

FINAL MEETING SUMMARY

HANFORD ADVISORY BOARD BUDGETS AND CONTRACTS COMMITTEE January 29, 2003 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 and Welcome

Gerry Pollet, vice-chair of the Budgets and Contracts Committee, opened the meeting and welcomed the committee. He introduced the agenda and briefly outlined each topic that would be discussed during the meeting.

Budget Information: Fiscal Year 2003 (FY03)

Gerry introduced Jeanie Schwier, Chief Financial Officer for DOE-RL. Jeanie reported that DOE still has no budget allocation for 2003; they are currently operating under the 6th continuing resolution.

Committee Discussion

- Is the work scope being disrupted at all and are there any impacts anticipated to the Tri-Party Agreement (TPA)? Jeanie responded that work is being managed well within the limitations. DOE-RL does not feel there will be any additional costs in 2003.
- What effects are the fiscal delays having on the spend rate? Will there be workforce reductions? Jeanie answered that spending is in proportion to the funds available. Janis Ward, DOE-RL, added that the schedule and fiscal progress is consistent and

there will not be a deficit when money does come in. She said layoffs are not based on the budget; Fluor Hanford Inc.(Fluor) bases their workforce needs upon skills and performance, not budget shortages.

- Several committee members inquired whether the expenditure rate is based upon 2002 or 2003 budget levels and schedules. Jeanie answered that DOE has received adequate funds for the proposed work. The ramp-up for acceleration activities isn't scheduled until March and the budget allocation should be in place by then. Janis Ward added DOE can spend at 2002 levels plus the carry over of 38 million dollars from last year's appropriations.
- Keith Smith noted there is a deep concern among the workforce over health and safety: there is a feeling that if money is not allocated at the expected level, preventative maintenance or infrastructure will be sacrificed. Rich Holton, DOE-RL, emphasized that no safety requirements have been relaxed. Fluor made the decision to operate with fewer people, not with less safety. As far as DOE is concerned, there is no flexibility on that or on meeting the TPA milestones.
- Melinda Brown, Washington State Department of Ecology (Ecology), asked if the work that supports the existing TPA has changed in any way. Rich and Paul Carter, DOE-RL, responded they are looking at acceleration and may beat the milestones. Any milestone changes will be taken through the TPA process.

FY 03 Project Baseline Summary (PBS) Numbers and FY04 PBS Structure Changes

Rich Holton gave a presentation on the 2003 PBS structure. He also explained how performance incentives (PIs) are allocated for each area of work. DOE-RL knows what it would cost to provide the work scope given in each PBS; money for contractors is authorized by contract, not spend amount. Committee members asked to see both the 2003 budgets for each project and the current spend rate by project with a comparison to the year's budget. However, DOE representatives said they could not share either data set, as there is some question about whether DOE Headquarters (DOE-HQ) has made the information available to the public. Committee members expressed concern at not seeing how DOE and contractors are prioritizing work and not knowing where the money is going. Janis and Rich thought at the next meeting they could give the committee the figures at least through December 2002.

Joe Rasmussen, DOE-RL, gave a brief overview of the new PBS structure using a handout to illustrate the differences between this structure and the current one. He discussed the effect the new "control points" will have on DOE-RL's ability to move money around between different projects. Joe acknowledges there was some difficulty fitting some of the scope into the new control points.

Committee Discussion

- Maynard Plahuta asked what happens if DOE does not receive what they are assuming. Rich responded they would have to go back for reallocation, causing some problems.

- Melinda Brown asked if what comes out for the PBS budget will be in line with the president's budget; more specifically, will FY03 and FY04 match? Rich answered yes; as long as there are no constraints at certain control points, they will be able to allocate to certain PBS's. Otherwise, they will have to go back to the Senate to get a shift in the fund allocation. He also noted that he is more concerned about reductions than reallocations.
- It is the intent to have a safety and security control point for every site in the DOE complex.
- Keith Smith asked about the general contractors not identified on the handout. Rich said the contractor can still have a consolidated contract but their budget will have to come from several different places. Melinda Brown asked if this means DOE will be running parallel accounting systems. Rich responded that it will be a crosscut; they will have to maintain an account and then spread it out to the PBS's. Melinda expressed concern that they wouldn't be able to see where the 2003 figure splits into 2004. Rich and Janis said everything that moves to the PBS will have both the 2003 and 2004 figures.

Waste Management – 200 Area Remediation – FY03 TPA Milestones

Rich also discussed the status of TPA milestones for FY03: what has been completed, what is on schedule or behind and, if something is behind, what is being done to correct the situation. Rich walked the committee through a handout showing PIs and FY03 work scope for each PBS.

