



**Department of Energy**  
Richland Operations Office  
P.O. Box 550  
Richland, Washington 99352

01-PRO-160

DEC 21 2000

Mr. R. D. Hanson, President  
Fluor Hanford, Inc.  
Richland, Washington 99352

Dear Mr. Hanson:

**CONTRACT NO. DE-AC06-96RL13200 - FEE DETERMINATION FOR THE PERIOD OF OCTOBER 1, 1999, THROUGH SEPTEMBER 30, 2000**

This letter transmits the Fiscal Year (FY) 2000 fee determination for Fluor Hanford, Inc. (FHI). As the Fee Determining Official for the U.S. Department of Energy, Richland Operations Office (RL), I am pleased to inform you that FHI has earned \$19,899,464 in fee for FY 2000. This includes earning fee in seven of eight performance incentives, a significant share of the Comprehensive Performance Incentive, and \$677,564 for successfully completing two superstretch incentives, where additional work was funded and performed through cost savings. The earnings also reflect a reduction under Contract Clause H.47, Conditional Payment of Fee or Incentives, to reflect weaknesses in cost performance during the fiscal year.

Notable elements of performance include:

- **Waste Management Program:** Major areas of success included certifying 22 cubic meters of transuranic waste (TRU) for shipment, successfully completing the first shipment of TRU to the Waste Isolation Pilot Plant, treating 1204 cubic meters of mixed low level waste, disposing of the equivalent of 983 cubic meters (based upon the measurement assumptions) of mixed low level waste, and preparing T Plant to receive K Basin sludge.
- **Nuclear Materials Stabilization Program:** Important results in this area included the startup of four new stabilization processes (three new muffle furnaces, residue processing using the pipe-n-go system, plutonium solution processing, and the bagless transfer system) Implementation of these processes enabled FHI to stabilize 658 plutonium metal/oxide/polycube items, 103 liters of plutonium solution, and 29 kilograms of bulk residues. FHI also made significant progress in accelerating deactivation of the 324/327 buildings, earning regular, stretch, and superstretch fee
- **Spent Nuclear Fuel (SNF) Project:** FHI reorganized to become more focused and achieve success on the SNF project. FHI's efforts in FY 2000 ultimately led to achievement of an extremely significant milestone in FY 2001; successful movement of the first multi-canister overpack of fuel to the Canister Storage Building on December 7, 2000.

Mr. R. D. Hanson  
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FHI earned \$2,500,000 under the Comprehensive Performance Incentive. A majority of the elements were rated satisfactory to excellent. Particular areas of achievement include: implementation of the FHI Integrated Safety Management System, continued excellence in safety achievements, an efficient and effective site infrastructure, science and technology integration into project planning and execution, pollution prevention activities, effective energy management, implementation of the National Facility Deactivation Initiative, effective communications with external and internal Hanford customers, and partnering with other site entities. The Comprehensive Incentive Performance Evaluation Report is enclosed.

Overall, I am pleased with the progress attained this past fiscal year. I look forward to working with FHI to achieve the critical site outcomes I have identified-restoring the river corridor for multiple uses, transitioning the central plateau to support long-term waste management, and putting DOE assets to work for the future. If you have questions, please contact me, or your staff may contact Sally Sieracki, Office of Procurement Services, at (509) 376-8948.

Sincerely,



Keith A. Klein  
Manager

PRO:GFC

Enclosure:  
Comprehensive Incentive Performance  
Evaluation Report



**FY-2000**

**FLUOR HANFORD INC.**


**DE-AC06-RL13200 Modification M090**

**COMPREHENSIVE INCENTIVE**

**PERFORMANCE EVALUATION**

**REPORT**

**RL FEE EVALUATION BOARD**



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**Lloyd Piper, Chair**

December 2000

## **EXECUTIVE SUMMARY**

The Richland Operations Fee Evaluation Board, including a representative from EM-40, met on November 21, 2000, to finalize a recommendation on fee earnings for the Fluor Hanford, Inc. Fiscal Year 2000 (FY-00) Performance Incentive (PI) for Comprehensive Performance. The FY-00 FHI Comprehensive PI is comprised of five main performance objectives (each with detailed performance expectations):

1. Protection of worker safety and health, public safety and health, and the environment.
2. Leadership and management effectiveness.
3. Management responsiveness to customer.
4. Quality and responsive communications with external and internal Hanford customers
5. Partnering with other site entities.

The majority of performance expectations within these five areas are negative incentives only where fee may be deducted for less than satisfactory performance. There are three positive fee incentive performance expectations. These are: provide effective science & technology integration and application; achieve pollution prevention, and National Facility Deactivation Initiative.

For the large majority of elements in the FY-00 Comprehensive FHI had satisfactory to excellent performance. Particular areas of achievement include: implementation of the FHI Integrated Safety Management System (ISMS), continuing excellence in safety achievements, an efficient and effective site infrastructure, science and technology integration into project planning and execution, pollution prevention activities, effective energy management, implementation of the National Facility Deactivation Initiative, customer response in the project execution area, communications with external and internal Hanford customers, and not the least of the foregoing, partnering with other site entities.

There are areas where FHI needs improvement. Some of the areas to be mentioned below were not the subject of specific expectations in the FY-00 Comprehensive and did not enter into the final recommendation for the FY-00 Comprehensive fee earnings. These areas are provided as feedback to FHI for FY-01 activities. The specific areas noted for improvement include; customer responsiveness in all areas of FHI activity in providing quality and timely responses, bringing Fluor Corporate project management practices, discipline and personnel to all areas and levels of FHI; activity based cost estimating and project baselines; continuing emphasis on quality assurance with improved contractor self-assessment processes and analysis with the associated corrective action management processes; definition of subcontracted services including architect and engineering with higher quality conduct of engineering; an updated make or buy plan to reflect current conditions, the baseline change request process, and the application of the earned value management system.

In addition, FHI's comprehensive self-assessment for FY-00 identified numerous opportunities for improvement for FY-01, and beyond. FHI is encouraged to pursue those opportunities in

consultation with the RL Contracting Officer's Representative with oversight responsibility for those areas.

For the \$3.0 million available for positive fee earnings under the FY-00 Comprehensive, the RL FEB evaluation is that all of the performance expectation elements have been met or exceeded by FHI. The RL FEB recommends that FHI be awarded the full \$3.0 million of positive fee available.

For the FY-00 Comprehensive elements, where fee may be deducted for less than satisfactory performance, for all elements, with the exception of one, the RL FEB evaluation is that FHI performance has been at least satisfactory and recommends that no fee deduction be made. However, in the area of element 3.A, "Respond To Customer Requests With Quality Timely Responses", FHI's performance in certain areas has been less than adequate. The two major deficiencies related to (a) the management of FHI Enterprise Company decisions, and (b) the 10% reduction of base operations cost for FY-01 with the preparation of resultant work plans for FY-01 and beyond. While recognizing the good performance of FHI in other areas of the performance element, the noted deficiencies are very severe and have caused extensive disruptions. As a result, a fee deduction of \$500,000 in this area is recommended by the FL FEB.

In summary, the RL FEB recommends a total of a \$2,500,000 fee for FHI's performance under the FY-00 Comprehensive.

## **1.0 PERFORMANCE OBJECTIVE/MEASURES 1 - Protection of worker safety and health, public safety and health, and the environment**

### **1.A. Maintain Environmental Compliance**

The Contractor shall manage and conduct activities in accordance with all applicable environmental requirements, including: federal, state, and local laws; federal, state, and local regulations; and DOE requirements.

#### **Expectation 1.A.1. Maintain Compliance With All Applicable Federal, State, and Local Environmental Statutes and Regulations**

In summary, FHI maintained a satisfactory or better level of compliance with applicable federal, state, and local statutes and regulations during the course of FY-00. There were some occasions when questions of compliance were raised by the regulatory agencies. All of these were responded to in a positive manner and for the most part satisfactorily resolved. There were also some instances when DOE raised concerns over possible regulatory issues where there were levels of differing opinions with the regulator's staff personnel. Examples of these concerns were the problems at Plutonium Finishing Plant (PFP) concerning the Resource Conservation

and Recovery Act of 1976 (RCRA) permit, RCRA compliance and questions with the 324 B Cell cleanout and associated Tri-Party Agreement (TPA) Milestones, and Land Disposal Restriction (LDR) applicability. FHI responded positively when such concerns were raised and initiated actions to correct known problems.

**Expectation 1.A.2. Self-Disclose Non-Compliance and Enact Self-Correction of the Situation In A Timely Manner**

During FY-00 FHI had a self-assessment program that examined activities to seek areas of potential non-compliance. FHI found and self-disclosed and corrected several potential problems in a timely manner. FHI provided to RL a monthly (beginning in February) accounting of self-disclosure and correction activities.

The following summaries demonstrate how FHI assessed their performance of environmental compliance activities, self-disclosed areas of potential non-compliance, and promptly initiated corrective actions. The following examples are from the month of September.

1. All Waste Sampling and Characterization Facility (WSCF) analytical procedures were reviewed and compared against Waste Fact Sheets to ensure completeness. Several questions and concerns were identified. Waste Management Project (WMP) Environmental Services will assist in resolution of issues, help with any corrections of the waste fact sheets that might be needed, and perform compatibility reviews of the laboratory waste streams and Satellite Accumulation Areas (SAA).
2. Environmental Services performed a pre-Facility Evaluation Board (FHI-FEB) environmental compliance self-assessment of the 200 Area Accelerated Deactivation Project facilities. Identified concerns focused primarily on chemical management activities. The final report was issued the week ending September 22, 2000.
3. A self-assessment of the River Corridor Project (RCP) insignificant emission units was performed to ensure compliance with Washington Administrative Code (WAC) 173-401 requirements.
4. The RCP will self-disclose two weaknesses and the corresponding corrective actions to the FHI-FEB team as

part of the upcoming audit. The two issues/weaknesses to be disclosed are: (1) Integration of Pollution Prevention into work planning, and (2) conformance with HNF-PRO-454 (management of inactive waste sites).

