



December 5, 1996

John Wagoner, Manager
U.S. Department of Energy, Richland Operations
P.O. Box 550 (A7-50)
Richland, WA 99352

Subject: Economic Diversity and Outsourcing

Dear Mr. Wagoner:

Thank you for your letter responding to the Hanford Advisory Board's advice letter #55 in which we expressed our concerns about the Project Hanford Management Contract (PHMC). The Board applauds the commitment in the PHMC to provide incentives for the creation of 3000 new jobs as part of diversifying the Tri-Cities' economy. We are concerned this goal may be met with an unacceptably high percentage of ephemeral service jobs, temporarily relocated to the Tri-Cities. As criteria for the award of incentive fees to the Management and Integration Contractor and its affiliates for the creation of new jobs in the Tri-Cities, the Board strongly urges the U.S. Department of Energy (DOE) to only recognize new jobs that are integrated into the Tri-Cities' economy. Transitory work, easily relocated, will not sustain economic transition.

We are further concerned about DOE's commitment to procurement preference which considers the U.S. government's obligation to the local and regional economies of this area. These economies have evolved over the last four decades predicated upon loyal and committed service to the U.S. government's defense needs. We understand the appeal of outsourcing a significant portion of Hanford related work. However, this community and broader region are concerned Fluor Daniel Hanford and its subsidiary companies will favor their affiliates in other parts of the country when soliciting subcontracts and acquiring goods and services. The Board encourages DOE to offer significant incentives to the Management and Integration Contractor to acquire goods and services from the residents and businesses locally and in this region.

The Board requests it be provided the legal analyses supporting the preference for local and regional outsourcing and confirmation of DOE's commitment to those preferences provided for in the contract. There are a number of uncertainties that should be resolved in the Management Plan. The Board recommends that the plan satisfactorily address the definition of local and regional economic benefits. Local is to include those businesses located in Benton, Franklin, Adams, Grant, Klickitat, Umatilla, Walla Walla, and Yakima Counties. Regional is to include Washington, Oregon, Idaho, and Alaska. Per the contract, sixty percent of PHMC procurement will be directed toward local, regional, and

Native American businesses by 2001. Specific commitments should be made to percentages for these categories. The draft Management Plan should be made available for review and comment to the Board. In addition, the contracts of the major subcontracts and the related management plans should also be made available to the Board.

If applied, we believe these principles will enhance the public's perception of DOE's resolve to truly support economic transition, and genuine commitment to the provisions of the Defense Transition Act of 1992, as the clean-up of this site is achieved and the work at Hanford declines.

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

Very truly yours,

Merilyn B. Reeves, Chair
Hanford Advisory Board

cc: Alice Murphy, Designated Federal Official
The Oregon and Washington Congressional Delegations
Chuck Clarke, EPA Region X
Randy Smith, EPA
Mary Riveland, Washington Department of Ecology
Dan Silver, Washington Department of Ecology

[Hanford Home Page](#) | [HAB](#) | [Advice Index](#)

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

HAB Consensus Advice #59

Subject: Economic Diversification and Outsourcing

Adopted: December 5, 1996