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Department of Energy, Richland Operations
P.O. Box 550
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February 2, 1996

Subject: FY'96 Hanford Clean-Up Budget Reallocation (HAB Advice #41)

Dear Mr. Wagoner:

GENERAL FINDINGS

The Hanford Advisory Board has previously recommended that budget reductions should minimize impacts to achieving progress on safety and TPA milestones. Furthermore, work scope which leads to a "mortgage reduction" is of particular value in cleanup. These principles have guided our review of the FY'96 Hanford Clean-Up Budget Reallocation.

It is our finding that spending on activity indirectly related to cleanup activity (i.e. administrative costs and program overheads) has not been reduced to the same degree as critical programs in Environmental Restoration and Waste Management. This is not in keeping with the principles stated above.

The reallocated 1996 funding for Environmental Restoration activity fails to fund essential work to live up to USDOE's commitments to protect the Columbia River and accelerate Environmental Restoration along the River. We are deeply concerned that Environmental Restoration schedules based on new target budgets will fail to meet the TPA time line by more than two decades.

The Board has urged an end to the stove piping of site budgets (e.g., the authorization, appropriation and allocation of a site's funds by program account) to allow Hanford and other sites to allocate appropriated funds according to overall site priorities. We applaud efforts to accomplish this. However, target budgets for Hanford result in woefully inadequate support for the Environmental Restoration (ER) mission of protecting the Columbia River and demonstrating progress for clean-up. In this letter there are identified several specific activities required by the Tri Party Agreement and clean up standards that have had their funding deleted for FY'96.

The Board believes a reevaluation of the budget allocations for Fiscal Year 1996 should be made. This should be done with full stakeholder, regulator and Tribal involvement. This

process could examine a number of alternatives, any of which is likely to result in a more desirable reallocation plan than that which is currently proposed. Some options which USDOE should explore with its stakeholders, regulators and affected Indian tribes include:

- ◆ an across the board reduction of 7.8% in all program activities;
- ◆ obtaining greater flexibility from Headquarters regarding “stovepipe” restrictions, to allow USDOE to shift funds from other USDOE programs to Environmental Management and to shift funds within Environmental Management Programs;
- ◆ other options to avoid the severe reductions in critical activities listed below;
- ◆ reducing each Program’s Direction, Management and Support costs, so that reductions in these overhead categories, at a minimum are greater than the overall percentage reduction for that program’s FY 1996 budget; and
- ◆ further reducing overhead and indirect costs of Hanford’s contractors through a “functional” review of costs and independent scrutiny of rates, charges and outsourced purchases, including a measurable cap on such contractor costs in the new Management and Integration contract.

SPECIFIC RECOMMENDATIONS

Highest Priority Items

Use of New Assumptions in FY 1996 Reallocation Not Appropriate

As stated in the Hanford Advisory Board’s December, 1995 Advice # 36 regarding new FY ’96 and “Site Level” Assumptions, “assumptions should be subjected to Hanford Advisory Board review and public input prior to adoption of significant departures from the TPA, prior public expectations, consensus Future Site Use Principles or Values, which USDOE had previously indicated it would utilize, or prior mission assumptions distributed to the public.”

As identified below, there are a number of highly significant departures from the TPA, Future Site Use Principles, other legal requirements and prior mission assumptions in the Fiscal Year 1996 Reallocation. These departures represent actions by decision makers with identifiable significant potential impacts on worker safety, human health and the environment. Some of those impacts are identified in DOE-Richland’s own assessment of the FY’96 Reallocation and, are noted as examples in this advice letter.

The Hanford Advisory Board urges that the Fiscal Year 1996 Reallocation be readjusted to be consistent with the following advice and is compliant with the TPA, Future Site Use Principles and previously published mission assumptions.

Environmental Restoration

The reallocated 1996 funding priorities for Environmental Restoration activity fails to fund

essential work to live up to USDOE's oft stated commitments to protect the Columbia River and accelerate Environmental Restoration along the River. This is due in large part to the fact that the base level funding and out year budget targets for Environmental Restoration are woefully inadequate. The lack of priority given to real soil and groundwater cleanup along the Columbia River (in both FY'96 and future budget plans) will violate laws, agreements and destroy public support for Hanford Clean-Up funding.