**Expectation 1.A.3. Perform Timely and Effective Corrective Actions For Deficiencies Identified by DOE or Other Regulatory Entities**

During FY-00 FHI responded to several issues raised by DOE and other regulatory agencies in a timely manner, and initiated effective corrective actions.

**1.A. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**1.B. Implement Integrated Safety Management System (ISMS)**

The Contractor shall have an implemented and verified ISMS in place by September 30, 2000, in accordance with the Memorandum to All Department and Contractor Employees from Secretary of Energy, Bill Richardson, Subject: Safety Accountability and Performance, dated March 3, 1999.

**Expectation 1.B.1. Successfully Complete DOE Phase II Verifications For Facilities as Agreed With RL**

The Phase I/II verification of the SNF was completed during November 1999. Phase I/II verification of Site Services (DynCorp (DYN)) was completed by the FHI-FEB during December 1999. The phase II verification for the remaining projects (Nuclear Material Stabilization, Waste Management, River Corridor, Fast Flux Test Facility and Analytical Services) was completed during June and July 2000. Fluor Hanford ISMS Implementation Project Plan, HNF-4554, dated April 19, 2000 was revised to reflect a strategic change to the verification schedule in order to support the combined Phase II verification of the remaining FHI facilities. The RL manager concluded in the Verification Report, RL-2000-47, that FHI adequately implemented their ISMS. FHI is in the process of developing corrective actions/improvement plans for each of the opportunities for improvement identified during the verification. The FHI-FEB conducted a Phase I/II ISMS validation of PTH during July 2000. In the validation report, FEB-FY00-02-ISMS, FHI has concluded that PTH ISMS is implemented. RL provided approval of the FHI

implementation of ISMS August 3, 2000 via letter No. 00-AMSE-035.

**Expectation 1.B.2. Deliver Systems Description, Which Include a Successful DOE Verification, as Described in DOE-HDBK-3027-99, Integrated Safety Management Systems (ISMS) Verification Team Leaders Handbook, June 1999**

Concurrent with the October 1999 re-structuring by FHI, an initial verification of the FDH ISM System Description was conducted. The Project Hanford Management Contract Integrated Environment, Safety, and Health Management System Plan, HNF-MP-003, Rev. 2 (FDH ISMS Plan) was reviewed relative to the safety management system documentation required by DOE Acquisition Regulation (DEAR) Clause 970.5204-2. The verification, which was completed during October 1999, resulted in several "opportunities for improvement" as well as several "noteworthy practices". FHI has developed and submitted to RL a corrective action/improvement plan for each of the opportunities for improvement.

FHI plans, manuals of practice, and procedures at the "institutional" level have been verified through the initial FDH ISMS Phase I verification, however, the mechanisms to do work safely at the project and activity level could not be confirmed. FHI had previously required each project to develop an ISMS Description, which would augment the institutional level ISMS Description and which would describe how work is done safely at the project and activity level. ISMS Descriptions were subsequently developed for the SNF and Nuclear Material Stabilization (NMS) Projects and ISMS Phase I verifications were performed. Recently, FHI modified the aforementioned multiple ISMS Description strategy in favor of a single FHI ISMS Description, which would describe the mechanisms, used to do work safely at the institutional, project and activity level. Accordingly, the revised FHI ISMS Description (HNF-MP-003, Rev. 3) required verification.

RL conducted a Phase I ISMS verification of the FHI ISMS Description on April 12 thru 28, 2000. The FHI Phase I ISMS verification identified two opportunities for improvement and two outstanding corrective actions from previously conducted Phase I verifications that should be corrected prior to approval of the FHI ISMS Description. RL has confirmed that FHI has



completed the corrective actions necessary to approve the FHI ISMS Description. Approval of the FHI ISMS Description by the manager has been completed and is documented per letter No. 00-A&E-085 dated June 9, 2000. FHI is in the process of addressing other opportunities for improvement described in the verification report.

**Expectation 1.B.3. Obtain Authorization Agreement Approvals For All Category 2 Nuclear Facilities, Prior to Phase II Verifications**

Authorization Agreement (AA) approvals for all applicable hazard category 2 nuclear facilities were obtained prior to Phase II ISMS verification. The applicable hazard category 2 nuclear facilities are defined in HNF-SD-GN-TI-502, Project Hanford Nuclear Facilities List and Authorization Basis Information, Revision 5 dated September 10, 1999, with the exception of the 200 Area Interim Storage Area, SNFs Project Canister Storage Building and the SNF Project Cold Vacuum Drying Facility. Authorization Agreements for these facilities will be developed and approved in conjunction with their startup and readiness schedules.

**Expectation 1.B.4. Ensure All Operations Are Conducted in Accordance With ISMS Requirements Noted Above**

FHI has ensured that operations under the Project Hanford Management Contract FHI were conducted in accordance with ISMS requirements. The FHI-FEB incorporated ISMS principles and functions into FHI-FEB Performance Objectives and Criteria. The FHI-FEB has been established as an ISMS validation authority within the FHI. Also, FHI organizations use the management assessment process to assess ISMS implementation within their organizations. The management assessment process tracks the number and area of ISMS reviewed. The RL facility representatives also ensure that FHI operations are conducted in accordance with ISMS requirements.

**Expectation 1.B.5. Utilize DOE Policy 450.5, Line Environment, Safety and Health Oversight, As a Guide to Effectively Implement**

1. Self-assessment program;
2. Functional corrective action tracking and resolution process;
3. Lessons-learned program; and

4. Overall feed-back program leading towards continuous improvement

**a) Self-Assessment Program**

FHI has implemented an independent self-assessment program utilizing the FHI-FEB program and the FHI Management Assessment (MA) program. Summary MA reports are provided quarterly describing the quantity, quality, and effectiveness conclusions from the organization's management self-assessment activities including positive or negative observations. The report tabularizes the number of MAs scheduled, scheduled MAs performed, scheduled MAs completed from previous quarters and unscheduled assessments completed during the quarter. The FHI-FEB also prepares quarterly status reports as well as assessment reports. The FHI-FEB performed facility evaluations at Analytical Service project, solid waste projects, nuclear stabilization, and waste encapsulation and storage facility. The FHI-FEB performed assist visits at spent nuclear fuel, WESF, 222 S, WSCF, & WRAP. Both the MA program and FHI-FEB program provide input into the FHI feedback and improvement process.

ISMS principles and function have been integrated into both the MA program and FHI-FEB program. A table was added to the MA quarterly report to indicate the number and ISMS area, which were reviewed. The FHI-FEB incorporated ISMS principles and functions into their assessment criteria. The FHI-FEB has been established as ISMS validation authority within FHI. The FHI-FEB assisted on or performed multiple ISMS verifications: FHI Phase I and II, SNF I/II NMS Phase I and validation of DYN and PIH.

**b) Functional Corrective Action Tracking and Resolution Process**

To aid in timely resolution of the seven items in RL letter 00-A&E-095, dated July 19, 2000, FHI Project Interface & Compliance has hosted weekly interface meetings with RL. Mutual agreement has been met on several of the items and meetings are planned to continue until an agreement has been reached on the remaining items.

As part of the FHI Corrective Action Management System (CAMS) FHI implemented a corrective action tracking and resolution process for FY00 activities and issued monthly and annual trending reports based on deficiency data maintained in Deficiency Tracking System (DTS). However, FHI needs to expand their process for reviewing and analyzing data to encompass more than deficiencies to meet expectations of DOE O 414.1 and 10 CFR 830.120 which requires review for program weaknesses and evaluation of quality related information for opportunities for improvement. In addition, data entry into DTS is not always timely; often data entry does not occur until several months after a deficiency is identified, which introduces the probability of skewed trend results.

In an effort to reduce the number of legacy deficiency items, a process for managing these deficiencies was developed and, through the efforts of FHI and RL, over 2000 legacy deficiencies were closed. In support of this effort RL agreed to waive the Compliance Order Requirements of HNF-PRO 052 for deficiencies entered into DTS prior to July 12, 1999.

FHI initiated improvements to their training and certification process, as a result of an RL Facility Representative finding (Surveillance S-00 OOD-FHI-001) regarding the adequacy of training and certification for FHI employees performing Root Cause Analysis.

FHI has been working to replace the current querying and reporting tool with Crystal Reporting, which was recently provided by RL. The application shown had the majority of attributes RL needs to meet customer expectations.

#### **c) Lessons Learned Program**

FHI utilizes HNF-PRO-067, Managing Lessons Learned, as guidance to implement their Lessons Learned program. Rev 2 of this procedure dated August 14, 2000 incorporates a new process to screen and track incoming red and yellow lessons learned. Any incoming red or yellow lessons learned are evaluated to determine whether they apply to Project Hanford. If it applies and action to prevent an event described could be required, then the document is routed to the appropriate Functional Area Manager (FAM) for appropriate action.

FHI prepares a quarterly report summarizing lessons learned activity, which provides input into the FHI Feedback and Improvement Process. The lessons learned coordinators for the Hanford major contractors have periodic meetings with the RL lessons learned contact.

