

HANFORD ADVISORY BOARD

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

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US Environmental
Protection Agency
Washington State Dept
of Ecology

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Department of Health

November 3, 2006

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 (H6-60)
Richland, WA 99352

Re: Multi-Tier Pension and Benefits Program

Dear Messrs. Klein and Schepens,

Clean up of the Hanford site depends on a skilled, experienced, and stable workforce. Anything that disrupts that continuity disrupts clean up progress and the safety of that progress. In light of the Department of Energy's (DOE) upcoming requests for proposals (RFPs), the Hanford Advisory Board (Board) is concerned that changes in contractors will result in unequal benefits among all non-Federal Hanford employees. This inequity will likely create significant disruption in mission accomplishment by having a negative impact on morale and the teamwork approach; making transition to new contracts more difficult; hindering an effective Integrated Safety Management System (ISMS); and making retaining a skilled workforce more difficult.

In 1996, approximately 1,750 Hanford workers were reclassified as enterprise workers. The enterprise companies' non-Hanford work did not materialize anywhere near the levels predicted. The workers within those companies did not choose to be assigned to the enterprise companies but, nevertheless, their pension benefits service years were frozen and they became ineligible for retirement or regular Hanford Employee medical benefits. At the same time, the other 7,000 Hanford workers not employed by an enterprise company continued to remain in the Hanford benefits program and continued to accrue the benefits that are denied to the enterprise workers.

During the last ten years, most of the enterprise workers have continued to support the Hanford mission instead of doing non-Hanford work. As an example, those workers who provide Hanford Site Intranet support are enterprise workers, that being almost their sole mission.

We understand DOE committed to Senator Maria Cantwell that it would conduct a review of the pension and benefits policy before proceeding with any RFPs. However, DOE could not identify to the Board's Budget and Contracts Committee in October how that review was to be conducted, its scope, and whether it would be conducted before the RFPs for the new infrastructure contracts were published. Also, DOE could not identify how the public would be able to participate in that review. More recently, a DOE-HQ official announced that all three RFPs for major contracts would be issued in November 2006. If true, this would breach the commitment to review the pension and benefits policy before issuing contract RFPs calling for a multi-tier system.

The Board is concerned that an inequitable multi-tier pension and benefits system creates serious obstacles to efficiency by preventing smooth shifting of contractual workscopes from one contractor to another. The multi-tier system also creates obstacles to having skilled workers or professionals voluntarily move to projects managed by another contractor who could use their skills.

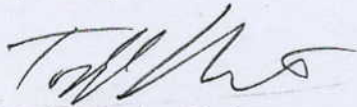
Advice

- The Board advises DOE to include the public, unions and non-union employees in its review of any multi-tier pensions policy before the RFPs are issued. This should include holding public meetings to explain potential changes and taking comments. This review should also be completed before any new RFP is issued.
- The Board advises DOE that these RFPs and future RFPs for contracts should specify that all Hanford site employees, including enterprise employees, be under the Hanford Employees Welfare Trust program (single tier).
- The Board advises DOE that any current enterprise worker who is subsequently employed under the new or future contracts resulting from the RFPs should be afforded the opportunity to recover pension and continuity of service credits.
- The Board advises DOE that all employees, including enterprise employees, whose workscope is essentially in support of the Hanford clean-up effort should be given the opportunity to obtain pension and medical benefit coverage under the regular Hanford plans, thereby providing an end to existing benefit inequities.

The following Board members and alternates abstained from the advice out of concern for any perceived conflict of interest.

Jeff Luke, Non-Union, Non-Mgmt Employees
Susan Leckband, Non-Union, Non-Mgmt Employees
Bob Parks, City of Kennewick

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
Elin D. Miller, 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