



**HAB Consensus Advice #17 (Revised May 4, 1995)
Fiscal Years 1996 and 1997 Budget Advice**

I. OVERVIEW

The Hanford Advisory Board wants to commend the Department of Energy (DOE) for its efforts to create an open and productive dialogue with regional stakeholders. Adjusting to this new openness and spirit of cooperation has undoubtedly been unsettling for DOE. As a result, however, the values of citizens on the Hanford Cleanup budget and priorities have been recorded and the HAB has offered many constructive recommendations, some representing significant cost savings. Yet there is still much to be done.

The Hanford Cleanup Tri-Party Agreement (TPA) is America's contract with the citizens of the Northwest. This agreement addresses risks left from our national defense legacy that will span years exceeding most of our lives. The TPA must be honored. The Washington Department of Ecology (Ecology) and U.S. Environmental Protection Agency (EPA) have gone far beyond the role of traditional regulators in urging DOE and its contractors to improve productivity and reduce costs in order to achieve our collective commitment to the TPA. The regulators and the Hanford Advisory Board genuinely want to continue supporting this mission and conveying the values of citizens, one of which is the importance of the TPA.

Meeting the TPA's negotiated milestones is fundamental to protect the region's public health, safety and environment. The basic TPA milestones and priorities have broad public and regional political consensus - reached after years of controversy, broken promises and delays. Numerous modifications were prompted by DOE budget pressures, and the regulators have responded flexibly (some say too flexibly) to both the budget and technical rationales for changes.

The Hanford Advisory Board's review and advice of the Hanford FY 1995 through FY 1997 budgets includes specific advice and basic priority principles to assist DOE in meeting its TPA commitments to address risks which the public and experts believe are significant. The Board's advice was developed through a detailed review of draft activity data sheets, and with significant support from DOE, Ecology and EPA, who shared DOE's FY '97 budget development process with the Board.

The HAB's findings and advice were reached independently from the regulators', yet the findings are strikingly similar in many respects: most notably, that the FY '96 and FY '97 budgets do not adequately support major TPA-negotiated high priority risk reduction milestones, for which the DOE is legally obligated to request adequate funding (TPA, paragraph 148). The Dollars & Sense Committee and other HAB members believe this advice will help achieve meeting the TPA through lowering of costs, focusing efforts (consistent with the TPA), reducing overhead, and improving productivity.

The priorities described by the milestones of the TPA are believed to be DOE's moral and legal contract with the region. This commitment was signed by the Assistant Secretary of Energy just over one year ago. It is our firm conviction that it is in the best interests of both the region and DOE to honor this contract without further delay. Unilateral budget actions that violate TPA commitments, or legislatively-

sanctioned actions that avoid compliance, put our region’s health, safety and environment at significant risk. This made all the more unacceptable in the light of the Board’s efforts to advise DOE on how progress can be made with significantly lowered costs.

The HAB understands that some tradeoff of cleanup priorities is planned in order to devote some of the available funding to the high expense of accelerating deactivation and stabilization of Defense and Nuclear Energy facilities, in order to lower overall costs to the American taxpayer. However, other defense initiatives should not be used as justification to compromise cleanup commitments.

Attached is general advice to DOE -Headquarters and DOE-Richland on the FY '96 and FY '97 budgets and budget process. This is followed by program-specific advice, which if followed would do the following: preserve the Hanford Cleanup Agreement, reduce DOE’s costs, and make over \$300 million available for safety and cleanup priorities in FY '97.

1. Based on our advice regarding reducing overhead, ending subsidies to Defense and Energy Projects, and shifting the liability on cesium capsule storage, as well as our advice which was a major factor in the cancellation of the new Double-Shell Tank Program. These savings must be rededicated to other Hanford cleanup work.

II. GENERAL BUDGET ADVICE TO DOE-HEADQUARTERS

A. GIVE A PRIORITY TO ENVIRONMENTAL CLEANUP

The Hanford Advisory Board is concerned that Department of Energy (DOE) discretionary decisions regarding budget priorities have unnecessarily increased the constraints in DOE’s environmental management budget. While needed environmental management measures at Hanford and at other DOE facilities may not be met because of budget constraints, DOE has proposed increased funding and new activities in its discretionary activities.

While most of the environmental management measures are legally required, the discretionary areas where DOE is proposing increases are not legally required. The Board believes discretionary programs should be reevaluated for deferral or reduction by DOE so that legally required environmental management measures, which are essential to protection of the public, safety and environment will be adequately funded. Moreover, the public, safety and environmental management program has undergone major “productivity challenges” which have reduced available funding while maintaining workscope in order to improve efficient use of federal funds. DOE’s discretionary programs should undergo similar productivity challenges. The resulting funding savings should be made available for environmental management programs.