FHI provided documentation of job level lessons learned. The FHI Operations and Maintenance has worked closely with the Job Control System (JCS) Administrator, the Maximo Coordinator, and the automated Job Hazard Analysis (AJHA) program manager to develop a process for compiling job level lesson learned. Features have been added to JCS, Maximo, and the AJHA tool to count the number of work packages that incorporated input from post-job reviews, J'ss, site lessons learned, team member input, and new requirements. The lessons learned coordinator receives input from these administrators each month on the number of work packages and AJHAs that incorporated lessons learned. These numbers are tabularized and provided monthly to RL. The report format and data analysis has been modified and will continue to be modified based on feedback to provide added value. The table shows the percentage of the total work packages, which have incorporated lessons learned.

#### **d) Overall Feedback Program Leading Towards Continuous Improvement**

The feedback and improvement process was formalized by development of a FHI procedure, FIDE-5096 (October 25, 1999). This procedure identifies five sources of feedback and requires the information to be analyzed each quarter to identify improvement opportunities. The five sources of feedback are management assessment quarterly reports (by far the largest source), corrective action tracking and trending, facility evaluation board reports, and ESH&QA performance indicators. Feedback from summary reports in these five areas is classified into ISMS core functions, and quality assurance (QA) criteria (830.120). The data was analyzed and provided in four quarterly reports using frequency and source charts. This information was presented to the President's Quality Council for review, prioritization and discussion. The process provides a senior management forum for review, discussion and directed action on key feedback and improvement areas.

Key areas reviewed and prioritized for which actions were taken include: roles and responsibilities of project, functional area and service providers, procedure compliance; procurement activities; ISMS activities; corrective action timeliness; feedback & improvement process improvements; efficiencies/cost savings; manager/functional/field interactions and requirements management. The feedback and improvement program is on track. As the program continues to mature it is expected that more meaningful metrics for F&I areas will be developed.

**Expectation 1.B.6. Have a Functional Process in Place to Maintain its ISMS Which Utilizes DOE G 450.4-1, Integrated Safety Management System Guide For Use With DOE P 450.4, Safety Management System Policy, and DEAR Safety Management System Contract Clauses, 11-26-97, Volumes 1 and 2., as Guidelines**

On March 13, 2000, FHI submitted HNF-4554, Revision 4 Integrated Environment, Safety and Health Management System (ISMS) Implementation Project Plan to RL. As specified in the above referenced plan, FHI will develop and implement a plan consistent with DOE G 450.4-1 to maintain its ISMS. On September 26, 2000, FHI submitted a memorandum (FHI-0005248) describing the FHI "plan" to sustain and maintain ISMS. The plan incorporates input provided by RL and is consistent with DOE G 450.4-1.

**1.B. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**2.0 Performance Objective/Measure 2 - Leadership & Management Effectiveness**

**2.A. Implement New Organization and Management Systems**

The Contractor shall institute organizational and management system improvements for significantly increasing management effectiveness and control of its contractual work activities.

**Expectation 2.A.1. Increase Productivity**

FHI restructured its organization to a project-focused organization instead of a functional organization, eliminating multiple interface layers. The restructuring better aligns with the DOE vision for Hanford cleanup – the River, the Plateau, and the Future. FHI increased the production rates at PFP

through the use of increased production units and new technology. FHI accomplished unfunded work by finding productivity efficiencies – executing work in a more efficient manner and reducing indirect funding costs. Overall FHI had a total positive cost variance of \$18,301,000 in FY-00 which was accomplished through multiple process improvements and work efficiencies.

#### **Expectation 2.A.2. Develop Management System Description**

FHI developed a management system description and documented it in the Fluor Hanford Management Plan (HNF-MP-001) effective March 10, 2000. This is a revision of Fluor Daniel Hanford Management and Integration Plan with a philosophy change incorporated. FHI revised Fluor Hanford Management Roles and Responsibilities (HNF-MD-6367) effective May 16, 2000 to clarify organization and function roles and responsibilities. The Processing Project Hanford Management Systems Documents (HNF-PRO-589) effective August 10, 2000, which contains management system implementing documents was also revised.

#### **Expectation 2.A.3. Improve Project Control and Discipline**

FHI provided significant support to the RL restructuring efforts to align PBSs to critical outcomes. Developed a Summary Schedule which required logic-driven resource loaded schedules.

However, there are areas for improvement. The entire business management set of data systems, reflect an inconsistent approach to discipline and configuration control. The key systems, baseline change control, Hanford Data Integrator (HANDI), central milestone module, Hanford Site Technical Database all reflect pieces of a baseline, but not in a consistent means. Each taken by itself seems to be adequate, however, when using them together the data that is either supposed to be the same, or tied directly to another attribute, is not accurate. The stated baseline for FHI is advertised to be reflected in HANDI, yet as Baseline Changes are approved, it is sporadic, at best, whether or not the change is reflected in the various systems that track the three pieces of the baseline (Scope, Schedule, Cost). When feeding local systems into the HQ Integrated Planning, Accountability, and Budgeting System RL finds inconsistencies in both the feeds to the IQ system, as well as the application of such things as escalation.

The accuracy of the basic data is not consistent in its ability to reflect the true technical, schedule, and cost baseline. Even though RL may be able to know which milestones are approved for the baseline, RL may or may not know how those are portrayed on the P3 schedules, nor does RL know how that is reflected on the technical side of the baseline. How the individual project treats the approved BCR with regard to updating the required data systems is not consistent.

**Expectation 2.A.4. Have Integrated Performance Measures in Place to Measure Progress Against The Site Critical Outcomes and Management Effectiveness**

In FY00, the integrated performance measures were aligned from the Hanford Strategic Plan outcomes to the Site critical outcomes. The Hanford Strategic Plan is the basis for FHI's Integrated Site Baseline. This baseline takes into account TPA milestones, DNFSB commitments as well as funding constraints. Project specific performance measures are updated based upon the technical scope within the given funding constraints. The baseline also includes company wide measures of management effectiveness. A monthly summary of FHI performance is provided to DOE-RL through the FHI Environmental Management Performance Report (EMPR). It is often difficult to determine accomplishments for the past month since information is usually provided as accomplishments "to date".

**Expectation 2.A.5. Implement a Contractor Self-Assessment Process to Measure Contractual and Managerial Effectiveness For Continuous Improvement**

The contractor has implemented a self-assessment process. The FHI MA program is defined by HNF-PRO-246, "Management Assessment" (revised July 20, 2000). The program requires management assessments to be scheduled, performed, and the results reported and evaluated. Any identified deficiencies are incorporated into the corrective action management process.

A quarterly report is prepared summarizing FHI business management self-assessment activities. The reports provides an analysis of the results from FHI MA conducted during the quarter, describes positive or negative observations, reports on improvements and FHI MA program successes, and provide recommendations for continued efforts. The report tabularizes the number of MAs scheduled, scheduled MAs performed,

scheduled MAs completed from previous quarters and unscheduled assessments completed during the quarter.

FHI has demonstrated efforts to better integrate ISMS core functions and guiding principles into the MA program. The 4<sup>th</sup> quarter MA summary report included a table which identifies the ISMS Areas reviewed.

The MA Program within FIII has matured and improved during FY-00. However, PHI can improve by better analyzing all the MA data at the FHI and overall programmatic levels.

**2.A. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**2.B. Provide Efficient and Effective Site Infrastructure and Support Services**

The Contractor shall provide efficient and effective site infrastructure and support services (e.g., utilities, maintenance, general purpose facilities and information management) commensurate with site mission needs.

**Expectation 2.B.1. Provide The Required Infrastructure and Support Services as Efficiently and Effectively As Possible, Within the Constraints, Such as Funding and Labor Agreements**

FIII provided effective site infrastructure and support services throughout the fiscal year within the funding constraints. DynCorp (DYN) costs are within control limits and milestones are being completed on schedule. The Fiscal Year To Date (FYTD) Budget was \$72.7M and the FYTD Actuals were \$72.4M. FYTD: 57 Milestones were scheduled and 54 were completed. Lockheed Martin Services, Inc. (LMSI) costs are within control limits and service levels met expectations. The FYTD budget was \$42.71M and the FYTD Actuals were \$42.06M. Fourteen critical few metrics for LMSI met baseline or stretch goals.

FHI successfully completed the Y2K transition of the Hanford Area Local Network (HLAN) infrastructure and applications without disruption to site productivity during FY00. Provided infrastructure to the site of the future tank waste vitrification plant. Provided fire response and recovery support during the 24 Command Fire. Implemented SecurID authentication for all remote access to the HLAN. Replaced the site voice mail system. Transitioned BHI onto the site telephone system. Completed the Administrative Record (AR) and Public



Information Repository (PIR) web site and eliminated hard copies to 7 sites. Developed "first of its kind" automated transfer process to copy documentation from Richland Integrated Management System (RIMS) to AR/PIR web site. Delivered 60 Multi-canister Overpack (MCO) baskets to Spent Nuclear Fuel (SNF). Completed road improvements at Rattlesnake Barricade Access Road. Automated the 200 Area water system for central control. Closed four abandoned septic systems to WSDOE requirements ahead of schedule. FHI has begun implementation of the use of spare telephone wire parts in place of obsolete "Baseband" wiring that severely impacts about 40% of the site. Free-released and sold six cranes and used revenue to purchase a new crane. Updated the Ten Year Plan for Electrical Utilities, the Hanford Electrical Power Requirements 20-Year Load Forecast, and the Annual Hanford Electrical and Natural Gas Consumption/Cost Report. Achieved 99.9% network uptime, 99.9% telephone switch uptime, 99.8% server availability, and 94% resolution on first call by Help Desk. Upgraded to Outlook 2000 and completed a major upgrade to the e-mail post office file servers. Implemented an IRM customer "Supply and Demand" management model using a fixed unit rate (FUR) billing system.

