

to rebalance the skill mix of the Hanford workforce and reductions following completion of the waste treatment plant facility.

Part II – Background

INTRODUCTION

HANFORD 2012:

Accelerating Cleanup and Shrinking the Site

In the late summer of 2000, RL introduced the draft plan entitled, “Done in a Decade.” The cleanup plan focused on three outcomes: restore the River Corridor, transition the Central Plateau, and prepare for the Future. The draft plan was distributed for public comment, and was revised and reissued as “Hanford 2012: Accelerating Cleanup and Shrinking the Site.” See the Appendix to this addendum. A key priority in the plan is to reorganize work at Hanford and complete major pieces of the Hanford cleanup by 2012, enabling DOE to shrink the Hanford Site from 586 square miles to about 75 square miles.

Implementation of the Hanford 2012 plan to accelerate cleanup and shrink the Site will require periodic need to rebalance the skill mix of the workforce as projects are completed, or stages of projects are completed that eliminate specific types of work, and result in the need for reductions of force.

In December 2000, RL extended the Project Hanford Management Contract with Fluor Hanford, Inc. (FHI). In the modified contract, FHI committed to reduce operating costs and to dramatically accelerate the progress of cleanup. To meet these commitments, FHI recognized that it must continually realign its workforce to balance available skills and numbers of employees with the needs of projects and to realize required labor cost saving through prioritized work and implementing productivity improvement initiatives.

In February 2001, FHI announced plans to lay off up to 300 employees. When the layoff was effected in April 2001, 141 employees were laid off. However, to meet the commitments in its contract, FHI anticipates additional layoffs over the next few years. In January 2002, FHI announced plans for another layoff of up to 100 employees. This layoff will be effected in March, 2002. Although no specific timeframes have been identified, RL anticipates the potential for further layoffs toward the end of FY02, and thereafter, to support workforce rebalancing efforts.

To reorganize work at the site in accordance with the Hanford 2012 plan, three primary areas of workscope will be transitioned in coordination with the expiration

of the Bechtel Hanford, Inc. (BHI) environmental restoration contract, which was due to expire June 30, 2002 but extended to September 30, 2002. A draft Request for Proposal (RFP) was issued in October 2001, and the RFP was issued March 6, 2002, for a new River Corridor contract and award of the new contract is anticipated in Fall 2002. Effective July 1, 2002, workscope on the Central Plateau (200 Area) currently being performed by BHI will be transitioned to FHI. River Corridor workscope (primarily in the 100 Area) currently performed by BHI will be performed under the new, not yet awarded, River Corridor contract. Finally, River Corridor workscope (primarily in the 300 Areas) currently performed by FHI will be transitioned to the new, not yet awarded, River Corridor contract. The number and type of positions required after these workscope changes are discretionary under the new contract. However, the RFP and transition plans require the new contract to offer the right of first refusal for those positions to qualified incumbent employees.

In accordance with the Hanford 2012 plan, some work at the Hanford Site is anticipated to be completed within the next two or three years. One example of such work is the movement of all spent nuclear fuel into safe storage on the Hanford Central Plateau. Another example is the closure of the Plutonium Finishing Plant within approximately three years. And, in January 2001, the Secretary of Energy announced the decision to close the Fast Flux Test Facility. As work is completed, it is expected that efforts will need to be made to adjust the existing workforce. Workers will be reassigned to other tasks where possible or separated when their skills no longer match with project needs. This process is anticipated to be gradual and intermittent, and will affect contractor employees throughout the Hanford Site.

While the workforce for environmental cleanup and remediation fluctuates, we anticipate that the workforce at the Pacific Northwest National Laboratory (PNNL), operated by Battelle Memorial Institute, will remain reasonably stable. PNNL, as a multi-program laboratory, conducts research in environmental health, global warming, energy efficiency, environmental cleanup, scientific computing, and nonproliferation weapons of mass destruction. The headcount at PNNL as of September 30, 2001, was 3,615 and will remain at approximately that level for the foreseeable future.

The Hanford 2012 plan does not directly include or impact the River Protection Project or its activities. The U.S. Department of Energy, Office of River Protection (ORP) was separately established at Hanford in December 1998 to oversee the Hanford Site Tank Waste Remediation system, and the design, construction, and operation of a vitrification plant to process high-level waste to glass for safe storage. CH2M HILL Hanford Group, Inc. (CHG) is the Tank Waste Management contractor, currently operating and maintaining the tank farms. When the Waste Treatment Plant is operational, CHG will retrieve and deliver waste feed to the treatment facility, dispose of immobilized low-activity waste and store immobilized high-level waste.

In December 2000, ORP awarded a contract to Bechtel National, Inc. (BNI) to design and build the Waste Treatment Plant and to treat the first waste from the Hanford tank farms. Washington Group, Inc. is a partnering subcontractor to the BNI contract. Construction of the waste treatment facility is scheduled to begin in 2002 and will peak in 2005. By fall 2001, BNI and Washington Group had hired 1,350 administrative and design engineer workers. At the peak of the construction phase, there will be an estimated 4,000 to 4,500 employees, the majority in construction trades, under the contract. In 2006 and 2007, there will be a transition from construction to operations with cold testing beginning in 2006. A substantial decrease in the total workforce is anticipated after completion of the construction of the waste treatment plant facility. A competitive contract award process will be initiated to operate the Waste Treatment Plant after completion of the design, construction and test phases and the contract with BNI expires in 2011.

