



## **Hanford Advisory Board**

### **Revised Meeting Summary**

**June 4-5, 1998**

**Richland, Washington**

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#### **Revised FY99/2000 Budgets**

The Hanford Advisory Board (Board) heard from the U.S. Department of Energy (DOE) on the current status of the FY99 and FY2000 budgets. The current House authorization bill for FY99 proposes a cap of 33% on overheads and indirects. DOE's current projections show a reduction of overhead and indirects costs to 30%. Additional funding may be available in FY99 for draining single-shell tanks, Final Safety Analysis Report implementation, flammable gas and organic safety, and reduction of vadose zone contamination. Funding for privatization is proposed to be reduced from the requested \$330 million to \$100 million. FY2000 funding targets show a total site budget of \$961 million with a compliance gap of \$222 million. This includes increased cost estimates for the Spent Nuclear Fuel project, which have not been validated by DOE.

The Board approved draft advice prepared by the Dollars & Sense Committee on the FY2000 budget, outlining continuing concerns about the level of funding for critical cleanup programs and for public involvement.

#### **Proposed Contract Reform**

The Board reviewed and approved a letter responding to a request for comments from DOE on proposed contract reform. The Board commented that provisional fee payment should not be encouraged as it detracts from the performance-based contracting measure.

#### **TWRS Vitrification**

The Board heard an update from DOE on the award of the Tank Waste Remediation System (TWRS) vitrification contract. DOE is currently in negotiations with BNFL to award a contract for design, construction, and operation of a treatment facility. The Board discussed the issues surrounding the privatization of tank waste treatment, including cost, schedule, regulatory oversight, and management. The Washington Department of Ecology (Ecology) briefed the Board on the milestones and alternate path available to DOE should privatization not work. The Board agreed to take up this issue once the report outlining the terms of the contract with BNFL is submitted to Congress.

#### **Intersite Workshops**

Two workshops are scheduled in San Diego and Chicago to discuss the transfer of waste between DOE sites. They are meant as an opportunity for stakeholders and DOE to discuss what might be possible waste transfers to decrease risks to human health and the environment and cost. The Board will send one representative to both the San Diego and Chicago workshops. Individual Board members will be attending representing their constituencies.

#### **New President of Fluor Daniel Hanford**

Ron Green was introduced as the new president of Fluor Daniel Hanford. He spoke of his experience relating to DOE facilities as well as other experience in the nuclear industry. He will focus on the high priority projects, including tank waste treatment and spent nuclear fuel.

### **Spent Fuel Cost, Schedule, and Management**

The Board viewed a videotape of the Congressional hearings held on the Spent Nuclear Fuel project at which DOE, the contractors, General Accounting Office, the Defense Nuclear Facilities Safety Board (DNFSB), and the Hanford Advisory Board testified. The issues raised during the hearing included cost, schedule, and technical challenges. The Tri-Party Agreement (TPA) agencies have entered into dispute resolution for milestones associated with the Spent Nuclear Fuel project. The Board also heard about corrective actions currently being implemented which include reviews of the baseline, schedule, and cost estimates for the program.

### **Christine Gregoire, Attorney General**

Christine Gregoire, Washington State Attorney General, spoke briefly with the Board on the current environment surrounding the TPA. The State of Washington will continue to hold firm that milestones must be met for two of the most critical projects on the site, tank waste treatment and spent nuclear fuel removal. Board members expressed appreciation for the strong stance being taken by Washington and encouraged a continued push for meeting milestones.

### **PHMC Performance Measures**

DOE reported on the current status of performance agreements for FY97, FY98, and FY99 for the Project Hanford Management Contract (PHMC). For FY97, there were a total of 255 performance agreements. DOE and Fluor Daniel Hanford have agreed that 14 were not met. Twenty-one incentives were disapproved. The FY98 fee plan reduced the number of critical performance expectations to 102. The available pool fee for FY98 is estimated at \$50 million, which is slightly lower than FY97 because of declining budgets. For the FY99 performance agreements, DOE is in the process of setting up how those will be developed and will ask for input from the regulators and the Board shortly.

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

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