**Expectation 2.B.2. Match Infrastructure and Service Requirements in Concert with Mission Requirements (i.e., Alignment With Site Critical Outcomes)**

The strategic and work plans support the RL Critical Outcomes. Baseline change requests are consistent with RL expectations. More than \$1M in cost savings/avoidance has been identified and reallocated to clean-up projects. Developed a draft of the Hanford Site Services Manual for RL. Supported the Office of EM in reviewing infrastructure budget and policy issues as part of the Infrastructure Life Extension Campaign. Developed a Landlord Master Plan. Developed a Long Range Infrastructure Plan.

**2.B. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**2.C. Provide Effective Science and Technology (S&T) Integration and Application**

The contractor shall contribute to the Hanford cleanup mission by deploying science and technology to reduce technical risk, accelerate schedule, and satisfy Hanford Site technology needs.

**Expectation 2.C.1. Conduct science and technology assessments to identify and quantify areas of high technical risk/uncertainty, and develop near and long-term mitigation plans (e.g., S&T plans, technology roadmaps). These plans will include Technology Insertion Points (TIPs) and S&T Needs, and will identify the necessary S&T workscope within the appropriate MYWP baseline.**

- Provide a list of S&T assessments by 12/23/99;
- Submit S&T Plans/Roadmaps by 4/17/00;

FHI completed the requirements of this expectation by conducting 10 Technical Reviews and completing 2 S&T Plans/Roadmaps. The Technical Reviews have contributed to the ability of the projects to execute the baselines and has provided a better understanding of technical risks and uncertainty. Four of the reviews confirmed project technical baselines; two had immediate impact on planning, and four identified significant improvements that will reduce future risk. The following is a list of the Technical Reviews completed during FY00;

- Planning for Phase 3&4 Testing of the Fuel Retrieval System and Integrated Water Treatment System
- M-91 Facility Project Management Plan
- Evaluation of Alternatives for Management of the Sludge in Tank Z-361
- Polyeube Oxidation and Factors Affecting the Concentrations of Gaseous Products
- Evaluation of the Magnesium Hydroxide Treatment Process for Stabilizing PFP Plutonium/Nitric Acid Solutions
- 327 Building Stabilization and Deactivation
- Use of Long-term Fixatives for the 324 Building Deactivation Project
- Tank T-105 Cleanup Activities and Plans
- Evaluation of Alternatives for Retrieval of Heels in the Building 340 Vault Tanks
- Deactivation Endstate Criteria for the 324 Building

**Expectation 2.C.2. Deploy Technologies That Provide Solutions to Areas of Need Identified By the S&T Assessments**

FHI projected and completed 8 deployments in FY-00. Deployment Fact Sheets have been received for all 8 deployments. The following is a list of the FY00 deployments and the dates of the deployments;

- Dispersible Removal System (DRS), September 2000
- Cold Vacuum Drying Facility, September 2000
- HANSE Analysis Tool, August 2000
- PFP Magnesium Hydroxide Precipitation Process, August 2000
- Packaging Plutonium-Bearing Special Nuclear Material Using the Bagless Transfer System, September 2000
- "Pipe-and-go" Packaging Technology, September 2000
- Supervisory Control and Data Acquisition (SCADA), July 2000
- Stabilizing Low Level Category 3 Waste Using In-Trench Concrete Encasing, October 1999

**Expectation 2.C.3. Contribute to The Contractor's Portion of The S&T-Related EM Corporate Performance as Documented in the FY00 EM Management Commitment**

FHI has contributed to the successful achievement of Hanford's S&T related EM Corporate Performance by accomplishing 8 deployments for FY-00.

**Expectation 2.C.4. Document The Benefit Derived From The Deployment of Each Technology Using The Return on Investment Models Similar to The Approach/Format Used By The Pollution Prevention (P2) Program**

FHI has documented the Return On Investment (ROI) from each deployment accomplished in FY-00. The following is a list of the deployments and the calculated ROI for each

- Dispersible Removal System (DRS), \$0
- Cold Vacuum Drying Facility, \$39,881,000
- HANSE Analysis Tool, \$24,850,000
- PFP Magnesium Hydroxide Precipitation Process, \$0
- Packaging Plutonium-Bearing Special Nuclear Material Using the Bagless Transfer System, \$20,400,000
- "Pipe-and-go" Packaging Technology, calculation TBD
- Supervisory Control and Data Acquisition (SCADA), \$1,718,376

**Expectation 2.C.5. Complete All TIP Milestones and Provide Documentation Supporting The TIP Decision**

FHI had one technology insertion point (TIP) milestone to complete in FY-00. Under the Tri-Party agreement (reference milestone M-91-03), DOE/Fluor Hanford was required to submit a Project Management Plan to the Washington State Department of Ecology by June 30, 2000. The plan identifies the requirements, actions, and costs to provide the capability for retrieving and processing Hanford Site remote-handled transuranic (TRU) waste including contact-handled transuranic waste in large containers and bulk liquids in drums. The M-91-03 TIP milestone and required documentation was completed on schedule during the month of June 2000.

- 2.C. Fee Evaluation Summary:** All of the performance expectation elements have been met or exceeded by FHI. The RL FEB recommends payment of 100% of the available fee in this area, which is \$1,500,000.

**2.D. Achieve Pollution Prevention**

Executive Order (EO) 13101 requires the diversion of sanitary waste from landfills, and increased purchases of Environmental Protection Agency (EPA) designated recycled-content products. Accordingly the Contractor shall facilitate compliance with this Order.

**Expectation 2.D.1. Implement The Contractor's Portion of The Hanford Site Waste Minimization and Pollution Prevention Awareness Program Plan, Dated August 1998, as Amended**

FHI implemented the Contractor's portion of the Hanford Site Waste Minimization and Pollution Prevention Awareness Program Plan in FY 00.

The FHI environmental compliance performance in this area has been noteworthy. A new executive order was signed in April 22, Executive Order 13148 "Greening the Government through Leadership in Environmental Management". This requirement has not been added to the PHMC contract although it is considered applicable to all industry.

Contractor support for supplying Executive Order 13101 compliance quarterly performance reports to RL has been successful. Quarterly reports were provided consistently.

Contractor support for supplying Executive Order 13101 compliance quarterly performance reports to RL has been successful. Quarterly reports were provided consistently. Often working under very tight timelines, Contractor staff has gone out of their way to provide necessary information and data to RL and Headquarters.

Per Executive Order 13101, FHI is to increase purchases of EPA designated recycled-content products to 100 percent in FY-00, except where they are not commercially available competitively at a reasonable price or do not meet performance standards. At the end of FY-00 FHI reported 100% products purchased with recovered material to total dollars spent. Justification for most cases they reported that these products were not available for purchase. This is an acceptable exception per the RCRA guidelines.

FHI has done a good job of coordinating the support of multiple prime contractors as well.

Through integrated efforts of the FHI Projects and functional organizations, outstanding results were obtained and accomplishments surpassed goals. The waste generation goals were exceeded by an average of 22%, the recycling goal was surpassed by 34%, and the goal of 100% affirmative procurement was achieved.

P-Card holders are trained to purchase material with recycled content from training that is provided by the FHI P2/WM in organization. Also, the Hanford Pollution Prevention Homepage lists all the products that are required to be purchased with recovered content. FHI tailors its affirmative procurement program training and communications based on feedback received from quarterly evaluations.

FHI uses the Pollution Prevention Opportunity Assessments (P2OA) process to identify waste streams with opportunities for waste reduction or avoidance. The P2OA identifies major waste streams, brainstorms opportunities for waste reduction, selects the waste reduction opportunities to pursue, and then determines methods for waste reduction and their cost feasibility. As a result of these opportunities return on investment projects are proposed for funding through the RL Return on Investment (ROI) Program.

Most of the 815 m<sup>3</sup> of LLW reductions that are listed are a result of a ROI project. Of the 14.7 m<sup>3</sup> of MLW reductions identified, 14.2 m<sup>3</sup> is also a result of an ROI project. The FHI and DynCorp proposed these projects for funding through the RL ROI Program and costs returns exceeded \$750K actual savings and cost avoidances of \$70,500 in FY2000.

1343 metric tons of sanitary waste were recycled for reuse during FY00, well above the FHI 33% goal. Sixty seven percent of the sanitary waste was prevented from going to the landfill as a result of DYN and their management of the Centralized Consolidated Recycling Center.

To facilitate compliance with Executive Order No. 13101, FHI developed a course of action and published the Strategy for Meeting the Secretary of Energy's and Hanford Site Fiscal Year 2000 Pollution Prevention Goals plan (Letter No. FDH-9958450, E. S. Aromi, WM, to S. H. Wisniss, RL, dated November 19, 1999). This plan included elements of the DOE/RL-91-31, which incorporated Executive Order No. 13101.

FHI enhanced the strategy for meeting the waste generation goals, developed a separate strategy for meeting the affirmative procurement goal and enhanced the reporting mechanism for waste reduction success.

FHI provided review of the HQ Strategic Plan to Implement Executive Order 13101. This was an unplanned review initiated by HQ and DOE-RL.

