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## FY 2000 BUDGET ADVICE

*Note: Items applicable to DOE Headquarters are shown in italics.*

### MAJOR THEMES FOR THE FY2000 INTEGRATED PRIORITY LIST EXECUTIVE SUMMARY

- The U.S. Department of Energy (DOE) is obligated to request full funding from Congress, the Office of Management and Budget, and the Administration for all legally required cleanup and safety activities at Hanford for each fiscal year.
- Cleanup funds should not be used for non-cleanup activities.
- Level funding as proposed in Accelerating Cleanup - Paths to Closure (formerly the 2006 Plan) or reduced funding as proposed in the current OMB targets will not be adequate.

ES-1. The Department of Energy (DOE) is obligated to request full funding for all required cleanup and safety activities from Congress. This requirement is not limited solely to activities required to meet Tri-Party Agreement (TPA) milestones, but includes full funding for Defense Nuclear Facilities Safety Board (DNFSB) recommendations, and compliance with applicable statutes such as the Clean Air Act and hazardous waste laws. It is critical that funding requests be strongly supported and they be a result of complete analysis of activities to support compliance. No artificially-imposed targets should be used to show lower priority for activities required for full regulatory compliance. Compliance activities should not fall below the line in the Integrated Priority List (IPL). *DOE-Headquarters must support DOE-Richland's commitment to request full-compliance funding for FY2000 from the Office of Management and Budget and provide credible justification for the request with Congress.* The TPA agencies must view non-compliance with these milestones and requirements in the most critical light.

For FY2000 DOE-RL projected a compliance budget gap of \$80 million, based on an integrated priority list compliance budget of \$1.085 billion and a DOE-Richland assumed target of \$1.005 billion. Recent DOE-Headquarters budget projections have fallen to \$961 million which result in a compliance gap of \$124 million for FY2000. DOE-RL has committed in their public briefings to request full compliance funding. What actions will be taken to meet this commitment and DOE's obligation to avoid non-compliance?

ES-2. *The Board urges that DOE cease the use of cleanup funds (Environmental Management accounts) for non-cleanup activities.* For FY98, the Board believes there are sufficient funds to fully fund "compliance" if Board advice had been followed such as:

- Do not subsidize plutonium storage above the contribution of the Defense Program, including the International Atomic Energy Agency (\$8 - \$12 million).
- Do not use cleanup funds for the legal defense of Defense Program contractors in downwinder litigation (\$6 million).
- Do not maintain the Fast Flux Test Facility on standby using cleanup funds (\$32 million).

million).

*(If DOE and the Administration believe these activities are important, they should provide additional funding to cover them from the appropriate non-Environmental Management Program.)*

- ES-3. The \$42 million compliance gap for FY98 is largely due to deferred workscope that is resulting in a bow wave in outyears. That growth is largely due to deferral of compliance activities, such as single-shell tank pumpout, Plutonium Facility Plant stabilization, and TWRS readiness to proceed.
- ES-4. The Board advised last year that DOE's funding targets for budgets should include inflation in level funding target levels. That does not appear to have been accomplished, and should be considered again. This translates to a reduction of workscope of over \$1 billion between now and 2006.*
- ES-5. The Board is pleased that the projected budget shortfall in FY98 was narrowed with efficiencies. DOE-Richland should continue to increase contractor efficiency, institute contract reform, and reduce overheads and indirects with these cost savings remaining at Hanford.
- ES-6. Funding for Agency for Toxic Substances and Disease Registry (ATSDR) health monitoring studies was provided by DOE-Headquarters for FY98, but there is no commitment to provide it in outyears. Those activities, though very important, are an example of an unfunded mandate and will reduce Hanford cleanup funding if taken from the Hanford budget. This is a Defense Program liability.*
- ES-7. The Board has repeatedly issued advice suggesting conditions on import of additional DOE weapons complex wastes to Hanford. There are serious budget implications based on how the Hanford Site charges for disposal of offsite waste. Hanford should use fully burdened costs in their charge out rate.*
- ES-8. Adequate funding, including readiness, is needed to proceed with tank waste vitrification. Adequate funding should be allotted to support two competing vitrification contractors as planned.*
- ES-9. Funding being added for FY98 only partially cures shortfalls in required pumpout of single shell tanks and other safe storage requirements. Additional funding for FY99 and FY2000 is needed. Delays in this program are not acceptable.
- ES-10. The Board is concerned about the approximately \$300 million cost increase and significant schedule delays in moving spent nuclear fuel from the K Basins along the Columbia River. Validated cost information will not be available until at least June. Resulting cost implications may reduce funding for other important programs. How will DOE-Richland management of the Spent Nuclear Fuel program be improved to reduce this impact and avoid similar problems in the future?
- ES-11. The Board urges adequate funding for a Hanford regional effects assessment. In this assessment, the Columbia River Comprehensive Impact Assessment (CRCIA) should be used as a guiding document for the Integrated Vadose Zone/Groundwater Project. This must include adequate funding for vadose zone characterization to reasonably direct cleanup priorities.
- ES-12. It is critical that DOE maintain adequate funding for the HAB, Oregon grants, and tribal grants. This public involvement infrastructure provides a return on investment many times the modest funding. It also helps DOE meet many of its public involvement compliance requirements efficiently and economically.*

