



John Wagoner, Manager
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Richland, WA 99352

RE: 1995 Funding Reallocations Consensus Advice Adopted December 2, 1994

December 12, 1994

Dear Mr. Wagoner:

As Acting Chair of the Hanford Advisory Board (HAB), I am forwarding to you the following advice regarding DOE-RL's reallocations of 1995 funding, which was adopted by consensus by the Board at its meeting on December 2, 1994. A packet of background information explaining the basis of these recommendations will be provided in a follow-up mailing.

PRIORITIZATION PROPOSALS

1. The Board, through the Dollars & Sense Committee, will look at broader questions than the Prioritization Planning Grid (PPG) as to what principles should guide U.S. Department of Energy (USDOE) in the development of its budget proposals, and how USDOE should make its decisions in allocating funding in the event of a Congressionally appropriated shortfall. In particular, the Committee will examine what type of process should occur for the Board and for members of the public to have opportunities to provide meaningful input to USDOE, to the Washington Department of Ecology and to the Environmental Protection Agency (EPA) in the event of a budget shortfall.
2. The Board and its Dollars & Sense Committee will not review or comment on USDOE's PPG at this time. This refusal to review or comment upon the PPG should not in any way be construed as endorsement or rejection by the Board of interim use of the PPG by USDOE. The Board is unclear as to what extent, if any, USDOE and its contractors are currently using the PPG as part of the Fiscal Year 1995 reallocation process.

WASTE MANAGEMENT (NON-TWRS)

The Board supports the funding reallocation as proposed by Westinghouse Hanford Company (WHC) to the Department of Energy, Richland Operations (DOE/RL) as of November 16, 1994. The reallocations appear reasonable in that they support most of the ongoing waste management activities. Exceptions are a potential delay and renegotiation of Tri-Party Agreement (TPA) Milestones for the 222-S Lab Radwaste Line and in the WRAP 2A completion. The Board recommends that USDOE terminate the in-house design of WRAP 2A and pursue privatization of the design, construction and operation of WRAP2. Our assumption is that such privatization will result in the cost savings to make up the funding short-fall, and will honor all labor agreements currently in place. The Lab Radwaste line work delay will lead to increased maintenance impacts, but will not prevent lab operation.

TWRS

1. DOE and its contractors must re-examine and provide justification for the infrastructure and staffing levels for all TWRS programs. The Board would like its Dollars & Sense Committee to hear a presentation on this topic at its January meeting.
2. In view of the budget shortfall, DOE should reduce the Multi-Function Waste Tank Facility budget to \$10.6 million. This money would be used to evaluate the need for new tanks. The Board will take a position on new tanks after its consultant finishes his review of the project.

The lengthy period of time before drainable and pumpable liquids in single shell tanks (SSTs) are removed, and the likelihood that additional SSTs will leak, concerns the Board. Therefore, the Board recommends that DOE release information to the public on the remaining drainable and pumpable liquids in the tanks and the safety and environmental consequences of any potential leaks.

3. Priorities for funding decisions should be consistent with TWRS Task Force advice regarding basing decisions on best waste form and pollution prevention, rather than on avoiding uncertain costs of high-level waste repository disposal.

SPENT NUCLEAR FUEL

1. Keep visibility on the program high by proclaiming achievements and by identifying problems and vulnerabilities; be fully accountable for expenditures. Be prepared to illustrate how the productivity challenge is successfully fulfilled.
2. Strive to develop accomplishments to support a sound and confident position at mid-year, in order to enhance opportunities to receive the \$13.9 million augmented funding.
3. Try not to impose any major changes to your path forward strategy. Credibility is at stake. Fine tune the scope, and show how DOE is thinking smarter and saving costs.
4. The deteriorated condition of essential support systems could result in serious operational consequences and threats to public and worker health and safety. Carefully evaluate vulnerabilities, and restore funds to upgrade critical systems.
5. Fully fund the Path Forward for removal of spent nuclear fuel, based on the Board's advice at its November meeting. Fiscal year 1995 reallocation, and FY 1996 and FY 1997 budget requests should not jeopardize achieving this goal.