FHI completed four Small Business Pollution Prevention Opportunity Assessments (P2OAs) for the City of Kennewick as part of Public Outreach. Six P2OAs were done at facilities on the Hanford Site. Opportunities for waste reduction were identified and implemented at the facilities. Some opportunities have turned into return on investment projects such as at the 222S Laboratory and Tank Farms.

There is some opportunity for improvement for FY-01 and beyond. The program through FY-00 actively incorporated new opportunities through the ROI process to further reduce waste volumes on the Hanford Site. Because the ROI program has not been funded since FY-99 and carryover funds are limited, additional funding sources must be identified by FHI. RL has requested that FHI evaluate and identify

alternative funding sources, as agreed upon by both RL and FHI in the "draft" FY-02 Comprehensive P2/Wmin Performance Incentive. RL would also like to work with the FHI in integrating the new Executive Order No. 13148, "Greening the Government Through Leadership in Environmental Management".

- 2.D. Fee Evaluation Summary:** All of the performance expectation elements have been met or exceeded by FHI. The RL FEB recommends payment of 100% of the available fee in this area, which is \$1,000,000.

**2.E. Achieve Effective Energy Management**

The Contractor shall cost effectively comply with all applicable laws, Executive Orders and Federal regulations for energy efficiency, use of renewable energy and water conservation at Federal facilities.

**Expectation 2.E.1. Meet Expectations For All sections of The DOE-RI's FY-00 Energy Management Performance Agreement (PA) With HQ-EE-90**

FHI met RL expectations contained in the FY00 Energy Management Performance Agreement.

**Key Achievements**

- The 382 Pumphouse Upgrade Project, completed by a DYN Water Utilities team, has been designated to receive a FY-00 DOE Energy/Water Conservation Award, to be presented in a ceremony in Washington D.C. in October. A Hanford Reach article was drafted to recognize the team's efforts.
- DYN Electrical Utilities deactivated the 252W substation and downsized 13 and removed 24 transformers from service en route to completing Milestone 00-AWP-24, Energy Conservation Activities. Efforts exceeded the goal of 8 by 462%. A documentation package was submitted to RL 9/21/00.
- On going progress to compile 4<sup>th</sup> Quarter Energy Conservation Performance Report and FY-00 Annual Energy Management Report. Requested progress made of energy conservation initiatives by Fluor Project Hanford Team contractors to assist with compilation of the FY-00 Annual Energy Management Report.

- Conducted energy management review during monthly EU/FHI/RL interface meeting.
- Provided comments to draft DOE Order 430.2X and FY 2001-2002 Draft Energy Management Performance Agreement.
- Facility Resource Energy Data (FRED) system tested by Electrical Utilities and Lockheed Martin Services, Inc.
  - Submission package approved by Production Readiness Review Board September 20, 2000 Approval allows system to be placed on the Hanford Local Area Network
  - General user module will be available to users after a short training period.
  - Best management practices were utilized to ensure necessary resources were available to support PNNL in development and testing of FRED system.
- Submitted an Energy Awareness Month article for printing in an October issue of the Hanford Reach.
- Executed a detailed self-assessment evaluating the FY-00 performance of Energy Management against the expectations outlined in the FHI comprehensive performance incentive (parallel to FY-00 business management oversight process incentives). In general, it was determined that the requirements had been successfully met.
- Permanently de-energized the 252W substation.
- Removed 24 transformers and exchanged 13 transformers from service.
- Implemented the Facility Resource Energy Data (FRED) program as developed by PNNL.
- Shutdown, vacated, and placed 20 facilities in "cheap-to-keep" status; and deactivated the utilities of 25 facilities.
- Received a DOE 2000 Departmental Energy Efficiency Award for the 382 Pumphouse Upgrade Project.
- Compiled and provided requested Energy Management reporting and tracking documents as scheduled.

### **Opportunity for Improvement**

A punch list of discrepancies and enhancements has been identified that requires FY 2001 follow-on funding to complete full implementation of the FRED system. The existing billing and energy conservation reporting systems must be maintained during the transition period for validation purposes, to ensure consistency in reporting, and to meet certain milestone requirements.



**2.E. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**2.F. Achieve Acceptable Baseline Performance**

**Expectation 2.F.1. Achieve the technical content of the work in accordance with specified requirements (*Hanford Site Environmental Management Specification*)**

FHI has developed and emplaced systems to ensure that the Hanford Site Environmental Management Specification (HSEMS) requirements are integrated into its technical work. The FHI Systems Engineering Management Plan documents this process, which uses the Hanford Site Technical database as the integration tool. FHI's processes and procedures demonstrate the flow of HSEMS requirements into the various project Work Breakdown Structure dictionaries. The high level HSEMS requirements in general have been satisfactorily integrated in project work documents.

**Expectation 2.F.2. Perform Within Baseline Cost and Schedule Targets, as Established in All Authorized MYWPs and AWP**

FHI projects cost and schedule variances are within the established thresholds of -5.0% cost and -7.5% schedule variance as reflected in Hanford Data Integrator (HADI).

SNF project baseline cost and schedule variances are within the established thresholds (cost is negative \$3115K; -2% and schedule variance of negative \$3587; -2%). However, the project has missed scheduled FY 00 deliverables which required completion of the contractor's ORR. The ORR was delayed beyond October 13, 2000 resulting in FHI not receiving associated fee.

While the PFP project demonstrated the ability to recover significant cost and schedule variances, the early unfavorable variances resulted from lack of project management discipline and control. The PFP project baseline cost and schedule variances are within the established thresholds at completion of the fiscal year (cost is a positive \$862.6K; +1% and schedule is a negative \$815K; -1%). Progress was achieved this year meeting or exceeding several production/operation goals while maintaining a safe work environment. Significant

progress was accomplished with the startup of four key stabilization processes, including plutonium solution processing. While the amount of solution processed after startup fell short of the amount required to receive fee for this activity, many challenges were overcome to begin this key activity in support of DNFSB milestones.

The 324/327 Buildings Stabilization/Deactivation project cost and schedule variances are within the established thresholds (cost is a positive 2.9% and schedule is a negative 2.7%)

**Expectation 2.F.3. Implement Best Business Practice Guidelines Provided in Industry Standards, Such as ANSI/EIA Standard-748, Earned Value Management System (EVMS), as Cited in Contract Clause H.10, by March 30, 2000**

Determination of satisfactory performance is based on demonstrated conformity with the EVMS Standard through an integrated baseline review, including demonstration that baseline information is accurate, consistent and reported in a timely manner. Four sections from the EVMS Standard are emphasized: 2.1c, 2.2a, 2.4f, and 2.5a (See below)

RL performed an integrated baseline review of the 324/327 Project during the last week of August to determine FHI conformity with the EVMS standard (ANSI/EIA Standard-748). RL met with project personnel, FHI's Site Planning and Integration group and reviewed documentation including: planning guidance, procedures, management directives and FHI project implementation related to baseline development and management.

This review found that appropriate EVMS management practices were evidenced at the 324/327 project and the four sections of the EVMS standard have been met. Opportunities for improvement were also found in the area of EVMS practice (2.4.f), and baseline change request (2.5a).

**Opportunities for Improvement:**

The discipline of EVMS at the FHI level should be improved and EVMS analysis should be actively considered in the higher-level project management decisions.

The rigor and discipline of the BCR process needs to be further assessed emphasizing corrective actions for late submittals.

**2.F. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**3.0 Performance Objective/Measure 3 - Management responsiveness to customer (Customer Service)**

**3.A. Respond to Customer Requests**

The Contractor shall be responsive to the Contracting Officer or Contracting Officer's Representative direction and requests.

**Expectation 3.A.1. Address responses from a corporate perspective, in the best interest of the Hanford Site.**

**Expectation 3.A.2. Provide quality responses in a timely manner.**

**Expectation 3.A.3. Be consistent with Critical Outcomes.**

FHI's response to customer requests at the project level relative to work activities has been excellent, however, there is need for improvement to FHI's response in the area of business contract management.

FHI proactively supported the DOE Office of Inspector General (OIG) audit of the Waste Receiving and Processing Facility (WRAP) to ascertain whether the Solid Waste Program was utilizing WRAP in a cost effective manner. Over a three-month period, twelve meetings and a tour of WRAP facility were arranged and additional requested information was promptly provided.

FHI successfully supported the DOE Office of River Protection (ORP) requests to increase the amount of waste processed through the 242-A Evaporator campaign. FHI met the request requirements of ORP with the highest operating efficiency for a campaign ever achieved (99.7%). This Evaporator operation is a key element of the ORP strategy to avoid the need to build additional double shell waste storage tanks.

FHI took the lead, partnering with Bechtel Hanford, Inc. (BHI) and Battelle Memorial Institute (BMI), to establish seven multi-contractor teams (including RL participation) to quickly develop strategies for the cleanup of the 200 Area Plateau in support of the RL schedule options study. This effort had to be conducted within a four week time period to

success to the stakeholders and regulators. RL is now proceeding in implementing the recommended option.

FHI provided a quick response to an RL request for Land Disposal Restriction (LDR) issues support. FHI developed the Hanford Site Mixed Waste Management Program Implementation Plan to demonstrate Hanford's regulatory compliance and meet the requirements of Washington Department of Ecology's final determination.

Several times during the year, FHI assisted, at RL's request, in the development of briefing packages for use with the Hanford Advisory Board, Ecology, or Environmental Protection Agency (EPA). FHI provided quality packages in a timely manner.

FHI provided essential fire response and recovery support during the recent 24 Command Fire, including support, to RL during the activation of the Hanford Emergency Operations Center (EOC). FHI provided logistic support to the Hanford Fire Department (heavy equipment operators) and information to Site employees.