Relation to '97 Program Advice	None since this advice applies exclusively to DOE-Headquarters.	
Relation to Wagoner Priorities	None observed.	
Relation to Adopted HAB Values	T1:	Protect the environment.
	T3:	<i>Get on with cleanup</i> to achieve substantive progress in a timely manner.

	T5: Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.
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B. APPLYING PRODUCTIVITY CHALLENGES TO DEFENSE AS WELL AS ENVIRONMENTAL MANAGEMENT

DOE is increasing spending for weapons programs without imposing the kind of productivity challenges on these programs that it has imposed on environmental management. We believe that the rest of DOE’s budget should undertake the same kind of “productivity challenges” which have been imposed on the Environmental Management Program. This included the increasing amount spent on the DOE-Headquarters-directed Technology Development programs (see the Board’s budget advice on Technology Development).

Relation to '97 Program Advice	None since this advice applies exclusively to DOE-Headquarters.
Relation to Wagoner Priorities	Seeks to apply #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs) to DOE-Headquarters as well as DOE - Richland.
Relation to Adopted HAB Values	T1: Protect the environment.
	T3: <i>Get on with cleanup</i> to achieve substantive progress in a timely manner.
	T5: Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

C. INTEGRATED BUDGET

As stated in HAB Consensus Advice #12, the Board strongly supports implementation of an integrated budget for Hanford. We understand that such integration is being proposed on an experimental basis in the 1997 budget for Rocky Flats. However, in order to give DOE-Richland the flexibility it needs to meet major cleanup challenges in the face of budget cuts, we urge that the experiment be expanded to include Hanford.

An integrated budget - one where previously “stovepiped” program dollars can be applied to top priorities regardless of program name - should NOT be an excuse for diverting funds from Environmental Restoration and breaking the commitment to accelerate protection of the Columbia River and remediation along its shoreline. Rather, an integrated budget should be a tool to show progress along the river - where the public wants progress as its top priority.

Relation to '97 Program Advice	See Advice on Environmental Restoration (#17, IV-A).
Relation to Wagoner Priorities	Protection of, and remediation along, the Columbia River is not stated as a Wagoner Priority. Accelerated remediation, however, is the explicit promise from the Tri-Parties for the new ER Amendment to the TPA.

Relation to Adopted HAB Values	F1:	Protect the Columbia River.
	F2:	Deal realistically and forcefully with groundwater contamination.
	T3:	<i>Get on with cleanup</i> to achieve substantive progress in a timely manner.
	T4:	Use system design approach that keeps endpoints in mind as intermediate decisions are made.
	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

D. INTEGRATION OF TECHNOLOGY DEVELOPMENT

Budget integration is also important at the national level. The Board therefore urges that Technology Development be integrated with the rest of the DOE-Headquarters budget.

Relation to '97 Program Advice	While this advice is not taken directly from any portion of the Program Advice, it is related to Paragraphs 1 and 2.	
Relation to Wagoner Priorities	None observed.	
Relation to Adopted HAB Values	T4:	Use system design approach that keeps endpoints in mind as intermediate decisions are made.
	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

E. INDEPENDENT EXTERNAL AUDIT TEAMS

A strong, independent, external audit team needs to be established with the authority to recommend reductions in overhead rates and expenses, and to challenge expenditures which do not directly serve the goals of the cleanup mission.

A separate team should be established with similar authority to review capital project costs.

Relation to '97 Program Advice	This is related to, but not taken directly from, the advice on Overhead/Indirect & Landlord (#17, IV-E).	
Relation to Wagoner Priorities	This relates to Wagoner Priorities #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

F. GREATER GUIDANCE TO CONTRACTORS IN SETTING BUDGETS

Guidance to the site contractors for the preparation of Cleanup Budget allocations, reallocations, prioritization lists, budget submissions and major reductions (e.g., directives to reduce overhead expenses) should not delegate the essential governmental functions of setting priorities, or determining which programs should receive greater priority for limited funds and which ones should be eliminated, to the contractors. The contractors often may have inherent conflicts of interest, and contractors should not ultimately be responsible for major policy choices. Making these directives and guidance far more specific is the responsibility of the Department of Energy. Significant financial support for program management and oversight, and for support contractors to assist in these tasks, is given to DOE-Richland. The level of guidance to the site's contractors should be significantly increased to reflect more than just vague principles for the preparation of budgets, allocations and reduction.