FACILITIES TRANSITION

1. All facilities should not be treated equally in terms of priority for making the investment to move into Surveillance and Maintenance mode. The investment should be examined in light of safety, projected cost savings, and future reuse considerations.
2. Higher priority should be given to those facilities with the highest payback in terms of safety, projected cost savings, and future reuse.
3. High priority Hanford cleanup activities are being deferred in part because of the up-front cost related to Facilities Transition. Those monies should not be lost. Out-year savings must be requested for Hanford cleanup. DOE must find a way to make this cleanup investment possible.
4. The \$120 million five-year investment in FFTF transition should be reexamined as to pace and priority. Reprogramming from FFTF to higher Hanford priorities should be sought if far higher safety and legal compliance priorities at Hanford face shortfalls (e.g., Spent Nuclear Fuel removal from K-Basins).
5. DOE should not allow the cleanup budget to subsidize Defense and Energy programs. All

transfers of Defense programs, facilities, or materials to the EM Program should be accompanied by full commitment to funding at the time of transfer. This includes funding for safely terminating the program, removing potential product materials and attaining a safe surveillance and maintenance mode.

6. The Facilities Transition budget must be based on legal compliance with applicable hazardous waste and environmental statutes, including safety and hazardous materials training.

TECHNOLOGY DEVELOPMENT

Although all estimates of the Hanford cleanup are prefaced with the statement that new technologies will drive the costs much lower than current estimates, little evidence for proactive technology development was seen in the presentations made to the Dollars & Sense Committee on October 5, 1994. This is a major issue which is not currently being addressed adequately. The full Board will request a presentation from DOE and its contractors detailing their activities in the development of new technologies which will drive down the cost for the cleanup.

OVERHEAD AND INDIRECT FUNDED BUDGETS

Because of the immense sum involved (\$190 million budget for 1994, reflecting a 22% overhead rate), because of the hidden nature of the current overhead and indirect funded budgets and activities, and because of the limits on USDOE review or oversight of the Overhead and Indirect funded budgets, the following is recommended:

1. USDOE should break out the overhead and indirect funded activities budgets in all Hanford Cleanup budget presentations to the public, news media and oversight bodies.
2. USDOE should make available to the public M&O contractors' overhead rates, public relations expenditures, legal expenses reimbursed by the cleanup budget, etc.
3. Programmatic activities funded through an indirect budget mechanism should be:
 - o subject to public review;
 - o subject to full disclosure to oversight bodies (both regulators and Congressional committees that would otherwise have to approve a reprogramming);
 - o properly and visibly budgeted for in the next year's appropriate program budget; and
 - o justified as more efficient than charging the activity to direct program accounts.
4. Expenditures for "communications" (i.e., public involvement, media relations, government liaison) legal costs and contract fees should be clearly disclosed to the public during annual reviews of the Hanford Cleanup budget.
5. While comparisons to other facilities, agencies or contractors' overhead costs are not easily made, given the variation in individual allocations to program versus overhead, there should be a comparison made by USDOE, regulators and Congressional committees between Hanford's 22% and other facilities, agencies or contractors' criteria for determining:
 - a. what activities are funded through overhead;
 - b. the appropriateness of funding those activities through indirect or overhead;
 - c. continuous funding of an activity through overhead.
6. The Board requests presentation of evaluations and any resulting plans to reduce dollars wasted or inappropriately charged to overhead and indirect.

The Board looks forward to your written response as called for in our charter.

Very truly yours,

Merilyn B. Reeves, Acting Chair
Hanford Advisory Board

cc: Chuck Clarke
Thomas Grumbly
Mary Riveland

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For questions or comments, please send [email](mailto:Hanford_Advisory_Board@rl.gov) to Hanford_Advisory_Board@rl.gov

HAB Consensus Advice #8

Subject: 1995 Funding Reallocations (Dollars & Sense Committee)

Adopted: December 2, 1994, Letter to J. Wagoner