

**DRAFT MEETING SUMMARY (v.1)**

*DRAFT - NOT APPROVED BY COMMITTEE*

**HANFORD ADVISORY BOARD  
JOINT MEETING OF THE  
RIVER AND PLATEAU & BUDGETS AND CONTRACTS COMMITTEES  
May 15, 2001  
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.*

**Committee Business**

The meeting was co-chaired by Harold Heacock, chair of the Budgets and Contracts (BAC) Committee, and Susan Leckband, vice-chair of the River and Plateau (RAP) Committee. The stated purpose of the meeting was to develop joint advice relating to the U.S. Department of Energy – Richland Office’s (DOE-RL) budget. After introductions, the Budgets and Contracts Committee approved its April meeting summary.

**DOE-RL Budget Update**

Bob Rosselli, DOE-RL, prefaced DOE-RL’s budget update presentation with an explanation that DOE-RL is facing a situation in which a lot of decisions have been made at a high level within DOE. His plan was to explain what work would be maintained, continued, or challenged within the FY02 and FY03 budgets, including impacts on Tri-Party Agreement (TPA) compliance. DOE-RL is restrained from talking about certain things, but has prepared budget allocation information by Project Breakdown Structure (PBS). This listing of funding by PBS is the lowest level of detail available, but DOE-RL believes it shows impacts on the TPA. Mr. Rosselli emphasized the importance of receiving HAB feedback on cleanup priorities.

Wade Ballard, DOE-RL, distributed several handouts relating to his presentation: a copy of the presentation and FY 02 and FY 03 Budget Cases for DOE-RL listed by PBS (see handout list). The President’s budget was constructed PBS by PBS at DOE-Headquarters (HQ) under tight controls. Mr. Ballard explained how DOE-RL has dealt

with the FY 2002 budget: If DOE-RL could reallocate FY 2002 funds, the PBS breakdown would look more like FY 2003. For each PBS, Mr. Ballard listed what work could be maintained and what would be a “challenge” for both FY02 and FY03 budget scenarios.

- What does “challenge” mean? Mr. Ballard explained that initially there were three levels of challenge: 3 = no chance; 2 = could be done with efficiencies; 1 = could probably be done. So for this presentation, a challenge means funding is not available.
- Are challenges the things that would be below a traditional Integrated Priority List (IPL) line? Yes.

Mr. Ballard pointed out that on each page of the copy of the presentation there is a disclaimer that DOE’s Environmental Management (EM) division will be conducting a nationwide Top-to-Bottom review. DOE-RL does not have many details about the review yet, but it appears that the review will occur in two phases. The first phase will probably involve EM Assistant Secretary Carolyn Huntoon in the June timeframe. The second phase may be conducted in the September/October timeframe and will likely involve Bob Card (essentially the chief operating officer of DOE EM) and Jesse Roberson (Huntoon’s successor). DOE-HQ officials will visit each site and look for 1) efficiency improvements (particularly on project management), 2) processes/procedures/rules for the site, and 3) regulatory issues. Contractors will be included as part of the review.

- Will DOE-RL be able to answer the questions the committee submitted? Mr. Ballard said there is still concern about releasing information, preventing DOE-RL from answering questions milestone by milestone, although he will indirectly cover that information in today’s presentation.
- Why can’t information be released? DOE-HQ is putting a lot of faith into the EM efficiency review; until the review is complete it is difficult to pin down specific numbers.
- When will you concretely know your budget? DOE-RL will most likely not know until the appropriations bill is passed. DOE-RL is doing up-front planning to determine what it would do under different funding scenarios, so if it doesn’t learn anything absolute until October 1, then it will not be as impacted severely by the FY02 budget.
- Will the Top-to-Bottom review affect when you know your budget? Yes, the timing of the review is not good.
- Regarding 300 Area cleanup, why is the Case 1 funding scenario less than the President’s budget if you’re doing more work? Mr. Ballard responded that it appeared that way due to an artifact in the allocation process; he encouraged the committee to ask about any other disconnects because he could explain them. Ms. Bilson added that DOE-RL recommended holding off digging because it was more cost effective to deal with the 100 area than letting a contract in 2004.
- Do you have a contingency plan for the 618-10 and 618-11 areas? Yes. We have an active monitoring program, based on the hypothesis that the contamination is

very localized. We've also outlined what "take action" means: to prevent material from moving. Ms. Bilson pointed out that under the FY02 budget scenario, it would be a challenge to design the remedial action for 618-10 and 618-11, but it is crucial to begin design if construction is to going to start in 10 years.

- Is the tritium getting into the groundwater? Yes.
- Are you going to continue drilling and replacing groundwater monitoring wells? Mr. Ballard said that DOE-RL agreed with Ecology to put 11 new wells in by this year (beginning of next fiscal year).