Relation to '97 Program Advice	This is related to Paragraph 6 of the advice on Overhead/Indirect & Landlord (#17, IV-E).
Relation to Wagoner Priorities	This relates to Wagoner Priorities #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).
Relation to Adopted HAB Values	T5: Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

III. GENERAL BUDGET ADVICE TO DOE-RICHLAND

A. INADEQUATE EMPHASIS ON PROTECTING THE COLUMBIA RIVER

The overall DOE-Richland budget allocations conflict with one of the most strongly stated public values - giving priority to cleanup along the Columbia River, without openly so acknowledging. In this regard, the Board agrees with the comments of EPA that DOE-Richland should avoid disguising priority changes as efficiency moves.

Relation to '97 Program Advice	This is a restatement of the advice on Environmental Restoration (#17, IV- A), made to summarize and relate specifically to the Wagoner Priorities.
Relation to Wagoner Priorities	This may relate to Wagoner Priority #8 (Focus pump and treat on high payoff areas). However, it relates much more directly to two of the Board's Additional Priorities:
	#10: Accelerate remediation along and protection of the Columbia River
	#13: Develop a culture committed to supporting the TPA and complying with applicable laws.
Relation to Adopted HAB Values	F1: Protect the Columbia River.
	F2: Deal realistically and forcefully with groundwater contamination.
	F5: Cleanup of areas of high future use value is important.
	T1: Protect the environment.

	T3: <i>Get on with the cleanup</i> to achieve substantive progress in a timely manner.
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B. INDEPENDENT EXTERNAL AUDIT TEAMS

A strong, independent, external audit team needs to be established with the authority to recommend reductions in overhead rates and expenses, and to challenge expenditures which do not directly serve the goals of the cleanup mission.

A separate team should be established with similar authority to review capital project costs.

Relation to '97 Program Advice	This is related to, but not taken directly from, the advice on Overhead/Indirect & Landlord (#17, IV-E). See HAB Consensus Advice 17, IV-E for discussion on costs.
Relation to Wagoner Priorities	This relates to Wagoner Priority #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).
Relation to Adopted HAB Values	T5: Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

C. THE PRINCIPAL CAUSES OF HIGH CLEANUP COSTS WITH INADEQUATE PROGRESS

As stated in the Board’s Consensus Advice #11, the primary factors that have caused Hanford to incur high cleanup costs with inadequate progress are not cleanup standards and external regulations, but a combination of high overhead rates and expenses, excessive capital costs, and an inefficient contract system. DOE should therefore focus on the latter three factors in cutting budgets. However, as also stated on our Consensus Advice #11, the Board endorses regulatory streamlining, provided it does not reduce the ultimate levels of cleanup.

Relation to '97 Program Advice	This refines advice adopted by the Board in January (#11) and is based on, though not taken directly from, the advice on Overhead/Indirect & Landlord (#17, IV -E).
Relation to Wagoner Priorities	This relates to Wagoner Priority #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).
Relation to Adopted HAB Values	T5: Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

D. GREATER GUIDANCE TO CONTRACTORS IN SETTING BUDGETS

Guidance to the site contractors for the preparation of Cleanup Budget allocations, reallocations, prioritization lists, budget submissions and major reductions (e.g., directives to reduce overhead expenses) should not delegate the essential governmental functions of setting priorities, or determining

which programs should receive greater priority for limited funds and which ones should be eliminated, to the contractors. The contractors often may have inherent conflicts of interest, and contractors should not ultimately be responsible for major policy choices. Making these directives and guidance far more specific is the responsibility of the Department of Energy. Significant financial support for program management and oversight, and for support contractors to assist in these tasks, is given to DOE-Richland. The level of guidance to the site's contractors should be significantly increased to reflect more than just vague principles for the preparation of budgets, allocations and reduction.

Relation to '97 Program Advice	This is related to Paragraph 6 of the advice on Overhead/Indirect & Landlord (#17, IV-E).	
Relation to Wagoner Priorities	This relates to Wagoner Priority #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

E. PUBLIC HEARINGS ON BUDGETS

DOE-Richland should immediately schedule public hearings around the region on its proposed FY 1995, 1996 and 1997 budget priorities, submissions and reallocations.

