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STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

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July 11, 1995

Ms. Marilyn B. Reeves
Chair, Hanford Advisory Board
800 NW Sixth Ave., Suite 342
Portland, Oregon 97209-3715

Dear Ms. Reeves:

In a letter dated June 6, 1995, Mary Riveland (Director, Department of Ecology), and Chuck Clarke (U. S. Environmental Protection Agency, Region X Administrator), responded to the Hanford Advisory Board's (HAB) consensus "Program Advice" (first Consensus Advice #17) on the Fiscal Year (FY) budget request for the U.S. Department of Energy (USDOE), Richland, Washington. Ms. Riveland and Mr. Clarke have requested that we also respond to the Board's consensus "General Budget Advice," which was included in revised Advice #17.

Ecology and the U. S. Environmental Protection Agency's response to the "General" Budget Advice is outlined in the enclosure to this letter. We previously shared this response with the Board at its June general meeting. As in our response to the Board's initial "Program Advice," we are substantially in agreement with the positions stated in your consensus general budget advice.

We join with Mary Riveland and Chuck Clarke in commending the Board for its outstanding effort in reviewing, analyzing, and commenting on the Richland Operations Office's budget submission. Your advice has already played an influential part in focusing our discussions with USDOE. It also continues to be a key guiding element in our internal discussions regarding Program priorities, regulatory integration and streamlining, and cost and management efficiency.



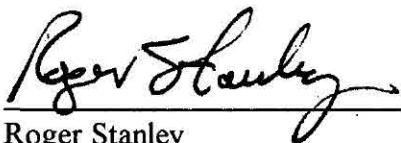
Ms. Marilyn B. Reeves

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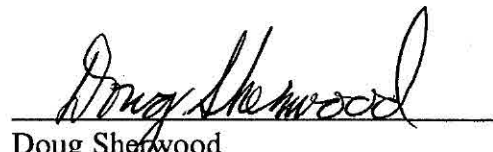
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We look forward to working with the Board and USDOE to ensure that the issues, concerns, and recommendations outlined in your Consensus Advice letters are addressed in a mutually satisfactory and effective manner. Your continued advice to the Tri-Parties will remain invaluable as we work collaboratively to resolve Hanford's complex cleanup challenges.

Sincerely,



Roger Stanley
Hanford Project Manager
Department of Ecology



Doug Sherwood
Hanford Project Manager
U.S. Environmental Protection Agency

Enclosure: (1)

cc: Mike Graine, Oregon Department of Energy
Ron Izatt, Deputy Manager, Richland Operations Office
Nadine Highland, Chief Financial Officer, Richland Operations Office
Russell Jim, YIN
Bill Burke, CTUIR
Donna Powaukee, Nez Perce

**ECOLOGY AND EPA
RESPONSE TO HANFORD ADVISORY BOARD
CONSENSUS GENERAL ADVICE TO USDOE HEADQUARTERS
AND THE RICHLAND OPERATIONS OFFICE
(HAB LETTER DATED MAY 10, 1995)**

I. OVERVIEW

- We support the HAB's overall comments.
- We agree that more must be done, particularly in seeking improvements to cost efficiency, streamlined program management and integrated site-wide planning.
- We will continue to be flexible in working with USDOE to accomplish Tri-Party Agreement (TPA) requirements more efficiently; however, the TPA, a negotiated framework to achieve cleanup, cannot be unilaterally changed.
- We strongly agree that defense initiatives, other than to reduce the high out-year mortgages associated with the continued operation and maintenance of defense and nuclear energy facilities that no longer have a mission, should not jeopardize cleanup commitments.

II. GENERAL BUDGET ADVICE TO USDOE-HEADQUARTERS

A. GIVE A PRIORITY TO ENVIRONMENTAL CLEANUP.

- We agree with the HAB's advice.
- Discretionary programs must be reevaluated in terms of funding priority relative to environmental management (cleanup) activities.
- Discretionary programs must be held to the same standard of accountability and "productivity" in USDOE's planning, operations, and budget requests.