- Planning for the removal of waste from the Plutonium Finishing Plant (PFP) has been initiated and that they are looking at how to eliminate the need for guards and guns in the future.
- Resource Conservation and Recovery Act (RCRA) requirements are integrated into the same PBS as water and air monitoring and permitting.

Rich also explained that under the PIs, there is no second chance to receive money for a missed deadline (such as in the K Basins). Also, since the PIs specify end dates that must be met, not start dates, DOE cannot withhold incentive money until a deadline is missed.

PBS Structure for 2003 and 2004: DOE-Office of River Protection (DOE-ORP)

Jennifer Sands, DOE-ORP, gave an overview of the new PBS structure for DOE-ORP. They will now have two control points: construction of the new Waste Treatment Plant (WTP) and tank waste stabilization. They can move money in and out for expense items, giving them much more flexibility. The annual appropriation required for the WTP per the baseline is \$690 million. Bechtel's contract prohibits them from asking for more than that per year, though they can ask for more over a long-range timeline. There are \$415 million dollars appropriated to CH2M Hill Hanford Group (CHG) to manage the tank farms.

Committee Discussion

- Gerry Pollet asked if the committee would be able to look at the budget and the PBS and see how much funding is going for investigation of technology alternatives to vitrification and interim tank closure. Jennifer said she won't have an agreed upon baseline with CHG until the end of March. However, she does know that the request for CHG is \$360 million in FY04. Gerry wants to see more a more specific work break down that shows where the money is going. Jennifer responded that, because ORP is redoing the baseline, she will not have those figures until late March, at the earliest. (In a normal budget year, she would have an idea of that break down in November.) Melinda Brown added that ORP has to be done by the end of March so they can merge baselines with RL and integrate the River Corridor contract.
- Gerry pointed out most of the questions regard how CHG can develop and implement new technologies with \$55 million less in the budget. Jennifer emphasized that CHG knew the PIs and dollar values when they signed the contracts; beyond that, she cannot give any more specifics at this point.
- Gerry's concern is that the public's values may not match CHG's values when it comes to how to spend the money. Because DOE has not planned public budget workshops at this point, he is extremely troubled by what that means for the public involvement process.
- Maynard asked how much detail will be provided in the form DOE plans to give to the public for 2004. Jennifer replied their intent is to follow the normal process with some meaningful information for the public when they have it. Greg Jones, DOE-ORP, added there are some bigger unknowns: the numbers for 2003 and 2004 are in flux as are the formulations and guidance for 2005.
- Committee members suggested that workshops have worked well in the past and should be held again this year before the budgets for 2004 and 2005 are set.

Regulator Perspectives

- Melinda Brown reminded the committee that Ecology expects DOE to comply with Section 149 of the TPA. She is very concerned about the whole budget process. The regulator briefing is scheduled for February 13th. Melinda added that in the case of DOE-RL, she is also concerned with being able to see what work will be done and how it will be done under the new PBS structure. She is worried that DOE is choosing to keep so much information confidential. Melinda emphasized that Ecology has not agreed to all the changes in the plans, and she does not want people to believe that Ecology is supportive of all changes in work scope and schedules that DOE-RL plans for accelerated cleanup. Ecology is concerned that the juggernaut is rolling forward and, in some cases, the TPA changes are not approved. Issues such as the accelerated cleanup reform account and the unwillingness to share information do not increase confidence in DOE. Finally, she mentioned that the House will be taking a firm stand about the bottom line on the budget bills so it could mean even more changes before it's all over.

- Dave Einan, Environmental Protection Agency (EPA), added that this is the first time no information has been given as of so late in the fiscal year. EPA would like, for the first time in several years, to have some compliance with the TPA budget process. They are considering which options to use should that not happen.

Emerging Waste Treatment Plant (WTP) Budget Issues

Ron Naventi, Bechtel National Inc., discussed the funding for and the estimated completion of the WTP, given the recent setbacks. Currently, nothing is being re-estimated and the process is being reviewed by at least two independent organizations. Facilities that do not need to be built, such as the administration building, have been taken out of the plan to save money that can be better spent elsewhere. The budget remains at \$5.6 billion.

Ron acknowledges that there have been some performance issues. The Bechtel employees at the WTP have come from a variety of different offices and business lines and that has had an impact on the engineering work. Trying to have 2000 people from different cultures, used to different procedures and compliance issues, operating under one common set of work rules and standards is challenging. They are looking at different process checks, how to achieve consistency across work areas, how to streamline some processes, and maintain compliance with safety analysis. They also need to get nuclear-qualified contractors up to snuff to provide equipment and supplies to the project. Bechtel has warned DOE that some of the intermediate milestones in the contract may have to be revised. They have presented the information to the regulators to redefine the 2007 date on hot commissioning so that they can spend more time preparing adequately and working out more issues ahead of time. It will take longer to get to hot capacity, but it will help get to full capacity by 2011. In 2010, the plant will be in operation at a significantly higher capacity than originally planned. Greg Jones emphasized that it is not a question of more money solving the problem; it is a question of time.