Relation to '97 Program Advice	None observed.	
Relation to Wagoner Priorities	None observed. However, it relates strongly to the Board's Additional Priority #12: Ensure meaningful public involvement and open decision-making.	
Relation to Adopted HAB Values	F1:	Involve the public in future decisions about the Hanford Site.

Discussion:

The Hanford Budget is the public's most meaningful guide to DOE' priorities, commitment to the Tri-Party Agreement and whether or how DOE has listened to public advice and values. Thus, hearings should be held annually on the Hanford Cleanup Budget as it is being developed for the fiscal year two years hence and for the budget under consideration by Congress for the coming fiscal year.

The timing of the 1995 hearings should be such that the input and response to comments can be incorporated into the FY 1996 and 1997 budget development and adoption at the Richland, Headquarters and Congressional levels. A response to comments should be provided. The budget advice and analysis of the Hanford Advisory Board along with the views of the EPA and Washington Department of Ecology should be presented at such hearings in a manner which provides the public a sense of the impacts to the TPA and public values, competing priorities and value choices made in DOE-Richland's budget submission and the DOE's Congressional Budget Request.

F. CESSATION OF USE OF CLEANUP FUNDS TO MAINTAIN DEFENSE ASSETS

Cleanup funds (i.e. ERWM account) should NOT be used for maintaining Defense Production facilities and Special Nuclear Materials (SNM) and other Defense, DOE or commercial “asset” materials that are not classified as wastes prior to deactivation, closure or stabilization (and classification of materials as waste instead of product, SNM or assets). (See attached discussion.) Nor should the Hanford Cleanup budget pay litigation costs and liabilities for DOE “asset” materials used in commercial or non-EM activities, e.g., cesium capsules.

Relation to '97 Program Advice	This is based on Paragraph 4 of the advice on Facility Transition (#17, IV - D).	
Relation to Wagoner Priorities	None observed.	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

Discussion:

The annual use of hundreds of millions of dollars of funds appropriated by Congress for "Hanford Cleanup" (although delineated in the specifics of the DOE Congressional Budget Request) for maintaining, surveilling and stabilizing Defense and Nuclear Energy Programs' "asset" materials and facilities has had a major -and erroneous - impact on Congress' perception that "little actual cleanup progress" has been made, despite billions appropriated for Hanford Cleanup.

Almost all of the facilities' operation, maintenance and stabilization of asset or SNM products funded to date has been outside the TPA and without external regulation or external schedule setting. The draft Facilities Transition agreement simply ratifies USDOE' existing maintenance and deactivation schedules and budget plan, adding external regulation to the final "closure" (Decontamination and Decommissioning due in an unspecified long period from the present) stage pursuant to RCRA. Post deactivation "closure", when regulated to ensure safety and environmental protection, would be appropriate to fund with ERWM - Hanford Cleanup - funds. Neither the TPA nor external regulation have been responsible for the massive sums of "Hanford Cleanup" funds spent subsidizing the Defense and Nuclear Energy Programs' responsibilities for these facilities and materials.

Given the increasing budget for Defense Programs of DOE while the "Cleanup" budget, especially the Hanford Cleanup budget, is slashed, this subsidy is irresponsible and directly causes violations of DOE legal obligations.

The expenditure of massive amounts of Hanford Cleanup funds on these non-TPA and non-regulated facilities and asset materials should end and should not serve as a rationale for blaming the TPA or external regulation for the large sums spent at Hanford. Claims that the TPA or external regulation are to blame for these massive facility and material costs are false. Contractors and USDOE should not be urging the relaxation of the TPA or external regulation, especially not on the basis of the false premise that the TPA or external regulation are the reasons for Hanford's costs being so excessive with so little progress made on cleanup.

G. BUDGET BUILDING BLOCK FOR EFFICIENCY MEASURES

In view of the necessity for a large and continuing effort to identify and implement cost effectiveness measures and productivity improvements, the Board suggests that a Building Block Task be included in

the budget to fund those efforts, thereby giving the task visibility commensurate with its importance.

Relation to '97 Program Advice	This was originally part of the proposed advice on non-TWRS Waste Management (#17, IV-F), but was placed here because of its general application.	
Relation to Wagoner Priorities	This relates to Wagoner Priority #4 (Streamline the workforce), #5 (Reduce overhead costs), and #6 (Reduce infrastructure costs).	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

H. INTEGRATING PROGRAMS TO MAXIMIZE EMPLOYMENT STABILITY

The integrated budget process should consider integrating cleanup schedules between programs in a way that will maximize employment stability. This may mean deferral of some activities such that much of the same workforce can be applied to various tasks consecutively as opposed to multiple contracts where temporary workers are applied simultaneously for short-term tasks. Spikes in employment to accelerate programs have not proven to be cost-effective in the past, are disruptive to the lives of personnel and to the economy of the local community.