Mr. Ballard warned the committee that the nationwide energy crisis would harm cleanup at Hanford. The Bonneville Power Administration has forecasted a 250% increase in power cost, which DOE-RL estimates will add an extra \$15 million to its operating budget.

Mr. Ballard described the Waste Management PBS. One of the driving forces in this budget was to ensure the Plutonium Finishing Plant (PFP) and Spent Nuclear Fuel (SNF) programs stayed on track, so the budget shortfall impact on those programs is minimal. Fluor has taken site-wide responsibility for the bumping process on the PFP project. DOE-RL still does not know how much the work force will have to be reduced and shares the committee's concern about how inefficient it is to lay people off then rehire them shortly afterward. Phil Loscoe, DOE-RL, was present to answer the committee's questions on the SNF project.

- Why is less money allocated to SNF in FY03? The baseline of the project actually starts decreasing in FY03.
- Is it likely that Fluor will be able to increase Multi-Canister Overpack (MCO) delivery in order to get all the SNF moved by the target dates? Maybe. The MCO Throughput Initiative improvements will not go into effect until July. If anything goes wrong it will delay the project.
- At your current removal rate, will you have all the MCOs out by June? No way, not even close. Nine have been moved so far and 197 still need to be moved.

Mr. Ballard next covered Landlord and Site services. Infrastructure falls under this category. The committee was alarmed that waterlines would not be replaced, pointing out that it could be even more expensive to fix problems caused when old equipment breaks. Mr. Ballard agreed with the committee's concerns, but added that one positive aspect is that if DOE-RL received some money this year it could quickly make these upgrades.

- About not replacing old waterlines: How do you assess which risk is acceptable and which isn't? DOE-RL staff explained that there is a priority system, but it is still very difficult. Ms. Bilson added that for some things, like the waterlines, there is good predictive information about where the most leaks occur. She added that DOE-RL has observed more waterline breaks each year.
- Was that the radio replacement required by fire results? No, it is needed to upgrade to narrower bandwidth to comply with government standards by 2005.

- Where are the findings from the fire included in this budget? We have requested money for that and have not heard yet.

Mr. Ballard continued with his presentation, announcing that Hazardous Materials Management and Emergency Response (HAMMER) would be a challenge to maintain, but that realistically DOE-RL would not let HAMMER close in FY 02; funding the facility would be an allocation issue.

Mr. Ballard summarized the presentation by pointing out the differences between the Hanford 2012 Plan and compliance case. The big effect is 200 Area characterization. He warned that funding shortfalls now create a wave effect on jeopardizing future compliance deadlines.

- Has the down winder litigation been settled? Not yet. Currently funding is for keeping files up to date. If there is ever a finding in judicial system relating to money, that will be a challenge.
- How is the Hanford Advisory Board affected by this budget? The HAB is listed as a challenge under ubiquitous grants.
- Will DOE-RL's May 17<sup>th</sup> Budget submission to DOE-HQ contain numbers very different from those in the presentation and will it be in Integrated Priority List (IPL) format? Mr. Ballard answered that it would not be very different and would be in HQ's definition of IPL format, but not DOE-RL's. This information would be available to committee members by May 18<sup>th</sup>.
- With the Top-to-Bottom review going on, why would DOE-HQ entertain a reallocation request? Won't they say wait until we're done with this review? Won't we really know anything until fiscal year at best? DOE-RL staff members admitted this was most likely the case; they do not have a good feeling of when it's going to happen.

### *Committee Discussion on advice*

Issue Manager Denny Newland warned that the current budget situation and EM Review are a recipe for chaos in the fall. The big picture is that the budget is \$450 million short of compliance, implying there is no hurry to comply with the TPA. Other committee members were similarly discouraged. Several felt the HAB could commend DOE-RL's contract innovation/reform in which the contractors reach goals for less incentive. In addition, advice could applaud DOE-RL's efforts to allocate the budget despite constraints. In the past the HAB advised that PFP and SNF were big priorities and DOE-RL's budget reallocation reflects that. Other work suffers, but DOE-RL is doing the best they can with an inadequate budget.

The committee was very concerned that the EM Review would drag, not be implemented, and essentially waste a year. The committee discussed policy-level decisions about Environmental Management being made in Washington, D.C. Several committee members thought the HAB should affirm the cleanup efforts at Hanford as necessary, since it appears that neither the President nor Congress understand the scope

and depth of Hanford's contamination. Others pointed out that the problem is the Energy Secretary's perception that the site can be cleaned up for this lower amount of money. The committee debated giving very high-level advice or whether to also give advice specific to budget or clean up items. The committee decided it needed to make clear how much waste is on site and that the Columbia River is being threatened. It also decided its advice should contain a macroscopic overview but also include specific details about how increased funding would be thoughtfully applied. Bob Rosselli, DOE-RL, urged the committee to keep its advice high-level and relate to topics important to this administration, such as good project management. He felt the committee's advice would be most useful endorsing specific management plans DOE-RL is now utilizing, which could illustrate that Hanford cleanup is on track and just needs more money.

