



September 8, 2000

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Washington Department of Ecology
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Subject: FY2001 Performance Measures

Dear Messrs. Klein, Boston, Findley, and Fitzsimmons:

As performance agreements and new contracts are negotiated by both the U.S. Department of Energy (DOE) Richland Field Office (RL) and the Office of River Protection (ORP), the Hanford Advisory Board (HAB) urges the DOE offices to follow the principle that contract negotiations and annual contract performance measures need to reflect Tri-Party Agreement (TPA) and regulatory requirements.

The TPA milestones are set in a public process, with public input, to determine appropriate timelines and expectations for achieving compliance with applicable laws and regulations. Contract terms are negotiated between DOE and contractors in an inherently private negotiation (and sometimes unilateral DOE) process. The contract terms and annual performance measures must not pre-empt the public process of setting appropriate TPA milestones or the determination by regulators of what performance is required to meet TPA and regulatory requirements.

The Board advises DOE to follow this principle in setting performance measures by:

Consultation

1. Improving its consultation with regulators in the setting of performance measures for contractors. The Board urges ORP to consult closely with Ecology as to appropriate performance measures for improving tank safety, leak prevention and detection, treatment schedules and technologies, and meeting monitoring and characterization requirements.
2. Regulators and the public must be involved in recommending which work contractors accelerate for stretch and superstretch goals through early identification and prioritization of those goals. Stretch and superstretch work should not be accomplished at the expense of current year baseline work.
3. Setting specific performance measures which put fee directly at stake for regulatory non-compliance violations.
4. When TPA or regulatory determinations are pending contract performance expectations should not be set unless the contract clearly provides that the expectation or measure will be changed to reflect the outcome of the pending TPA or regulatory determination.

Performance Measures

1. The Board urges that DOE base "stretch" and "superstretch" goals only upon approved baselines that are independently validated as to cost and schedule.
2. Indirect costs should be identified and indirect budgets should be independently validated to ensure award fees are not paid for transferring indirect funds for stretch and superstretch goals for which the contractor is awarded fee for accelerating work from the baseline.
3. DOE should adopt specific objective performance measures and evaluation mechanisms for openness.
4. The HAB supports the inclusion of specific ISMS safety performance goals and enhanced safety performance statistics in the performance objectives for all DOE site contractors.
5. Due to the importance to the Pacific Northwest of the achievement of the mission goals established for ORP, performance objectives should be established which will ensure that ORP is provided with the support services and activities that are required to support the ORP mission.
6. The Board supports performance objectives for the Groundwater/Vadose Zone Project that will focus this project towards results that can be used to make priority decisions regarding cleanup.

We look forward to your response and to periodic progress updates on this matter.

Very truly yours,

Merilyn B. Reeves, Chair
Hanford Advisory Board

cc: Carolyn Huntoon, Department of Energy Headquarters
Wade Ballard, Deputy Designated Federal Official
The Oregon and Washington Congressional Delegations
Michael Gearheard, Environmental Protection Agency
Dan Silver, Washington Department of Ecology

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*For questions or comments, please send [email](mailto:Hanford_Advisory_Board@rl.gov) to Hanford_Advisory_Board@rl.gov
HAB Consensus Advice #111
Subject: Performance Measures*

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