Relation to '97 Program Advice	This was originally part of the proposed advice on Spent Nuclear Fuel (#17, IV-C), but was placed here because of its general application.	
Relation to Wagoner Priorities	This relates to Wagoner Priority #4: Streamline the workforce.	
Relation to Adopted HAB Values	T4:	Use system design approach that keeps endpoints in mind as intermediate decisions are made.
	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

I. INTEGRATION OF SITE PLANNING

The Board is recommending to DOE-Headquarters that “stovepiping” if site budgets be eliminated. In the meantime, we recommend further integration of sitewide planning, as illustrated by our recommendation on Spent Nuclear Fuel that funding for railroad maintenance and operation be maintained at a sufficient level to ensure safe operation during the decommissioning of the K-Basins. (See also Section C of advice to DOE-Headquarters.)

Relation to '97 Program Advice	This relates to Paragraph 1-B of the advice on Spent Nuclear Fuel (#17, IV- C).	
Relation to Wagoner Priorities	None observed.	
Relation to Adopted HAB Values	T4:	Use system design approach that keeps endpoints in

Values		mind as intermediate decisions are made.
	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

J. MODIFICATION OF USE OF PRIORITY PLANNING GRID (PPG) TO INCLUDE ACTUAL FEEDBACK FROM PUBLIC AND REGULATORS

DOE-Richland is now using the PPG as one tool in setting budget priorities. The Board has not come to consensus on the use of this tool. However, to the extent it continues to be used, with rankings for regulatory compliance and public views, we urge that management incorporate a “feedback loop” into the budget prioritization and allocation processes in order for regulator and public involvement to be made meaningful. Thus, the rankings for regulator and stakeholder values should be revised to reflect the actual views of outside parties, including this Board (see attached discussion).

Relation to '97 Program Advice	None observed.	
Relation to Wagoner Priorities	Since this deals with DOE's method for setting priorities, it appears to relate to Wagoner Priority #8 (Focus pump and treat to high payoff areas).	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

Discussion:

Site management has recently shifted to use of a Prioritization Planning Grid for use in setting budget priorities. This tool (PPG) yields one number that is utilized in the prioritization lists. Criticisms have included the appearance of objectivity for this number, when it is a subjective internal management number - even though it is said to use Multi-Attribute Utility Analysis and purports to give rankings for both regulator and stakeholder acceptability and views. Those latter two rankings are given despite no mechanism for obtaining those views for regulators, Tribes or the public. So long as any claim is made that regulatory compliance and public views are being ranked, the PPG should be revised during the budget allocation and prioritization processes to reflect communicated views, including the formal advice of the Hanford Advisory Board.

This advice is not an endorsement of use of the PPG, rather it reflects concern that priority list rankings and the PPG scores should both be revised in an open, iterative process regarding the Hanford Cleanup priorities embodied in the budget.

K. PRIORITIZATION IN SETTING DECREMENT LEVELS

If decrement funding levels are to be used as a basis for contingency planning, these levels should reflect a primary emphasis on urgent risks, safety compliance and safety-related maintenance. If after safety and maintenance is accommodated additional funding is available, a decelerated path forward should be identified. The decrement levels should not be arbitrarily distributed across each task.

Identification of workscope for decrement funding levels is supposed to be a strategic planning exercise. The levels should not be based simply on distribution of a 15% funding decrease from the “target” level. In an “integrated budget” - without stovepiping funds by program - decrement funding plans must propose cuts in a manner that will seek to ensure availability of funds for the priorities described in the preceding paragraph.

Relation to '97 Program Advice	This was originally part of the proposed advice on Spent Nuclear Fuel (#17, IV-C), but was placed here because of its general application.	
Relation to Wagoner Priorities	None observed.	
Relation to Adopted HAB Values	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

L. EVALUATION OF USE OF SURPLUS FACILITIES

We recommend that surplus facilities, including non-DOE-owned facilities, be evaluated for possible use. DOE should avoid constructing new facilities when structures meeting nuclear facility codes and regulations are available.

Relation to '97 Program Advice	This is taken from Paragraph 3-C of the advice on non-TWRS Waste Management (#17, IV-F).	
Relation to Wagoner Priorities	This relates to Wagoner Priority #6 (Reduce infrastructure costs).	
Relation to Adopted HAB Values	F1:	Protect the Columbia River.
	T5:	Establish management practices that ensure accountability, efficiency and allocation of funds to high priority items.