B. APPLYING PRODUCTIVITY CHALLENGES TO DEFENSE AS WELL AS ENVIRONMENTAL MANAGEMENT.

- USDOE's defense-related and other programs should be subject to the same productivity challenge and accountability standards as environmental management.

- We agree, that productivity challenges should apply to USDOE Headquarter's technology development program.

C. INTEGRATED BUDGET

- We also support the HAB's consensus advice.
- As "stovepiping" of funding at Hanford is eliminated, care must be exercised by USDOE's budget formulators to ensure that key environmental cleanup priorities, previously agreed to with the regulators and stakeholders, are not compromised in USDOE's internal budget prioritization decisions.
- The Environmental Restoration Refocus Agreement, which protects the Columbia River, is threatened by recent budget decisions. USDOE must give high priority to funding these negotiated commitments.
- A continued, effective, open and cooperative public involvement program on the cleanup budget is also essential.

D. INTEGRATION OF TECHNOLOGY DEVELOPMENT

- We again agree with the HAB's Consensus Advice.
- National Technology Development Program (EM-50) priorities and corresponding budget decisions must be tied to site-driven technology needs.
- The national EM-50 program budget formulation process must be tied and coordinated with budget formulation at the sites.
- An effective and timely public and regulatory involvement process to influence and review national EM-50 priority and budget decisions, similar to that outlined in Paragraph 149 of the TPA is recommended.

E. INDEPENDENT EXTERNAL AUDIT TEAMS

- Again, we agree with the HAB's Advice.
- USDOE could benefit by the expertise and knowledge of independent, objective members of other government agencies, particularly the U. S. Department of Defense, and industry in the areas of acquisition/contracting/business strategy development, contract oversight, and cost monitoring.

- USDOE must quickly improve its internal infrastructure to manage and oversee government contracts; and to monitor contractor operations (including cost/financial management activities).

F. GREATER GUIDANCE TO CONTRACTORS IN SETTING BUDGETS.

- We agree with the HAB's comments.
- We believe that too much leeway is given to the contractors to define and interpret program/funding priorities and program direction.
- Better guidance by USDOE at the beginning of budget formulation would help reduce game playing, iterative reviews and erroneous assumptions that drive priority setting and costs.

III. GENERAL BUDGET ADVICE TO USDOE-RICHLAND

A. INADEQUATE EMPHASIS IN PROTECTING THE COLUMBIA RIVER.

- We agree with the HAB's Consensus Advice.
- The FY 1997 budget request has been severely cut, yet USDOE believes it can meet TPA agreements at much lower funding levels than originally anticipated.
- Care must be taken to ensure that, in the development of technical and schedule baseline plans, USDOE's adjusted workscope decisions reflect true management/cost efficiency and streamlining without compromising the intent of TPA Agreements.

B. INDEPENDENT EXTERNAL AUDIT TEAMS.

- We agree with the HAB (please see our comment to the HAB's General Budget Advice to USDOE-Headquarters, Paragraph IIE.)

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

- We agree with the HAB's Consensus Advice.
- We believe that USDOE has a good chance to achieve current TPA requirements, but only if USDOE maximizes opportunities for cost and management efficiency (in all program areas to include overhead and program support costs), contract reform and streamlined operations.
- Ecology and EPA will do their part to help ensure streamlined regulatory approaches and processes, consistent with the intent of TPA and other regulatory requirements.

D. GREATER GUIDANCE TO CONTRACTORS IN SETTING BUDGETS.

- We agree with the HAB (please see our comment to the HAB's General Budget Advice to USDOE-Headquarters, Paragraph IIF).

E. PUBLIC HEARINGS ON BUDGETS.

- We agree with the HAB's Consensus Advice. (Please see Ecology's separate response letter to the HAB on Consensus Advice #19, dated May 3, 1995.)
- Ecology and EPA are working with USDOE to ensure public meetings are conducted in a manner and at appropriate times during each Fiscal Year to ensure public opportunity to influence budget decisions at USDOE-Richland, USDOE-Headquarters, and Congressional levels.