Outstanding support was provided to RL in the plans to develop the 2012 site vision and revise the site baseline. FHI developed the concept of accelerating closure of the 300 Area and led a joint planning effort with BMI and BHI that could save over one billion dollars and restore this portion of the river corridor to multiple uses decades earlier than previously planned. This plan has formed a key basis for a potential revision to the RL baseline. FHI participation with DOE and the other site contractors in the Schedule Options Study and the subsequent re-baselining activities has been exemplary. FHI provided key staff to participate directly on the Schedule Options Team and on the Program Teams (PFP, Waste Management, Infrastructure, 300 Area, Analytical Services, Facility Disposition and ORP Interface). FHI approach to participation in site wide planning has been focused on site needs as a priority over specific concerns related to work currently assigned to FHI.

However, there were serious deficiencies in this area in FY-00. The three items following were the most notable.

FHI failed to adequately support its request to extend Enterprise Company (ENCO) subcontracts beyond September

30, 2000. In the April 2000 timeframe, FHI indicated that it was planning to submit, in the near future, subcontract consent packages for the ENCOs. The plan was not submitted until September 13, 2000, allowing RL an inadequate amount of time to review and make appropriate decisions regarding FHI's ENCO extension request. As a result, RL was left with limited options in this matter.

The FHI efforts to reduce Base Operations costs by 10%, and subsequent events, created serious problems with substantial negative impacts. The need to reduce Base Operations cost to fund additional cleanup work was discussed in February 2000 and RL was pleased that FHI immediately started to find the 10% reduction, or approximately \$30 million. Initial progress after this commitment was good. Within a few months, FHI indicated that they had identified approximately \$18 million of the needed reduction. Progress stalled at that point. The RL Assistant Manager for Planning and Integration (AMI) organization was not briefed on the status of the activity for several months until RL learned late in the summer that no additional reductions had been identified beyond the early \$18 million in reductions.

At that point, RL also encountered significant problems in reaching agreement with FHI on a reasonable path forward for incorporating the reductions into the Multi-Year Work Plans (MYWP). Not until late in the MYWP process did FHI alert RL that they did not plan to even incorporate the \$18 million reductions into the MYWPs, much less the full 10% reduction. Another concern was that RL believed it was necessary to authorize the \$18 million of new cleanup work funded by the cost savings at the beginning of the fiscal year so that the work could be accomplished. Likewise, RL did not want to authorize work to start on the \$18 million of work to be deleted by the cost savings at the beginning of the fiscal year to ensure that the full \$18 million of savings could be realized.

Following several discussions, RL sent a letter of direction to FHI on September 7, 2000 to incorporate the full 10% reduction into the MYWPs. The letter of September 7, 2000 also indicated that draft MYWPs received were poorly prepared and did not reflect a meeting of the mind between RL and FHI program managers. FHI did not promptly implement the RL direction. As a consequence, it was not until the end of October that RL and FHI understood the

content of the MYWPs and the accompanying Baseline Change Requests. This delayed development of the FY-01 Performance Incentives and more significantly delayed full assessment of the emerging issues that need to be addressed as early as possible in the fiscal year so that funding is not spent on work that later needs to be deleted to accommodate the emerging issues. Furthermore, there was uncertainty among the programs since there was an additional \$9M of reductions that must still be identified and incorporated into planning.

The working relationship between the planning and business management personnel of RL and FHI has been severely strained by this process. What should have been a positive contribution by FHI to the cleanup program was clouded by extended poor communication and lack of a sound FHI path forward.

One other area of serious concern was in charging time to the appropriate accounts. Some personnel associated with the FHI waste management activities that were assisting the spent nuclear fuel readiness and start-up activities did not properly charge time to the appropriate accounts.

- 3.A. Fee Evaluation Summary:** While recognizing the good performance of FHI in elements as noted, the deficiencies are very severe and the first two caused extensive disruption. As a result, a fee reduction of \$500,000 in this area is recommended by the RL FEH.

**3.B. Management Responsiveness to Employee Concerns Resolution**

The Contractor shall be responsive to employee concerns and bring resolution to issues of safety, health, environment, and workplace harmony.

**Expectation 3.B.1. Resolve Employee Concerns Issues In-house, In a Timely Manner Appropriate to Each Situation**

FHI employee concern monthly reports showed consistent progress in resolving employee concern issues. FHI is demonstrating that concerns are being resolved in-house and in a timely manner, with an average median age for closing concerns between 20 to 30 days. Employee Concern Program (ECP) usage continues to increase in FY-00, while

Department of Labor and 10 CFR 708 complaints have significantly decreased.

The FHI employee concerns office was responsive to dealing with specific allegations of retaliation for raising concerns and has taken appropriate action in dealing with situations regarding FHI employees.

**Expectation 3.B.2. Keep DOE-RL Informed of Employee Concerns**

FHI provided information to RL on a monthly basis in writing. FHI also supported RL in performing a number of employee concerns referred for investigation. FHI communicated with RL on issues of a significant and/or sensitive nature as required. FHI consistently provided the HQ quarterly report in a timely manner as requested.

FHI partnered with RL to ensure employee concerns are addressed. FHI also collaborated with RL and the other Hanford site contractors in resolving employee concerns and work related disputes. FHI followed RL's lead and initiated revision of their database to track substantiated, partially substantiated and unsubstantiated concerns for tracking and trending purposes.

**Expectation 3.B.3. Annually Determine The Effectiveness of The Contractor Employee Concerns Program**

FHI completed a bi-annual (every other year) assessment of the Hanford Joint Council activities (performed by Internal Audits) in 1999. FHI has continued to keep DOE apprised of recent activities in this regard.

FHI completed a survey of all concerned individuals (program users) on the quality of the ECP resolution process for the calendar year 1999. FHI results showed that over 91% of the respondents were aware of the ECP and how to contact an ECP representative. The results also indicated that 93% of the respondents felt that safety, health and environmental concerns were being worked and satisfactorily resolved. 100% of the respondents felt they could stop work if they had a question on safety.

**3.B. Fee Evaluation Summary:** No fee deduction in this area is recommended.

### **3.C. National Facility Deactivation Initiative (NFDI)**

Strengthening deactivation project management and developing long-term deactivation site strategies, resulting in acceleration of the site deactivation program. (NFDI scope is across all of DOE.)

#### **Expectation 3.C.1. Strengthen Site Deactivation Project Management.**

FHI demonstrated positive results to strengthen site deactivation project management by applying proven experience through work on 233-S/231-Z teaming to share lessons learned and technology innovation between FHI and BHI. FHI also supported NFDI across the complex by assistance in developing and defining policies, guidance, standards and expectations for deactivation, including revisions to the deactivation handbook and development of the deactivation web site. FHI hosted the NFDI quarterly meeting at Hanford in April, and actively participated at Waste Management 2000 and Spectrum 2000 to help strengthen project management DOE wide. FHI also applied its project management lessons to the DOE community by providing instructors and state-of-the-art techniques for both Washington State University and Central Washington University project management courses.

#### **Expectation 3.C.2. Accelerate Site Deactivation Program**

FHI continued to accelerate site deactivation program through on-going work to initiate 327 deactivation, planning efforts to characterize the 224-T cell areas, and support of laser technology and robotics work platform deployment through accelerated site technology deployment initiative. FHI assisted DOE HQ (EM-22) on an alternative financing proposal using Building 327 as a model. FHI initiated the transfer agreement work to transition 209-F from an operations status at ORP to the FHI Accelerated Deactivation Program, which will allow accelerated deactivation several years ahead of the original baseline.

#### **Expectation 3.C.3. Develop Long Term Site Deactivation Strategies**

FHI demonstrated very positive results to develop long-term site deactivation strategies through the major work on the 300 Area Accelerated Closure Plan/Project (ACP) as a key part of the Hanford Site River Corridor deactivation strategy. This plan was completed in an accelerated manner (12 weeks) and



under budget, exceeding RL expectations. FHI also developed the 200 Area Central Plateau Facility Disposition Schedule Options Study, similar to the 300 Area ACP, both of which are significant efforts to integrate deactivation strategies between contractors at Hanford.

**Expectation 3.C.4. Carry Out Activities of The NFDI Committee, as Directed by RL.**

FHI has continued to carryout activities of NFDI committee through hosting a joint Decontamination and Decommissioning (D&D)/ NFDI national meeting in April. There has also been continued support to Savannah River Site F Canyon deactivation planning and support for EM "pipeline" walk downs of deactivation candidate facilities at Oak Ridge, Pantex, Albuquerque, and Hanford, and to provide technical assistance to target prioritization activities at Rocky Flats, INEEL, and Nevada.

**3.C. Fee Evaluation Summary:** All of the performance expectation elements have been met or exceeded by FHI. The RL FEB recommends payment of 100% of the available fee in this area, which is \$500,000.

**4.0 Performance Objective/Measure 4 - Quality and responsive communications products with external and internal Hanford customers**

**4.A. Provide Employee, HQ, The General Public, Stakeholders, Regulators, and Tribal Nations With Timely and Accurate Information**

**Expectation 4.A.1. Provide timely and accurate information about Hanford to reflect the Departmental requirements to both internal and external customers, as delineated in Section C.4E, External/Internal Communications of the contract.**

FHI displayed a professional approach to a broad range of communications activities in a responsive, timely, and accurate manner.

**Expectation 4.A.2. Align communication and progress reporting with Site Critical Outcomes**

The contractor has successfully integrated the Hanford Site Critical Outcomes into both internally and externally distributed information materials. The contractor has met or

exceeded expectations for timely and accurate reporting of clean up progress.