M. ADDITIONAL PRIORITIES

The following priorities should be added to Hanford Site Manager John Wagoner’s Nine Stated Priorities:

- 10. Accelerate remediation along and protection of the Columbia River.
- 11. Contain the spread of contamination.
- 12. Ensure meaningful public involvement and open decision-making.
- 13. Develop a culture committed to supporting the TPA and complying with applicable laws.
- 14. Protect workers, the public and the environment from harm.

Relation to '97 Program Advice	These additional priorities are derived in part from the
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Advice	advice on Environmental Restoration (#17, IV-A) and Overhead/Indirect & Landlord (#17, IV-E).	
Relation to Wagoner Priorities	Not applicable.	
Relation to Adopted HAB Values	F1:	Protect the Columbia River.
	F2:	Deal realistically and forcefully with groundwater contamination.
	F9:	Involve the public in future decisions about the Hanford Site.
	T1:	Protect the environment.
	T2:	Protect public/worker health and safety.

IV. PROGRAM ADVICE

A. ENVIRONMENTAL RESTORATION

The fiscal year 1997 USDOE Budget as currently proposed for Environmental Restoration at Hanford is inadequate to protect public health safety, and environment. With the proposed budget USDOE fails to meet its legal obligation to request the necessary funding to meet the milestones in the Tri Party Agreement, and Federal Executive order #12088.

The proposed budget also fails to address the values of the Hanford Advisory Board and the values the Board has endorsed from the Future Site Use Working Group and Hanford Tank Waste Remediation System Task Force. The proposed budget would fail to deal with groundwater contamination and with contaminated sites which threaten the Columbia River. The proposed budget significantly reduces most environmental work at Hanford.

The Board is committed to continuing its evaluation of USDOE's budget to determine essential environmental restoration workscope, and the Board supports restoring a level of funding to the ER budget to meet the legally enforceable milestones contained in the Tri-Party Agreement, for example, the "High Payoff" pump and treat actions for contaminated groundwater.

The Board recommends continuing the following Pump & Treat Programs:

1. 200-ZP-2 Vadose Zone Carbon Tetrachloride Vapor Extraction
2. 200-ZP-1 Groundwater Treatability Testing
3. 200-UP-1 Groundwater Treatability Testing
4. 100-HR-3 Groundwater Treatability Testing

The Board recommends discontinuing the following Pump & Treat Programs:

1. 200-BP-5 Groundwater Treatability Testing - 216-B-5 Reverse Well
2. 200-BY-Cribs Groundwater Treatability Testing

In addition, in reference to 100-N Reactor Area Groundwater IRM (Nsprings), the Board recommends

beginning Pump & Treat Treatability Test at N-Area, as agreed upon in the TPA Refocusing.

B. TANK WASTE REMEDIATION SYSTEM (TWRS)

1. Restore funding to the disposal program sufficient to maintain TPA milestones to protect human health and the environment.
2. Aggressively pursue efficiencies in both disposal and operations to ensure the most efficient and productive TWRS program. Given the flux of the program, and to aid in increasing efficiencies and maintaining a workforce of appropriate size and technical capability, DOE needs to respond to the HAB's TWRS infrastructure and staffing level concerns. This information was requested in HAB Consensus Advice #8.
3. Obtain fast-track approval and construction of the Cross Site Transfer System (CSTS). In accelerating the project, care must be taken to minimize the environmental impact in the corridor. However, the estimated costs of the CSTS should be scrutinized in an effort to reduce them.
4. Evaluate cleanout of Tank 102-SY so it can be utilized for emergency storage and as a staging tank for cross-site transfers.
5. Evaluate building small (150,000-300,000 gallon) transfer tanks in 200 West in the event 102-SY does not provide a suitable transfer tank.

C. SPENT NUCLEAR FUEL (SNF)

1. Accelerate and minimize movement of spent nuclear fuel.
 - A. The HAB endorses the plans for the proposed accelerated path forward with the selection of the HWVP canister building for pre-interim and interim storage, provided it will not restrict or preempt the future construction of the vitrification plant. The HAB also agrees with the selection of the site adjacent to the TWRS operations facility for the construction of the treatment facility. This will help minimize movement of spent fuel and reduce the need for additional transportation.
 - B. SNF Program and site infrastructure funding need to be coordinated to assure that funding for operation and maintenance of transportation infrastructure is sufficient to provide safe and reliable support throughout the SNF Program.
2. Classification of sludge in the basins.