### **Regulator Perspectives**

Joy Turner, Ecology, distributed a letter comprising Ecology's comments both to DOE-RL and DOE – Office of River Protection (ORP). Ecology received briefings on the budget from both offices on May 3<sup>rd</sup> and is very disappointed by the budget, which does not meet TPA commitments. Ecology is also concerned about the 2012 initiative – DOE, the regulators, and the public all spent a lot of time working on that and are now left without a lot of support from DOE-HQ.

### **Letter Regarding EM Secretary's Review**

HAB Chair Todd Martin distributed a copy of a letter he had drafted on behalf of the HAB. During the previous Executive Issues Committee conference call, participants decided that the HAB should write a letter offering to assist in the Energy Secretary's Top-to-Bottom review. Mr. Martin is asking all committees for feedback and modifications, so the letter may be adopted at the June HAB meeting; the review is quietly happening now, so this is a timely issue. The committee agreed to the letter, but suggested that it should include a few specific examples of advice the HAB has given. These examples would show good ideas the HAB has suggested that either were or were not heeded. Committee members also advised keeping the letter succinct.

### **Contracts Advice**

The committee had arranged for Bob Rosselli to explain DOE-RL's current contracting situation and features so the committee could discuss issues for advice. Mr. Rosselli informed the committee that DOE-RL had been prepared to let the Request for Proposal (RFP) for the River Corridor closure contract in early May or June. However, because of the budget situation, release of that RFP was delayed for up to 90 days so DOE-RL would have an opportunity to see whether there are any effects from the Environmental Management (EM) review. Many firms expressed interest in response to the RFP advertisement in the Commerce Business Daily; 16 companies signed up for interviews.

The Fluor Hanford contract is a six-year, performance-based contract in which the contractor must perform \$4.2 billion worth of work being completed for \$3.8 billion through savings and innovations that the contractor develops. The work scope is mostly on the Central Plateau. Spent Nuclear Fuel (SNF) and the Plutonium Finishing Plant (PFP) are performance-based incentives with fully funded baselines, so work will continue regardless of the budget shortfalls. However, that leaves challenges in Waste Management areas, both for transuric (TRU) and mixed and low-level waste activities. There also may be challenges with infrastructure and railcar disposition. DOE-RL is not making any plans to change the contract yet; it is moving forward with the plans currently in place.

- Is it true that in the new contract, Fluor is responsible for completing the work, but has total discretion on staffing? Yes. DOE-RL staff will monitor them against a baseline to ensure all the work is done and that Fluor isn't just doing the work for fee.
- Do you approve the baseline? Yes. And there are already defined endpoints within the contract; how Fluor reaches those endpoints will be defined in the baseline and monitored by DOE-RL through the length of the contract.
- Will you evaluate Fluor's progress annually or at endpoints? Pete Knollmeyer, DOE-RL, said that there are two types of payment incentives, all of which are multi-year, to avoid excess paperwork. The contractor is paid by "progress payments" then balloon payments. If work is not completed on schedule then the contractor will receive its progress payments but not the balloon payment.
- Do the contracts contain objective goals? Yes. There are also cross-cutting comprehensive performance incentives (such as safety, health, supporting other prime contractors, etc) that are reviewed on an annual basis. In addition, not all the fee was committed, so if some work is not receiving the appropriate attention then we develop new incentives in that area.
- There was a question about baseline and stretch funding. Mr. Knollmeyer explained that 70% of the contractor's fee is for baseline work; it must find the rest of the fee through efficiencies.
- How will you manage Fluor if you can foresee a major problem looming? There are built in safeties and the appropriate controls, but we will not interfere with their ability to get the job done.
- Are there penalties built-in if they violate safety concerns? Yes, the conditional payment of fee clause attaches safety concerns. Management has discretion to reduce fee. We also can pass fines onto contractors.
- If the budget doesn't improve will you have to renegotiate? Yes. The contract says if funding changes by more than 10% then renegotiation is necessary.
- Does CH2MHill have a similar contract? Do you have the same thing in mind for River Corridor closure contract? Yes.
- Have you put out the information about the River Corridor contract yet? We had a pre-solicitation conference and 24 companies showed up. Right now we're doing an alternatives analysis and will decide soon if we need to start over.
- What obligation are contractors under if funding changes more than 10%? Can they go on strike? It is a cost plus contract, in which the contractor works for fee. If changes get approved, then there is a complementary process for how fee is allocated.

This is not a fixed price contract; the issue is how they earn fee. If they went on strike we'd probably terminate the contract for default.