Committee Discussion

- Bechtel will deliver the updated estimate of completion by March 7. The number will be modified to represent the deletions and additions up to this point (for example, adding the second high-level waste melter). There will be a full submittal of the working details by April 15th. Ron added that the work that they have at the 2002 funding level will keep them busy until the budget is finalized.
- Gerry asked how far behind the design work is and how much it will cost to put the third low-activity melter back into the plans. Ron answered they are six-twelve months behind the target dates set in February, however, those dates were ahead of the contract dates. (They are about 4-7 months behind the contract dates.) The information on the cost for the third melter has been provided to DOE-ORP and is still being reviewed.
- Gerry asked what potential impacts WTP delays will have on the rest of the activities at ORP. Jennifer Sands responded that currently there is no budget impact; whatever may appear after the revised estimate is being factored in.

- Several committee members asked about the contracting of supplemental technologies. Greg Jones said that CHG is looking at the technologies and contracts are going out. Congress will be informed of a new cost estimate as required by law.
- What about waste characterization issues? Greg and Ron responded they are working hard to match retrieval of the waste with the capabilities of the plant. One of the reasons they are evaluating supplemental technologies is because Hanford's waste may not be right for vitrification. Some experts from Savannah River are on site to look at design and apply lessons learned to Hanford.

Committee Input on the Draft Advice for Scoping of the Tanks Retrieval and Closure Environmental Impact Statement (EIS)

The committee discussed the advice written by Allyn Boldt and Harold Heacock. There were a number of questions regarding life cycle analysis and whether or not it will be included in the EIS. Several members felt that life cycle cost estimates were meaningless because they all come out close to the same, allowing DOE to pick whatever alternative they want. There was some discussion on why DOE-ORP needs this EIS and why it includes closure. The committee would like to see a table tying together the budget information, the TPA milestones, and the work levels expanded out below the PBS levels.

The committee decided to add three budget-related bullets to the advice:

- Include long-term, full life cycle costs for additional alternatives that should be analyzed.
- Per prior advice, uncertain costs associated with a national repository should be entirely segregated from life cycle cost to site closure for each of the alternatives considered.
- The EIS scope should include analysis of impacts on and costs for community services.

Committee Business

It was decided the committee will not meet on the 11th of February, because DOE will not be presenting budget information to the regulators until the 13th. Committee leadership and DOE will check-in about possible meeting schedules at the Hanford Advisory Board meeting February 6.

For the next meeting, the committee has requested the following information:

- a) Year-to-date and 2003 budgets by Work Breakdown Structure project for both DOE-RL and DOE-ORP;
- b) Cost, scope and schedule of "supplemental technologies" contracts to review alternatives to vitrification;
- c) March 7 estimate of cost of completion for the WTP;
- d) Cost of adding a third low activity waste melter to the WTP.

Handouts

- Defense Environmental Management Article, DOE, November 13, 2002
- Status of FY 2003/2004 Funding, DOE, January 29, 2003
- Hanford Advisory Board Draft Advice, Leon Swenson, Kenneth Bracken, Harold Heacock, Allyn Boldt, Doug Huston, January 29, 2003
- Office of River Protection Fiscal Year 2003, Jennifer Sands, January 29, 2003
- PBS CP-01 200 Area Remediation, DOE-RL, January 29, 2003
- CP01 – 200 Area Remediation – FY 2003 TPA Milestones, DOE-RL, January 29, 2003
- DOE-RL PBS Summary Life Cycle Descriptions, DOE-RL, January 28, 2003

Attendees

HAB Members and Alternates

Allyn Boldt	Jeff Luke	Gerry Pollet
James Cochran	Todd Martin	Keith Smith
Bob Larson	Maynard Plahuta	Dave Watrous

Others

Steve Balone, DOE-RL	Melinda Brown, Ecology	Sue Kuntz, Bechtel
Gigi Branch, DOE-RL		Nancy Myers, Bechtel
Paul Carter, DOE-RL	Dave Einan, EPA	Ron Naventi, Bechtel
Mike Dewitt, DOE-RL		Bryan Kidder, CHG
John Morse, DOE-RL		Barb Wise, Fluor
Joe Rasmussen, DOE-RL		Liana Herron, EnviroIssues
Jeanie Schwier, DOE-RL		Lynn Lefkoff, EnviroIssues
Fred Seria, DOE-RL		John Stang, Tri-City Herald
Yvonne Sherman, DOE-RL		
Janis Ward, DOE-RL		
Greg Jones, DOE-ORP		