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

- We agree with the HAB's Advice.
- In particular, Ecology and EPA support the HAB's position that the environmental management program should not fund or subsidize "... Defense, USDOE or other 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)."

G. BUDGET BUILDING BLOCK FOR EFFICIENCY MEASURES.

- While not taking a specific position on the need for a separate budget "building block task" for funding the implementation of "cost effectiveness measures and productivity improvements," we agree with the HAB that these activities, (and resultant cost savings and subsequent reallocation of funding as a result of such savings), should remain visible to regulators, stakeholders, Tribes and the public.

H. INTEGRATING PROGRAMS TO MAXIMIZE EMPLOYMENT STABILITY.

- Ecology and EPA have, in the past, advised USDOE that the plans and schedules of Hanford's various programs and projects must be integrated and coordinated.
- In addition, plans and schedules between current and out years must also be integrated and coordinated.
- This is essential to ensure schedule integrity and maximum efficient use of resources. Achievement of TPA requirements and milestones are not assured if this does not occur.

- In achieving integration of plans and schedules, we also encourage USDOE's sensitivity to real and/or potential impacts upon the work force.

- A stabilized, maximum efficient work force helps to assure that public and worker health and safety are protected, and TPA requirements are, in fact, met.

I. INTEGRATION OF SITE PLANNING.

- We agree with the HAB's advice (please see our response to the HAB's general advice to USDOE-Headquarters, Paragraph IIC, and our response to item IIIH above).

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

- Ecology and EPA have previously expressed their concern about the use of multi-attribute utility analysis-based techniques for determination of funding and cleanup priorities.

- Ecology and EPA have taken the position that they will not participate in, agree to or recommend specific, detailed PPG scoring criteria and weights.

- Instead, we will concentrate on voicing both regulator and stakeholder values and priorities to USDOE, which must then ensure that these values and priorities are fairly considered by USDOE and its contractors within the PPG priority setting mechanism.

- We would then expect USDOE to effectively communicate the results of such scoring to regulators, stakeholders, the Tribes and the public to allow timely review and comment.

- USDOE must communicate how it will use the PPG results to influence final priority and funding decisions by USDOE management.

K. PRIORITIZATION IN SETTING DECREMENT LEVELS.

- Ecology and EPA have taken the position, as outlined in Paragraphs 148 through 153 of the TPA, that USDOE must "... take all necessary steps to obtain timely funding to meet its obligations under the agreement."

- Inherent in this is the understanding that protection of public health, worker safety, and the environment is paramount. By USDOE's own definitions, the decrement level may not satisfy this overall requirement.

- Ecology and EPA reserve their rights to require USDOE to meet its obligations under the Agreement.

- If, as suggested by the HAB, USDOE chooses to pursue a "decelerated path forward" under a decrement level budget case, Ecology and EPA must assess their position to such a proposal before it is implemented by USDOE, if TPA requirements and milestones are impacted.
- Full public and stakeholder involvement is required before any decisions are made.
- We also agree with the HAB that a 15 percent "across the board" decrease be applied equally to all programs at the decrement level. Formulation of a decrement budget case should be appropriately prioritized among program/project activities, to include full consideration of regulator requirements and stakeholder values.
- This will require USDOE-RL to provide more specific budget formulation guidance to it's contractors in accordance with the comment in Paragraph IIID.

L. EVALUATION OF USE OF SURPLUS FACILITIES.

- We support the HAB's recommendation regarding use of surplus facilities.
- We caution that use of such facilities must result in true cost and management efficiency, and that impacts to public health, worker safety, and the environment are fully understood and communicated.

M. ADDITIONAL PRIORITIES.

- We agree with the recommendation that the HAB's additional priorities be considered in any funding prioritization exercise at Hanford.