1. The Board urges that the ER Program's administrative costs (Program Direction, Management and Support) be reduced by at least the same percent reduction as the overall reduction in the FY'96 ER allocation.
2. Realistic cost estimates are necessary for all program target budgets, the ER program's new cost estimates for soil remediation along the Columbia River reduce estimated needs by over \$200 million by relying on realistic assessments of characterization and quantities of soil needing removal. This effort has been praiseworthy. Yet, despite the reduction in estimated cost, ER targets continue to be inadequate for meeting TPA agreements for cleanup along the river.
3. The Board opposes elimination or reduction of cleanup work in the 100 Area and in the 300 Area.
4. The Board urges funding of the N-Springs pump and treat upgrade.
5. The Board opposes delay of the 100 Area chromium pump and treat program.

Spent Fuel Removal

Removal of the spent fuel from the K-basins near the Columbia River continues to be a matter of the highest priority. The Board understands there are no reductions proposed to be made in the spent fuel program. The Board opposes any reduction in funding which would delay removal of the spent fuel from the K-basins.

Waste Management - (TWRS)

The FY 1996 priorities for Waste Management fail to live up to the publicly stated priority of funding essential safety upgrades.

1. The Board opposes reductions in the Tank Waste Remediation System (TWRS) which would have the following consequences: essentially eliminate all tank farm infrastructure improvements; and, not fund the removal of the explosive organic chemicals from Tank 103-C.
2. The Board urges that the Waste Management Program's administrative costs

(Program Direction, Management and Support) be reduced by at least the same percent reduction as the overall reduction in the Waste Management FY 1996 allocation.

3. The Board asks that you provide an explanation as to why WM Program Direction-RL and Grants Management are increased in the FY 1996 Reallocation by 20.7 million. (ADS #103 and 3031). This increase represents 10% of the total sitewide goal for reducing management, direction and overhead.

Transportation of Radioactive Materials

USDOE has made disproportionate reductions in radioactive materials Transportation Management (17% reduction compared to the budget request).

1. DOE plans to conduct two fewer motor carrier evaluations. Only evaluated carriers should be used for transporting radioactive materials to or from Hanford.
2. The Board opposes reducing training for transportation safety and emergency response while shipments of radioactive and hazardous materials continue.

Overhead and Indirect Costs

1. Promised reductions in overhead and indirect costs should be reflected in the FY 1996 Hanford Site Reallocation. The budget should reflect the stated goal.

If USDOE and its contractors were to budget based on the overhead and indirect cost reduction goal, to which they have publicly committed, it appears that an additional \$13 million could be made available to fund legally required Environmental Restoration cleanup activities and legally required safety upgrades for Waste Management.

2. The Board further urges that USDOE conduct functional reviews of the overhead and indirect costs, including conducting comparisons of rates or prices charged for services with comparable service rates or prices elsewhere in the private sector, USDOE sites and even within the Hanford Site (i.e., Solid Waste Disposal rates).

Other Priorities

Waste Management - (non-TWRS)

1. The Board opposes reductions in well decommissioning and alternative monitoring techniques funded from the non-TWRS Waste Management program.
2. The Board opposes reductions in actions to restrict liquid effluent. The '96

Reallocations include reductions in funding for storage capacity for new feeds and the 340 Facility replacement project.

To ensure that overhead costs will be reduced, the Board urges that a specific plan in FY'96 be adopted for control of overhead and indirect costs of new M&I contractors.

Transition Facilities

1. The Board notes that the '96 Reallocation delays the implementation of DNFSB recommendations on PUREX on an expedited basis and requests information on the effect of this delay.
2. The Board urges funding of the accelerated schedule of the deactivation of designated 300 area facilities.

Other Programs

1. The Board supports the increase in the Hanford Disease Thyroid Cancer Research studies of Hanford impacts currently underway at the Fred Hutchinson Center.

We look forward to your written response as required in our charter.

Very truly yours,

Merilyn B. Reeves, Chair
Hanford Advisory Board

enclosure: Committee Background Report from Dollars and Sense

cc: Chuck Clarke, Environmental Protection Agency
Mary Riveland, Washington Department of Ecology
Thomas Grumbly, Department of Energy - Headquarters
Cindy Kelley, Designated Federal Official
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The Oregon and Washington Congressional Delegations