As projects under both RL and ORP are completed, as described above, resources from the completed work will be shifted to accelerate other projects. The workforce skill mix will be rebalanced as needed. With hiring for the design and construction of the waste treatment facility, total site employment will increase or remain relatively stable until after the peak construction period. Thereafter, employment levels are expected to decline. Workers will be reassigned to other work if possible, or workers may find opportunities for work under a different Hanford contractor as their work projects are completed. However, limited and intermittent reductions of force are anticipated as major projects are completed.

Hanford Site Initiatives

As of March 2002, total employment at the Hanford Site was approximately 12,463 employees including DOE, contractors and integrated subcontractors. The distribution of the employees between the various companies was as follows:

U.S. Department of Energy (DOE) Richland Operation Office (RL)	356
• Fluor Hanford, Inc. (FHI) Project Hanford Management Contractor Includes the following integrated subcontractors: Numatec Hanford Corporation (NHC) Protection Technology Hanford (PTH) Duratek Federal Services Hanford (DFSH)	4,327
• Bechtel Hanford, Inc. Environmental Restoration Contractor Includes the following integrated subcontractors: CH2M HILL Hanford, Inc. Eberline Services Hanford, Inc.	897
• Battelle Memorial Institute (BMI) Research and Development Contractor operating the Pacific Northwest National Laboratory (PNNL)	3,176
• Hanford Environmental Health Foundation (HEHF) Occupational Health and Industrial Hygiene Services Contractor	87
U.S. Department of Energy Office of River Protection (ORP)	129
• CH2M HILL Hanford Group, Inc. (CHG) Tank Farm Contractor	1,387
• Bechtel National, Inc. (BNI) Waste Treatment Plant Project Contractor Includes the following integrated subcontractor: Washington Group, Inc. (WGI)	2,104

OBJECTIVE

The objective of this Plan is to mitigate the social and economic impacts of a workforce restructuring on employees and affected communities while continuing to fulfill the missions assigned to Hanford. The plan includes all employees of all major onsite contractors and their partnering subcontractors working at Hanford who are affected. The Plan establishes a broad and comprehensive framework within which appropriate actions will be taken, as well as specific eligibility criteria and benefits provided. Implementation of enhanced benefits programs will be contingent on the availability of funds appropriated by Congress for this purpose.

ELIGIBILITY CRITERIA

These criteria are not applicable to severance pay calculations unless expressly referenced in the severance pay package. Each company will follow its established severance pay procedures and eligibility requirements. To be eligible for additional, enhanced benefits under this Plan pursuant to Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (excluding severance pay), employees must meet the following criteria:

A. Regular Employees:

- 1) Must have been working at a DOE defense nuclear facility on September 27, 1991 (the day DOE announced the first unilateral reduction of the Nation's nuclear weapons stockpile , which is considered to be the end of the Cold War for the DOE);
- 2) Must have worked full-time (or regular part-time) at a facility continuously from that date (September 27, 1991) through the date of the workforce restructuring notification; and
- 3) Must have accepted a voluntary separation incentive or have been involuntarily separated from employment with a contractor at the DOE Hanford Site as a result of restructuring.

ELIGIBILITY Regular Employees

- **Employed at a DOE defense site on September 27, 1991**
- **Employed continuously from September 27, 1991 through the date of the workforce restructuring notification; and**
- **Accept voluntary separation incentive or involuntarily separate due to restructuring**

B. Intermittent Workers, Including Construction Workers:

- 1) Must have been working at a DOE defense nuclear facility on or before September 27, 1991, (the day DOE announced the first unilateral reduction of the Nation's nuclear weapons stockpile, which is considered to be the end of the Cold War for the DOE);
- 2) Must have worked at a facility within 180 days preceding the workforce restructuring notification;
- 3) Must have worked at a facility a total time, including time worked prior to September 27, 1991, equivalent to an employee having worked full-time (40 hours per week) from September 27, 1991, to the date of the workforce restructuring notification, or have actually worked the industry standard of full-time from September 27, 1991, through the date of the restructuring notification: and
- 4) Must have been affected by the announced restructuring action at the Hanford Site. For an intermittent worker, this includes the interruption of a project before its anticipated completion, or the completion of the assignment or project without prospect for a follow-on assignment at the site where the employee had a reasonable expectation of a follow-on assignment.

ELIGIBILITY Intermittent Employees

- **Employed at a DOE defense site on or before September 27, 1991**
- **Worked at a facility during the 180 days preceding workforce restructuring notification**
- **Total career hours equal to full-time from September 27, 1991**
- **Employee's current position directly affected by an announced restructuring action at Hanford**