**4.A. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**4.B. Responsiveness to Congressional Interaction:**

The Contractor shall be responsive to support Congressional interactions;

**Expectation 4.B.1. Interact and communicate with DOE-RI, Office of External Affairs (OEA) consistently on any U.S. Congressional inquiries; and**

**Expectation 4.B.2. Coordinate any U.S. Congressional inquiries with OEA prior to the Contractor's providing any response to Congressional members or staff.**

The contractor met the expectation to interact and coordinate with OEA on matters involving U.S. Congressional inquiries in a professional and timely manner. The contractor consulted routinely with OEA on responses to inquiry and supported OEA in Congressional and intergovernmental interactions including supporting fact sheet and publications requirements, presentation materials, and other communications products.

**4.B. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**5.0 Performance Objective/Measure 5 - Partnering with other site entities**

The Contractor team shall work cooperatively with other site entities, (Bechtel Hanford Inc. (BHI), Pacific Northwest National Laboratory (PNNL), Hanford Environmental Hanford Foundation (HEHF), and Lockheed Martin Hanford (LMH)) to improve the overall Hanford Site effectiveness

**Expectation 5.A. Interface with other site entities for site-wide planning of work.**

During FY-00 FHI met the expectations for interfacing with other Hanford Site contractors on environmental issues to assist in site-wide work planning. FHI successfully coordinated with and provided support to CH2M HILL Hanford Group, Inc. (CHG), BHI, PNNL, and BMI throughout FY-00.

An example of FHI coordination in the environmental area is the establishment and coordination of the Central Environmental Committee (CEC) meetings held with other site contractors to discuss site-wide environmental issues and resolution.

FHI participation with DOE and the other site contractors in the Schedule Options Study and the subsequent re-baselining activities has been exemplary. FHI provided key staff to participate directly on the Schedule Options Team and on the Program Teams (PEP, Waste Management, Infrastructure, 300 Area, Analytical Services, Facility Disposition, and ORP Interface). The FHI contribution was outstanding and critical to the success of this activity. RL notes that the FHI approach to participation in site-wide planning has been to focus on site needs as a priority over specific concerns related to work currently assigned to FHI.

FHI has also been leading preparation of a new Site Summary Schedule (1000 Node Schedule). The FHI contribution has been excellent in this area.

5.A. **Fee Evaluation Summary:** No fee deduction in this area is recommended.

**Expectation 5.B. Work cooperatively with other site entities to establish a defensible model for making decisions on Hanford programs' (FDH, BHI, LMH, and PNNL) mid- and long-term use of core analytical competencies and resources, both on-site and commercial. The model shall address overall cost to DOE and the quality, sufficiency, efficiency and timeliness of the services to meet program specific needs. The model shall ensure consistent cost comparison.**

FHI Analytical Services delivered to RL a spreadsheet model that allows comparison of overall cost to DOE of different cases of distributing the routine Hanford analytical workscope to the core resources available to the site, including on-site laboratories and the existing commercial contracts. The eight major Hanford programs that use routine lab analyses were included in the model, demonstrating that the model addresses "program specific needs". (Reference: July 12, 2000 letter from Fluor Hanford to RL – FHI-0003652; July 24, 2000 letter from Fluor Hanford to RL – FHI-0003959) The cases, e.g. all eight programs in one lab, or distributed among the labs, can be run with a keystroke, yielding the overall cost to DOE. The model has an adjustable element for the base

funding for the on-site labs, as well as the sample management costs (e.g. for shipping and tracking samples in commercial labs). The assumptions are documented within the model. The requirement for capability to evaluate "quality, sufficiency, efficiency, and timeliness of the services to meet program specific needs" was met through a proposed "value added" questionnaire.

Consistent with letters from RL on June 21 and August 14, FHI Analytical Services populated the model with data for low activity sample analysis, allowing a comparison of WSCF and the two primary commercial contract labs under multiple cases of work assignment. The model is applicable to high activity samples, with the entry of price lists and work scope (both available for 222-S work). The model is based on actual Hanford workscope using the full detail (number of samples, analyses for each, matrix, turnaround time requirements, and rad level) from the Hanford sample projections of December 1999, and the actual price lists from three labs. The result is a comprehensive model with a very high level of workscope detail, flexible to changing assumptions, and readily competent for examining different cases. In addition to meeting the base request, the model also allows adjustment of a factor for efficiency that could be obtained if the WSCF workload was increased.

FHI Analytical Services partnered with sample management offices in BJT and BMI to maintain a single set of commercial contracts for EM work. The benefits, including reduced procurement and sample management costs, have been recognized by EM-5, and are rare among multi-contractor sites.

FHI Analytical Services went beyond the scope of this expectation in partnering with other site entities. A prime partnering example is work with the River Protection Project to define the interfaces and needs for the Readiness to Proceed. The detailed assessment provided was a quality response, provided on time. FHI then followed up by developing a 10-year Instrument Capital Plan focused on ability to achieve the Hanford Site Critical Outcomes for near and long term. This Capital Plan was useful input to the 200 Area Plateau Study.

**5.B. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**Expectation 5.C. Provide other site entities appropriate information in a timely, accurate, complete, professional manner**

FHI interacted with other site entities and provided ongoing information through the use of the Hanford Reach newspaper. General information flow was satisfactory. Active participation in joint contractor/RL planning sessions improved the clarity of guidance documents. Worked the issues involved in providing planning and performance data to HQ in a consolidated manner (among BMI, BHI, and FHI). Resulted in on-time submissions of planning, budget, and performance data.

**5.C. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**Expectation 5.D. Manage its communication efforts so those items affecting or involving other site entities are coordinated in order to ensure consistency of information**

FHI displayed initiative and progress during FY00, teaming and coordinating with other Site contractors and the Office of River Protection to develop messages and communications tools. The contractor has made good use of internal communications tools like The Hanford Reach and priority messages. The contractor has been a major partner in ongoing communications and strategy planning meetings of the Hanford Communications Task force.

**5.D. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**Expectation 5.E. Partner, Team, Coordinate, and Communicate With LMH (now CHG) and PNNL in The Creation of Non-Hanford jobs. The Number and Quality of Contacts With Local Economic Development Organizations and An Overall Evaluation By Those Organizations Shall Be Used as The Basis For Evaluation**

This performance expectation was meant to foster partnering, teamwork, coordination, and communication of Fluor's economic transition activities with CHG, BMI, and with local economic development organizations. Fluor was responsive to RL management priority to strengthen the local (Tri-Cities) economic development efforts, compared to the more regional approach prior to the start of the FY.

Per the Performance Expectation, a key part of the evaluation was to be based on inputs from CHG, BMI, and local economic development organizations. To obtain input from these organizations, a survey was transmitted via e-mail to these two contractors and to the twelve (12) following local economic development organizations:

- Tri-City Industrial Development Council (TRIDEC)
- Ports of Benton, Kennewick, and Pasco
- Cities of Kennewick, Pasco, and Richland
- Tri-City Enterprise Association (TEA)
- Grant County Economic Development Association
- Port of Walla Walla
- Yakima County Development Association
- Tri-Cities Visitor & Convention Bureau

All twelve responded. Fluor's performance is evaluated as Highly Successful based on OTS' evaluation, which relies to a substantial degree on the results of the Survey. Most Survey responders ranked Fluor's overall performance as Excellent, with key organizations (TRIDEC, Port of Kennewick, Port of Pasco) ranking it as Superior. Generally, the narrative in the responses was filled with phrases, such as, interactions are excellent, very open, honest communications, staff top-notch, great partners, very easy to work with, always receptive, helpful, excellent support, etc.

However, there were a couple of responders, with some less complimentary comments. In general, the negative comments related to dissatisfaction because of a lack of Fluor's support for specific projects that the organizations felt to be important. There is an element of unrealistic expectations in these comments, since Fluor does not have the resources to provide dedicated support for all needs. These comments were only a small (but important) input; in both cases, the commenting organizations also tempered their comments with positive ones about Fluor help. All of the survey results have been discussed with Fluor, including the few negative ones.

**5.F. Fee Evaluation Summary:** No fee deduction in this area is recommended.

**Expectation 5.F. Provide Responsive and Timely Support Services to LMH (now CHG), BHI and PNNL**

FY-00 was a transition year where the major subcontractors' roles were revised, LMHC became a Prime Contractor to ORP, and new relationships between FHI and the other Hanford contractors needed to be developed. FHI in partnership with its contractors and the other Hanford Primes has provided timely and responsive support to the other Hanford Primes that has delivered: Measured, superior client satisfaction, Responsiveness to changing needs and recommendations, and Superior outcomes for the Hanford Site.

There were a number of individual events that were significant examples of partnering and timely and responsive support. FHI developed the concept of accelerating closure of the 300 Area and led a joint planning effort with PNNL and BHI that could save over one billion dollars and restore this portion of the river corridor to multiple uses decades earlier than previously planned. The Readiness to Proceed review conducted by FHI to support the RPP decision to award the Verification Plant contract to BNFL was significant in its scope, depth and responsiveness to customer cost and schedule requirements. The 242 A Evaporator Campaign, which is a critical component of the ability for RPP to not build additional tanks for waste storage, accomplished a number of key successes including the highest operating efficiency ever. FHI led a multi-contractor team that developed strategies for the cleanup of the 200 Area Plateau in support of the RI Schedule Options Study in a four week time period to support the overall RI schedule.