### **PROGRAM-SPECIFIC BUDGET ISSUES**

## WASTE MANAGEMENT

1. Hanford should not accept or solicit new offsite waste streams without an acceptable estimate of the additional regional effects of those waste streams and without a public process for obtaining stakeholder input to the decision-making process for treatment, storage, or disposal. Full disclosure of information about wastes, impacts and alternatives, requires the preparation of an Environmental Restoration PEIS. *DOE should use the National Equity Dialogue and other public processes as a forum for discussion.*
2. Generators (onsite or offsite) should bear the full cost of waste treatment and disposal, not artificial marginal costs. Fully burdened costs must include actual costs for storage, processing, disposal, long-term monitoring, and closure. Accelerating Cleanup - Paths to Closure does not indicate the full cost of waste being imported to Hanford and where those funds will come from.
3. \$11.5 million is budgeted in FY2000 to process TRU waste to go to the Waste Isolation Pilot Plant or WIPP. The risk from contact-handled TRU waste stored at Hanford is minimal; therefore these funds could be spent on higher priority activities.

## TANK WASTE REMEDIATION SYSTEM OR TWRS

4. The Board supports adequate funding for building tank waste vitrification plants with a competitive process. *Adequate funding should be allotted to support two competing contractors as planned.* DOE should fully support the preparations needed to be ready to proceed (e.g., transfer piping between tank farms, pumps, reconfiguration of piping, etc.). The Board believes that consideration of alternative contracting mechanisms to determine the least-cost approach for designing and constructing the vitrification plants is appropriate in 1998. Such consideration must maintain focus on compliance with TPA milestones.
5. The Board insists on adequate funding for the pumpout of single-shell high-level nuclear waste tanks within a negotiated TPA compliance schedule. Work on tank waste characterization was renegotiated to address the FY97 \$44 million shortfall; that deferral has not been made up. For the FY98 through FY2000 period, only partial funding is available for pumpout. The Board opposes pumping out tanks only after they leak. The pumpout of single-shell tanks has been delayed too many times. DOE's unilateral decisions to renegotiate these milestones may make it impossible to recover them, even with unlimited funding, because of physical and technical limitations. Continuation of additional funding must be provided to meet the fastest credible schedule, which should be the basis of any new compliance order or agreement.
6. The Board supports adequate funding for completion of the TWRS Final Safety Analysis Report (FSAR) and for as-built configuration management only as required in support of program priorities.

## SPENT NUCLEAR FUEL

7. The Board demands that DOE take firm management steps to successfully and cost effectively complete the K Basins Spent Nuclear Fuel program. The Board is seriously concerned about continuing cost and schedule extensions on the K Basins. After 16 months of DOE and Project Hanford Management Contract (PHMC) management, there is still not a firm baseline. DOE and the PHMC must establish a full-confidence schedule and a firm cost estimate immediately to establish a baseline for project completion. DOE must take strong measures to manage the Spent

Nuclear Fuel program once firm costs are established and independently validated. Appropriate project management controls and reporting procedures must be established immediately and contract performance measures which reflect the results of the improved management control system must be in place.

8. The Board is concerned that cost overruns from the Spent Nuclear Fuel program will impact other important programs such as TWRS.

## **ENVIRONMENTAL RESTORATION**

9. Environmental restoration is important to achieve key Board values, including getting on with cleanup, reducing risk, and protecting the Columbia River. The goal to complete remediation and facility management and stabilization along the River by 2011 is threatened by a lack of full funding.
10. Additional Congressional funding was received in FY98 specifically to continue reactor deactivation. Under today's draft priorities, that work will be dropped in FY99, while waste site removal to the Environmental Restoration Disposal Facility (liquid waste sites in B/C) gets higher priority. The risk-based tradeoffs are not all clear, but it is clear that continuing to put the reactors along the River into interim safe storage is an important risk-reduction and compliance activity. This echoes the Board's often-repeated advice about the folly of starting and stopping projects. Reactor interim safe storage will require a large investment in 2001 and 2002 to meet the milestones if the project is stopped and then restarted. It is also important to show continued support for reactor interim safe storage to remain credible in Congress.
11. The Board urges adequate funding for a Hanford regional effects assessment which uses the Columbia River Comprehensive Impact Assessment (CRCIA) as a template for the Integrated Vadose Zone/Groundwater Project. This must include adequate funding for vadose zone characterization to reasonably direct cleanup priorities.
12. The Board observes that the only non-funded ER milestone in the FY2000 IPL is the B Reactor museum feasibility study. The Board supports the priorities in ER's budget. However, consistent with the Board's earlier advice that supports the TPA change package for reactors on the river (Advice #73), the Board urges USDOE to realize efficiencies to undertake its B Reactor Museum Feasibility Study.
13. There is continued concern about the lack of a distinct plan for the disposition of pre-1970 TRU waste and related funding, especially that waste which is not located on the Central Plateau (e.g., in the near-River areas where it is more accessible to people).