DOE should classify basin sludge as waste and negotiate with the regulators for exclusions from RCRA regulations for K-Basins. The HAB does not believe there is sufficient potential value in the K-Basin sludge to merit handling it as anything other than waste. It is also believed to be more expeditious and cost-effective to transfer the sludge to TWRS if necessary exclusion from encumbering the K-Basins operations with RCRA regulations can be obtained. If this approach to managing the sludge is feasible, DOE should reconcile any deficiencies in the TWRS budget and schedule necessary to accommodate receipt of K-Basin sludge in accordance with the accelerated SNF path forward.

3. Privatization of SNF program management.

The HAB appreciates the emphasis being placed on initiatives to achieve efficiency and re-invent government contracting. It is understood there will be various contracts bid and let for portions of this program, such as design and construction services. However, because of the urgent need to move forward, the complexity associated with competitive bidding and the aggressive schedule already outlined for the removal of spent fuel from the K- Basins, the Tri-Parties should not pursue the general privatization of the Spent Nuclear Fuels Program management.

4. Procurement

The HAB supports the Spent Fuel Group's effort to expedite the process of bringing a new spent fuel storage and stabilization facility on line. The process should utilize design features to assure the quality of the facility and minimize worker health or safety risks to the facility's workers. Procurement requirements unnecessary to ensure worker health and safety or facility quality should be minimized to facilitate the rapid design, construction and early operation of this new facility.

The HAB and the public must be involved in a process to assure that neither the quality of the facility nor worker health or safety is compromised in this process.

D. FACILITY TRANSITION

1. The Board has reviewed and supports the accelerated closure of the transition facilities, recognizing that this accelerated funding will require the diversion of funding from other urgent cleanup tasks. The acceleration should be accomplished without increasing risks to workers, the public and the environment.
2. DOE should take the necessary planning steps to ensure that the large cost savings which should be realized in the outyears are utilized for other cleanup needs at Hanford, rather than being diverted to other purposes.
3. DOE should take every step possible to minimize the supplemental funding required by this strategy, including the deferral of non-essential tasks to a later date so as to reduce near-term impacts on WM and ER progress.
4. The Board continues to have concerns regarding the level of support provided by Defense Programs and Nuclear Energy programs for interim transition activities at these facilities. The Board recommends that all costs related to activities at these facilities be funded from the original program sponsors rather than the WM and ER programs. In particular, the costs related to Special Nuclear Materials (plutonium, uranium, spent fuel), which are considered "assets," should be paid for by the Defense or Nuclear Energy Programs.

The Board will welcome continuing reviews of programs in the deactivation of the transition facilities, with specific emphasis upon progress against milestones, continuing economies of operation, reduction of overhead and capital cost requirements, and continuing protection of workers, the public and the environment.

The draft agreement should be changed to include a description of the following criteria which should be used in selecting facilities into the transition process:

- Worker and public health and safety issues, as well as environmental concerns with potential

- human impacts should be of highest concern when selecting a facility for this program.
- Projected investment, cost savings and the time required to provide a return on investment should be considered the next priority level.
- Finally, future reuse considerations should be factored into the decision-making process.

The Washington Department of Ecology (Ecology) and EPA should present a full analysis as to whether, without further negotiation clarifying state jurisdiction to enforce RCRA and other environmental laws would be compromised at facilities included under the Tri-Party Agreement (TPA).

Based on these analyses, Ecology should evaluate whether facilities transition should be regulated under the TPA, rather than with negotiated schedules under a separate RCRA order.

If such facilities are to be regulated under the Tri-Party Agreement, the state should strive for clarifying language that preserves its authority to regulate these facilities under its RCRA authority.

E. OVERHEAD/INDIRECT & LANDLORD

1. **PRINCIPLE:** The HAB supports the current priority that DOE-RL is placing on the reduction of Overhead Costs, and believes it is consistent with our earlier stated advice. We encourage aggressive and expeditious actions to achieve cost efficiencies in providing overhead-funded services. Anticipated reduced funding for Hanford programs should not serve as justification for renegotiation - or missing - Tri-Party (TPA) Milestones until every possible step is taken to reduce unessential overhead funded activities.
2. Overhead spending must be reduced by amounts that exceed the proportional reduction in total funding for Hanford cleanup. These overhead reductions should be made before legally required work scope is delayed or cut.