The following statistics have been recorded for this fiscal year as of the end of August for Fluor Hanford site services provided by DynCorp:

LMHC / CHG	90.3%	responded the service was above expectations
	8.7%	responded the service, met expectations
	1%	responded they received below expectations service

PNNL	94%	responded the service was above expectations
	6%	responded the service, met expectations
	0%	responded they received below expectations service
BHI	56%	responded the service was above expectations
	44%	responded the service, met expectations
	0%	responded they received below expectations service
Combined Total	74%	responded the service was above expectations
	27%	responded the service, met expectations
	0%	responded they received below expectations

Prior discussions in this report contain added examples of FHI support and cooperation among the site prime contractors

**5.F. Fee Evaluation Summary:** No fee deduction in this area is recommended.

## 6.0 Fee Evaluation Summary

The RL FEB recommends awarding FHI 100% of the potential positive fee available, which is \$3,000,000. This includes \$1,500,000 for Performance Expectation 2.C "Provide Effective Science & Technology Integration and Application, \$1,000,000 for Performance Expectation 2.D "Achieve Pollution Prevention" and \$500,000 for Performance Expectation 3.C National Facility Deactivation Initiative". However, the RL-FEB also recommends a fee deduction of \$500,000 for Performance Expectation 3.A, "Respond to customer requests." Thus, the total recommended fee to be awarded to FHI is \$2,500,000.



## FY2000 FHI Comprehensive Performance Evaluation Recommendation Summary

Performance Objective/Measure	Performance Expectations	Fee Per Expectation	Expectation Subelements	RL Fee/ Fee Recommendation	
1. Protection of worker safety and health, public safety and health, and the environment	A. <u>Maintain environmental compliance:</u> Manage and conduct activities in accordance with all federal, state, local and DOE applicable environmental laws, regulations, and requirements.	-\$1.0M Negative Only (M = Millions)	Compliance with applicable federal, state, local, DOE laws/regulations/requirements	No deduction	
			Not file/issue non-compliance, enact timely self-correction	No deduction	
			Timely/Effective corrective action for deficiencies identified by DOE/other regulatory entities	No deduction	
	B. <u>Implement Integral Safety Management System (ISMS):</u> Implement and verify ISMS in place by 9/30/00, in accordance with Secretary of Energy Memorandum dated 2/3/99 entitled Safety - Accountability and Performance			Complete Phase II verifications per agreement with DOE-RL	No deduction
				Deliver system descriptions per ISMS Handbook HDBK-2027-99	No deduction
				Obtain authorization agreement approvals for all Cat. 1 facilities prior to phase II verifications	No deduction
				All operations are conducted in accordance with ISMS requirements	No deduction
				Per DOE Policy 450.5, implement self-assessment, corrective action tracking and resolution, lessons-learned, and feedback processes	No deduction
	Procedural process in-place to maintain ISMS utilizing DOE CI 490.4-1, DOE P 450.4, and DEAR Safety Mgt. Sys. Contract Clauses.	No deduction			
	2. Leadership & Management Effectiveness	A. <u>Implement new organization &amp; management systems:</u> Institute organizational and management system improvements for significantly increasing management effectiveness and control of site construction, work activities.	-\$0.5M Negative Only	Increase Productivity	No deduction
Develop management system description				No deduction	
Improve project control and discipline				No deduction	
Integrated performance measures in place to measure progress against Site Critical Outcomes and management effectiveness				No deduction	
Self-assessment implemented to measure construction and managerial effectiveness				No deduction	
B. <u>Provide efficient &amp; effective Site Infrastructure and support services:</u>		-\$0.5M Negative Only	Provide efficient and effective infrastructure and support services	No deduction	
			Match infrastructure and services requirements in concert with mission requirements	No deduction	
C. <u>Provide Effective Science &amp; Technology (S&amp;T), Integration, and Application:</u> Reduce technical risk, accelerate schedule, and satisfy site technology needs		+\$1.5M Positive	Conduct S&T assessments, identify areas of high risk/uncertainty, and develop near/long-term mitigation plans/technology roadmaps	100%	
			Deploy technologies that provide solutions to needs identified	100%	
			Contribute to S&T-related DOE Corporate Performance	100%	
	Document derived benefits from each technology deployment using Return on Investment metrics		100%		
Complete all TEP milestones and provide supporting documentation	100%				
D. <u>Reduce Pollution Prevention: Energy Audit Executive Order (EO) 12951</u>	-\$1.0M Positive	Implement Waste Minimization/Pollution Prevention Awareness Program Plan dated August 1998	100%		
E. <u>Achieve Effective Energy Management:</u> Cost-effectively comply with applicable law, EO's, and federal regulations for energy efficiency, use of renewable energy, and water conservation	-\$0.45M Negative Only	Meet expectations for all sections of the DOE-RL FY2000 Energy Management Performance Agreement with LL-EE-90	No deduction		
F. <u>Achieve acceptable baseline performance</u>	-\$0.5M Negative Only	Achieve the technical content of work in accordance with specified ERM requirements	No deduction		
		Perform with in cost and schedule baselines of authorized A WPs	No deduction		
		Implement best business practice guidelines of industry demands	No deduction		

## FY2000 FHI Comprehensive Performance Evaluation Recommendation Summary

Performance Objective/Measure	Performance Expectations	Fee Per Expectation	Expectation Subelements	RL/FBB Fee Recommendation
3. Management responsiveness to customer (Customer Service)	A. <u>Responsive to customer requests</u> : Responsive to CEO and COO Representative direction and requests	-\$0.5M (A&B) Negative Only	A.3. Provide responses from corporate in the best interest of Palmdale site	No deduction
			Provide quality timely responses	500,000 deduction
	Consistent with Critical Outcomes		No deduction	
	Resolve employee concern issues in-house, in a timely manner appropriate to each situation		No deduction	
	Keep DOE-RL informed of employee concerns		No deduction	
	Determine effectiveness of employee concerns program	No deduction		
	C. <u>National Facility Deactivation Initiative (NFDI)</u> Establishing core of deactivation expertise complex with Strategic deactivation project management and develop long-term deactivation site strategies	-\$0.5M Negative Only	Strengthen site deactivation project management	100%
Accelerate Site deactivation	100%			
Develop long-term site deactivation strategies	100%			
Carry out activities of NFDI Committee as directed by EL	100%			
4. Quality and responsive communications with external and internal stakeholders	A. <u>Provide</u> supplier, HQ, local public, and employees, regulators, and Tribal Nations with timely and accurate information	-\$0.5M (A&B) Negative Only	Time accurate information to reflect Departmental requirements as directed as Section C.45	No deduction
	B. <u>Respond</u> requests to Congress and Interactions		Align communication and progress reporting with Critical Outcomes	No deduction
			Interact/communicate with RT, External Affairs consistently on any Congressional inquiries	No deduction
			Coordinate any Congressional inquiries with O&A prior to providing any response to Congressional members or staff	No deduction
5. Partnering with other site entities	A. Interface with other entities for site wide planning of work	-\$1.0M (A-F) Negative Only	N/A	No deduction
	B. Work cooperatively with other site entities to establish a model for making decisions on mid- and long-term use of various physical competencies and resources		N/A	No Deduction
	C. Provide other site entities appropriate information in a timely, accurate, memo etc. professional manner		N/A	No deduction
	D. Manage communication on items affecting/involving multiple entities in a coordinated		N/A	No deduction
	E. Partner team coordinators/communicate with LMB and P&N to create new/efficient jobs		N/A	No deduction
	F. Provide responsive and timely support services to LMB, MIO & P&N		N/A	No deduction
Fee Summary For	Positive Incentive	Positive \$5.0 M		Positive 3,000,000
Negative Incentive For		Negative \$5.95 M		negative 2,000,000
Total Fee Recommended				Positive 2,000,000

Mr R. D. Hanson  
01-PRO-160

DEC 21 2000

FHI earned \$2,500,000 under the Comprehensive Performance Incentive. A majority of the elements were rated satisfactory to excellent. Particular areas of achievement include: implementation of the FHI Integrated Safety Management System, continued excellence in safety achievements, an efficient and effective site infrastructure, science and technology integration into project planning and execution, pollution prevention activities, effective energy management, implementation of the National Facility Deactivation Initiative, effective communications with external and internal Hanford customers, and partnering with other site entities. The Comprehensive Incentive Performance Evaluation Report is enclosed.

Overall, I am pleased with the progress attained this past fiscal year. I look forward to working with FHI to achieve the critical site outcomes I have identified-restoring the river corridor for multiple uses, transitioning the central plateau to support long-term waste management, and putting DOE assets to work for the future. If you have questions, please contact me, or your staff may contact Sally Sieracki, Office of Procurement Services, at (509) 376-8948.

Sincerely,

ORIGIN: 2100 2000 BY

Keith A. Klein  
Manager

PRO:GFC

Enclosure:  
Comprehensive Incentive Performance  
Evaluation Report

bcc w/o encl:

- PRO Off File
- PRO Rdg File
- CCC Rdg File
- R. M. Rosselli, DMBS

**Record Note:** The fee reduction under Contract Clause H.47 was \$1,000,000, reflecting poor cost performance and funds management. Also, paragraph one of the letter states that FHI earned fee in seven of eight performance incentives. The ninth incentive, AS-1, entitled "Assist in the Creation of Non-Hanford Jobs," was not mentioned in the letter because there was no positive fee associated with the incentive.

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Date >	12/21/00	12/21/00	12/21/00		12/21/00	

(Please return to Rosie Garza 6-7736 A7-80/FED FAX 6-6373)

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*12/21/00*