

HANFORD ADVISORY BOARD

A Site Specific Advisory Board, Chartered under the Federal Advisory Committee Act

April 7, 2006

Advising:

US Dept of Energy
US Environmental
Protection Agency
Washington State Dept
of Ecology

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

Roy Schepens, Manager
U.S. Department of Energy, Office of River Protection
P.O. Box 450
Richland, WA 99352

Re: Contracting Strategy

Dear Mssrs. Klein and Schepens,

The Department of Energy (DOE) is preparing to open competition for three new contracts for Hanford Clean-Up, replacing the current two major contracts for: a) the Project Hanford Management Contract under the DOE-Richland Operations Office (DOE-RL) overseeing operations and cleanup of Hanford's processing facilities, soils, groundwater, infrastructure, etc. (apart from the River Corridor, which is under its own contract); and, b) maintenance, safe storage, and retrieval of high-level nuclear waste tanks under the DOE-Office of River Protection (DOE-ORP).

The new strategy includes three separate contracts, including:

- 1) Hanford Mission Support Contract for information management, site utilities, and a broad range of site services managed by DOE-RL (This is a new contract for mission support or infrastructure which would be put out for proposals before the other two.)
- 2) Waste Material Storage and Disposition Mission Contract to be managed by DOE-RL
- 3) Tank Farm Operations and Closure Mission Contract to be managed by DOE-ORP

Under the current plan, three independent contractors will perform the Central Plateau work. No rationale has been provided for the artificial partitioning of this inter-related and co-located work scope. From a cost and efficiency perspective, having one Central Plateau contract may provide savings and help address

challenges in integrating work scope between ORP and RL. The Hanford Advisory Board (Board) has previously offered DOE advice on integrating this work scope (Advice #182).

The Board has offered DOE significant advice on contract reform (Advice # 182), urging that lessons learned from the General Accounting Office and other independent reviews of DOE contracting strategies be applied to these contracts. We urge that the Request for Proposals (RFPs) reflect these lessons and our prior advice. The Board appreciates the sensitivity of the procurement process and the commitment of DOE to consider comments from the Board and public on its RFPs.

Advice:

The Board advises that the RFPs and the notice of solicitation (notice on Hanford Central Plateau Acquisition) reflect the following specific advice:

1. The Board sees no pressing need for the third contract (mission support). DOE should craft one contract for the Central Plateau scope of work to facilitate integration and agreement between the field offices that might prevent unnecessary expenditures and work disruptions. Additionally, integration of the contracts for this area will facilitate the contractors' ability to move highly qualified and experienced exempt and management staff from project to project as needs and priorities change, thus facilitating Hanford clean-up activities.
2. The current public solicitation notice should be clarified to clearly indicate that DOE is not delegating to its contractors the responsibility of determining end states for projects or negotiating cleanup end states with regulators.
3. The contracts should clearly indicate that the scopes of work, performance incentives and evaluation will be based upon successfully meeting the regulatory requirements. The scopes of work must ensure that contractors design projects that meet applicable regulatory requirements. To reach this end, the contract must include the regulatory determinations, if applicable, in the scope of work.
4. It is unclear what is included in the groundwater monitoring program in the mission support contract. An independent contractor may be appropriate for sampling; however, expertise for groundwater program design and management should reside with the contractor having expertise in and responsibility for groundwater cleanup actions.

5. DOE should make contract procurement communication summaries publicly available.
6. It is imperative new contractors have strong safety records on decommissioning and demolition work. The safety records should be a significant part of the qualifications, and these should be available for public review.
7. Contracts should be structured in a way to avoid duplication of human resources and benefits programs. DOE should commit to use a uniform and transparent set of overhead accounts to ensure overhead costs do not increase. This reflects longstanding prior Board advice.
8. DOE should attempt to minimize or eliminate inequities in salaries and benefits when implementing new contracts and provide equal benefits for equal work performed. DOE should also consider a mechanism to reinstate previous Hanford Operations and Maintenance (O&M) service.
9. Performance incentives should be tied to independently validated cost and schedule estimates for specific projects, reflecting regulatory requirements. Achieving regulatory requirements should be incentivized, as with schedule and cost.
10. Contractors should not be allowed to shift resources in a manner that jeopardizes work in progress or a stable work force simply in order to achieve fee.
11. Careful planning should be conducted to avoid leaving cleanup programs in an untenable situation due to faulty or nonexistent infrastructure. Repairs, upgrades and replacement to infrastructure should be conducted in a manner that does not leave site workers or their personal property at risk. Infrastructure funding and expenditures should be transparent and reported as a program cost in order to ensure infrastructure needs are met.

Sincerely,



Todd Martin, Chair
Hanford Advisory Board

This advice represents HAB consensus for this specific topic. It should not be taken out of context to extrapolate Board agreement on other subject matters.

cc: Leif Erickson, U.S. Department of Energy , Richland Operations Office
Ed Simpson, Director, Office of Procurement & Assistance Management,
U.S. Department of Energy, Headquarters
Michael Bogert, U.S. Environmental Protection Agency, Region 10
Jay Manning, Washington State Department of Ecology
Shirley Olinger, Co-Deputy Designated Federal Official, U.S. Department
of Energy, Office of River Protection
Dave Brockman, Co-Deputy Designated Federal Official, U.S. Department
of Energy, Richland Operations Office
Nick Ceto, Environmental Protection Agency
Jane Hedges, Washington State Department of Ecology
Doug Frost, U.S. Department of Energy Headquarters
The Oregon and Washington Congressional Delegations

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Ron Wyden

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Jerome Delvin
Mike Hewitt

State Representatives (WA)

Larry Haler
Shirley Hankins