The base for calculating reductions in overhead should not include activities and subsidies (i.e., payment of former defense contractors' legal fees for past radiation releases) that are not appropriate for funding through the Hanford cleanup budget.

There are necessary indirect services that must be provided. These should be provided more efficiently and at lower cost.

3. We are encouraged by the 1997 ADS base, reflecting reductions in overhead charges of \$92 million from the DOE-RL-acknowledged 1994 Westinghouse Hanford Company overhead expenditure level of \$451 million*. DOE's new goal of a \$200 million reduction for the site should be accomplished by the end of fiscal year 1996 to allow USDOE to meet most of its TPA milestones and critical path work for 1996 and a majority of the unfunded work scope for FY 1997.
4. Reductions in overhead should not be taken in a manner that adversely affects actual cleanup work scope. To accomplish some of these reductions, USDOE may have to achieve significant contract reforms. The Board encourages performance-based contracting, and the effort it will take to implement such major reform.
5. The federal government has a legal and moral responsibility to fund its negotiated commitments to Hanford cleanup. The U.S. EPA and Washington Ecology should not agree to renegotiation of any TPA milestones, nor allow any milestones or critical path work to go unfunded, prior to

USDOE demonstrating that it is reducing overhead budgets in accordance with the FY'96 EM goal of \$200 million for the site, without claiming reductions for overhead expenses simply shifted into direct program accounts.

6. USDOE should give specific guidance to contractors for reducing overhead, rather than delegating this essential governmental function (setting the Hanford site and cleanup budget) to the contractors. Specific guidance should go well beyond stating a minimum of reduction in overhead expenditures and address:
 - a. specific areas of overhead that should be eliminated because they do not serve the essential cleanup mission;
 - b. overhead rates that should be reduced and "prices" for services that should be reduced as inappropriately high;
 - c. specifically bar the shifting of overhead costs into direct programs, except for those cases where the costs can be more directly controlled and reduced, and in those cases incremental funding should be provided to cover these costs.

* Does not include overhead expenses of other contractors, nor DOE-RL.

F. WASTE MANAGEMENT (NON-TWRS)

1. Analytical Laboratory Services.

- A. Funding for completion of the 222-S Lab Radwaste Line must be identified in order that Milestone M-32 can be renegotiated to permit conformance to regulatory requirements for facilities needed for continuing cleanup activities.
- B. We support funding for evaluation of privatizing routine Analytical Services functions as a candidate for economic transition.

2. Liquid Effluents

- A. The HAB recommends a study with PNL participation to evaluate the economics of 340 Radwaste Facility Upgrade versus tank truck pickup from different numbers of operating facilities to support the most cost effective option.
- B. Move the Tritium Removal Technology Status annual report to the National Technology Development Program and release the funds to other cleanup needs.
- C. Funding for Phase II streams must be increased, pending agreement by Ecology and EPA on proposed alternative treatment.

3. Solid Wastes

- A. The Board confirms our prior advice #8 with respect to the WRAP 2 facilities privatization, which is:

"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."

- B. Establish a time line to assure waste management capability to meet the M-19 Milestone intent and WRAP 2A startup date of 9/99.
 - C. We support deferral of additional RCRA-compliant storage facilities and retrieval of low-risk post 1970 buried wastes, but recommend that a plan be developed as a guide to prioritizing future actions in waste retrieval and processing as funds may become available. Investigation of integrity of TRU waste containers to support deferral and establish priority of retrieval is needed.
 - D. We recommend that surplus facilities, including non-DOE owned facilities, be evaluated for possible use. DOE should avoid constructing new facilities when structures meeting nuclear facility codes and regulations are available.
4. RCRA and Operational Monitoring.

Evaluate this activity as a possible candidate for privatization.

G. TECHNOLOGY DEVELOPMENT

1. The administrative infrastructure surrounding Technology Development must be simplified in order to make it more efficient and productive. This includes altering the EM-50 (Technology Development) budget cycle to be congruent with the EM-30 (Waste Management) and EM-40 (Environmental Restoration) budget cycles.
2. Within the 1997 budget, DOE must ensure that EM-50 technology development funds directly support cleanup activities, in accordance with the recommendation of the Site Technology Coordinating Committee.
3. In order to obtain meaningful stakeholder input, DOE must provide the HAB, through Dollars & Sense Committee, budget access and information commensurate with what has been afforded in other programs.

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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 #17 (Revised May 4, 1995) (Dollars & Sense Committee)
Subject: Fiscal Years 1996 & 1997 Budget Advice
Adopted: May 4, 1995*