fee for completion of AW tank farm clean out box modifications. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).
- s. The Contractor shall earn a total of \$33,726 in incremental fee for completion of 204-AR upgrades. Fee for individual interim progress milestones is forfeited if work is not complete on or before the HFFACO milestone due date (M-43-00).

2. Deleted.

3. ILAW Disposal Capacity (Integrated Disposal Facility [IDF]). Performance Fee: \$3,000,000

- a. The Contractor shall complete construction of the IDF to provide cost-effective disposal by 09/30/06.

Interim progress milestones have been developed to provide for incremental fee payments. These incremental fee payments will be based on completed physical work products as follows:

- 1. Contractor shall earn \$1,000,000 in incremental fee for completion of:
 - a. site preparation, road construction, utility relocations, \$540,000 of incremental fee.
 - b. trench excavation, \$460,000 of incremental fee.
- 2. Contractor shall earn \$2,000,000 in incremental fee for completion of construction.

If disposal is provided by other than a newly constructed facility, then the Contractor shall provide to ORP a formal demonstration of readiness for disposal. If an alternate disposal path is utilized, the \$3,000,000 of incremental fee shall be reassigned to mutually agreed to milestones for the alternate disposal path.

Government Furnished Services/Items (GFS/I)

ORP will respond to all Contractor submittals (e.g., Authorization Basis, Safety Analysis Reports, Baseline Change Requests) required to complete this activity within 15 working days provided the submittals are complete and ORP is provided with reasonable notice of the intent to submit.

ORP will concur with the IP schedule for tank farm modifications and retrieval systems design and construction within 30 days of IP completion; and work with the Contractor to gain approvals necessary to resequence and or revise project W-211 work activities.

Commitments

The Contractor shall:

- make fundamental changes in program logic and work performance,
- take actions to align Contractor organizations, work processes, etc. to achieve PBI outcomes,
- establish defensible technical, regulatory, and programmatic solutions,
- plan and lead all required internal and external discussions and interactions to achieve results incentivized in this PBI, and
- drive agreement within regulators and stakeholder groups for PBI outcomes.

The ORP will:

- work with the Contractor to obtain Regulator approval to begin construction of the disposal facility by 03/05.
- work with the Contractor to gain Regulator agreement to continue use of AP tank farm vent system without W-314 upgrades.
- work with the Contractor to gain Regulator agreement to continue use of SY tank farm transfer lines without E-525 upgrades.
- work with the Contractor to provide sufficient Line Item funding, within the Fiscal Year (FY) 2003 ORP Budget Request, beginning in FY 2003 to support the accelerated schedule for design, procurement, and construction of retrieval and disposal systems.

Definitions

“GFS/I” are those work elements that the DOE commits to perform to support the completion of this PBI. If DOE cannot provide GFS/I as described herein, then it shall be treated as a change in accordance with Contract Clause I.64, Federal Acquisition Regulation 52.243-2, “Changes-Cost Reimbursement, Alt II.”

Signature Block

Original Signed	7/25/03
_____ Edward S. Aromi, President and General Manager, CH2M HILL Hanford Group, Inc.	_____ Date
Original Signed	7/25/03
_____ David B. Amerine, Executive Vice President and Deputy General Manager CH2M HILL Hanford Group, Inc.	_____ Date
Original Signed	7/25/03
_____ John H. Swailes, Assistant Manager for Tank Farms U.S. Department of Energy, Office of River Protection	_____ Date
Original Signed	7/25/03
_____ Roy J. Schepens, Manager U.S. Department of Energy, Office of River Protection	_____ Date