## **FACILITY STABILIZATION**

14. *The current subsidy for maintenance of Defense Program plutonium has been described at about \$20 million, while total costs range from \$32 to \$40 million. Defense Program is negotiating a memorandum of understanding with DOE's Environmental Management (EM) program to permanently transfer only a \$20 million contribution to EM to cover the costs of storing and safeguarding plutonium at Hanford. It is unacceptable to maintain responsibility for the plutonium with a permanent agreement that does not include adequate funding. This is an example of using cleanup funds for non-cleanup activities.*

15. *Some of Hanford's plutonium has now been placed under the supervision of the International Atomic Energy Agency. The cost should not come out of the cleanup budget.*
16. Work at the Plutonium Finishing Plant (PFP) to stabilize plutonium is not adequately funded. This is a high risk situation and represents major compliance requirements per the DNFSB schedule. Stabilization equipment is needed to speed up PFP stabilization by 3 to 5 years. The Board recommends that DOE examine alternative configurations of stabilization equipment needed and not contract for the equipment unless satisfactory performance has been demonstrated.
17. The Board is concerned about obtaining funding for stabilization and retrieval of plutonium contained in underground tank 241-361-Z. That tank has approximately 75 kilograms of plutonium sludge, which poses a criticality concern, and generates potentially explosive concentrations of hydrogen gas. *If new funding is not obtained from DOE-Headquarters, there will be additional impacts to EM work.*

### **ENVIRONMENTAL SAFETY AND HEALTH (ES&H)**

18. The ES&H program should be evaluated for cost effectiveness. There is concern that there may be an inordinate cost for management of a program which is largely executed by other programs.
19. Compliance with the Clean Air Act is not fully funded in the FY2000 IPL. The Board supports full funding for Clean Air Act compliance.

### **TECHNOLOGY DEVELOPMENT**

20. *The Board supports the Office of Science and Technology's efforts to make the budget process open; that openness appears to be improving. The Board is interested in continuing to see and evaluate linkages between technology budgets and site budgets. The Board is pleased that performance measures are being established for each program to deploy technologies.*

### **BUDGET PROCESS**

21. The Board appreciates DOE's budget actions based on last year's advice. One example was funding higher-priority work rather than demolition of buildings, a low-risk activity that was originally higher in priority.
22. Collaboration and planning for public budget meetings under TPA 148-149 has been more proactive and productive and should continue. The PHMC contractor's involvement during the process has improved over the last year.
23. Providing descriptions of "What We're Buying" in the budget materials is important and very helpful. The separate document provided this year and the longer descriptions were beneficial.

### **USE OF RISK IN SETTING BUDGET PRIORITIES**

24. The Board supports the use of risk information in establishing integrated priorities. Risk designation in the IPL should be better documented and more understandable to stakeholders.

### **MANAGEMENT**

25. The Board again urges DOE to stop funding non-cleanup activities with cleanup funds, including paying for the defense of past Hanford Defense Program contractors in downwinder litigation. It is inappropriate for the DOE Environmental Management program to pay for these costs.

### **COST SAVINGS GOALS: INCLUDING CONTRACT REFORM AND OVERHEAD AND INDIRECT COSTS**

26. The Board has advised in the past about the desirability of reducing indirects and overheads at Hanford. The costs appear to be going down, but the reductions should be accelerated. The Board supports planning for and monitoring continued reductions. The Board further reinforces prior advice on the need to institutionalize cost savings targets via contract measures and contract reforms, and understands that significant changes are being made to add such performance measures. Those measures should be incorporated into Accelerating Cleanup: Paths to Closure and the Site's FY99/2000 performance measures, to incentivize cost savings and establish accountable goals for controlling overhead and management costs. We believe that there are lessons to be learned from this positive experience to date which we have outlined in prior advice and discussion papers shared with senior DOE management. To meet DOE's cost savings and total overhead and management cost goals, these contract measures should be clearly incorporated into Accelerating Cleanup: Paths to Closure. The Board is concerned that these goals are not likely to be met across the complex if each site is free to set its own goals for cost savings and the total amount of cleanup funds spent on management and overhead costs. Some flexibility reflecting cost accounting differences between sites, where justified, can easily be reflected in the setting of such goals and required contract measures to hold contractors accountable to them.
27. Contract performance expectations and performance award fees must be more closely tied to TPA milestones, as the Board has previously advised. The Board is concerned that agreements between the contractors and DOE not create a lower level of performance than the expectation measures stated in the contract. Fees should not be awarded for failing to meet a TPA milestone.
28. The DOE-Fluor Daniel Hanford performance contract is not being administered in such a way as to obtain the most out of this incentive arrangement. The first year's performance fees of \$54 million have not been awarded, even though the performance period ended six months ago. New performance goals for \$50 million for this fiscal year are inexcusably late. These late actions have a major effect on effectiveness of this incentive arrangement and the government should correct this situation.

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