The committee discussed whether it should issue contract advice and if so, what exactly it should advise. Several committee members wanted to consider endorsing the new contract structure that pays for work completed rather than just working. There was a discussion about whether the new contract structures would lead to problems in renegotiations during times of budget shortfall. A committee member said the HAB should send the message to DOE-HQ that contracts are signed deals that HQ should honor. Gerry Pollet strongly urged the committee to consider contract principles advice, a draft of which the former Finance and Contracts Management Committee had tabled from a previous meeting in March. The committee discussed the urgency of contracts advice. Mr. Pollet felt that the advice addressed major issues that relate very closely to the budget. The R&P committee thought Budgets advice was more timely, contract advice was general and not necessary to complete for the June HAB meeting. Harold suggested that B&C committee members read the advice overnight to refresh their memories then be ready to talk about it at the joint meeting tomorrow. Mr. Pollet suggested people focus their attention on Sections 2b, 2c, 2d, 5, 6, and 7.

### **HSEP's HAMMER Advice**

Keith Smith and Joe Richards are the Health Safety and Environmental Protection (HSEP) Committee's Issue Managers for the HAMMER training facility, which will be severely affected by the President's proposed budget. Only \$1 million was allocated to HAMMER, which would be a shut down budget, sufficient only to lay everybody off. The concerns are: where will worker training happen, and what are the effects on worker safety if there is a lack of training? This advice is the product of the HSEP committee's conference call; the committee thought the HAMMER piece was appropriate to be included with budget advice since HAMMER will be directly impacted by budget cuts. This advice is consensus approved from HSEP to accompany budget advice.

The committee again discussed the desired specificity of advice. Many people felt that the specificity in the HAMMER piece was useful since it provided adequate detail for people to understand the importance of the issue. Others thought the bigger issue was that the administration and Energy Secretary are ignorant and unwilling to clean up Hanford. Finally the committee agreed to provide very high-level budget advice accompanied by an attachment with details to help Congress understand why additional money is needed and where it will go. The beginning of the letter would provide a broad overview detailing the context (a description identifying the enormity of the contamination and the consequences of problem being located near a major river). This section would segue into approval of DOE-RL's contract and baseline reform efforts, but pointing out the DOE is in default in cleanup for the region. Following that would be a list of major principles and specific examples to support those.

Issue Managers assigned themselves to certain sections of the advice, and agreed to complete a draft by the end of the week, or at least by Monday. The Budgets and

Contracts Committee decided to continue working on the advice at their joint meeting with the Tank Waste Committee the following day.

**Handouts**

- River and Plateau/Budgets and Contracts Committees (Joint Meeting) Draft Meeting Agenda, May 15, 2001
- River and Plateau Committee Work Planning Table, April 10, 2001
- B Reactor Issue, Background, Status, and Recommendations. May 15, 2001
- Draft Advice for Hanford Advisory Board – Budget is Legally Inadequate for Groundwater Protection and Remediation, May 2001
- RL FY 2002 Budget Cases, May 15, 2001
- RL FY 2003 Budget Cases, May 15, 2001
- Richland Operations Office President’s FY 2002 Budget and FY 2003 Target Case Program Scope and Impacts, May 2001
- Draft for Finance, Contract Management Committee, Draft Advice on Principles for New and Existing Contracts for Hanford Cleanup, Draft by Gerry Pollet, Based on flip charts with consensus principles and meeting notes from Feb and March committee meetings.
- Letter to All HAB Committees from Todd Martin regarding EM Top-to-Bottom Review, May 14, 2001
- Draft Consensus Advice from HSEP Committee regarding HAMMER training facility, May 15, 2001
- Letter from Washington State Department of Ecology to Harry Boston and Keith Klein regarding Hanford Federal Facility Agreement and Consent Order (HFFACO), May 14, 2001

**Attendees**

**HAB Members and Alternates**

James Cochran	Harold Heacock	Doug Huston
Robin Klein	Bob Larson	Susan Leckband
Todd Martin	Denny Newland	Maynard Plahuta
Gerry Pollet	Joe Richards	Gordon Rogers
Dan Simpson	Keith Smith	

**Others**

Wade Ballard, DOE-RL	Rick Bond, Ecology	Michael Hughes, BHI
Joel Hebdon, DOE-RL	Jane Hedges, Ecology	Nancy Myers, BHI
Gail McClure, DOE-RL	Fred Jamison, Ecology	John Wintzak, BHI
Bob Rosselli, DOE-RL	Ron Skinnarland, Ecology	Penny Mabie, EnviroIssues
	Joy Turner, Ecology	Christina Richmond, EnviroIssues
	Dennis Faulk, EPA	Barb Wise, FH
		Chris Chamberlain, Nuvotec
		Les Davenport, Public