

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE	PAGE OF PAGES 1 / 42
2. AMENDMENT/MODIFICATION NO. M141	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)		
6. ISSUED BY U. S. Department of Energy Office of River Protection P. O. Box 450, MS H6-60 Richland, WA 99352		7. ADMINISTERED BY (If other than item 6)		CODE	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) CH2M HILL Hanford Group, Inc. P.O. Box 1500 Richland, WA 99352				9A. AMENDMENT OF SOLICITATION NO.	
				9B. DATED (SEE ITEM 11)	
				10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC27-99RL14047	
				10B. DATED (SEE ITEM 13) September 30, 1999	
CODE		FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers

is extended, is not extended.

Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required) -

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS,
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT/ORDER NO. IN ITEM 10A.		NO. IN ITEM
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)		
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 52.243-2 – Changes-Cost Reimbursement (AUG 1987) – Alternate II (APR 1984)		
	D. OTHER (Specify type of modification and authority)		

E. IMPORTANT: Contractor is not, is required to sign and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

A. The purpose of this modification is to:

1. Incorporate the transfer of the reasonability for sponsorship, management and administration of certain pension and Post Retirement Benefit (PRB) Plans as described within from CH2M Hill Mound, Inc. at the Mount Site, pursuant to contract DE-AC24-03OH20152.
2. Incorporate the Rocky Flats Worker's Compensation Insurance Plan transfer of the responsibility for the administration, management and settlement of open claims and claims for incurred but not reported (BNR) losses at the time of the transfer from Kaiser Hill LLC under the terms and conditions of the insurance policies and risk financing arrangements.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Daniel B. Cartmell Vice President and CFO		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Cloette B. Reid, Contracting Officer	
15B. CONTRACTOR/OFFEROR ORIGINAL SIGNED BY (Signature of person authorized to sign)	15C. DATE SIGNED 9/28/07	16B. UNITED STATES OF AMERICA BY ORIGINAL SIGNED BY (Signature of Contracting Officer)	16C. DATE SIGNED 9/28/07

- B. Funding for the Mound and Rocky Flats transfers for administration, and all other activities related to these transfers, shall be kept separate and apart as well as maintained through separate budget and reporting sources and shall not utilize funding or sources designated to manage the Tank Farm Contract scope.
- C. Description of changes due to the transfer of these programs are contained within the following sections of the Contract: and are attached and incorporated into the Contract through the modification.
 - 1. Part 1, Section B, *Supplies or Services and Prices/Costs*, of this contract is hereby replaced in its entirety. Changes to the Contract have been identified by red lettering.
 - 2. Part 1, The Schedule, Section C, *Statement of Work* is hereby replaced in its entirety. Changes to the Contract have also been identified by red lettering.
 - 3. Part III, Section J, *List of Documents, Exhibits, and other Attachments*, Appendix J-B – *Advance Understanding on Personnel Costs, Policies, and Procedures*, is replaced in its entirety. Changes are also identified by red lettering.
- D. The attached replacement sections are hereby incorporated into the Contract through this modification.
- E. All other terms and conditions remain the same.

Attachment 1

**PART I – THE SCHEDULE
SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS**

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**PART I – THE SCHEDULE
SECTION B
SUPPLIES OR SERVICES AND PRICES/COSTS¹**

B.1 SERVICES BEING ACQUIRED

The Contractor shall be responsible for planning, managing, and executing the U.S. Department of Energy (DOE) Office of River Protection (DOE-ORP) River Protection Project (RPP) operations, projects, and other activities as described throughout all sections of this Contract.

B.2 OBLIGATION OF FUNDS

Pursuant to the Section I Clause entitled, *Obligation of Funds*, the total amount obligated by the Government with respect to the scope of this Contract is estimated to be **\$2,258,528,918.00** in total.

B.3 ESTIMATED COST AND FEE

The estimated cost of the Contract is the total Budget Authority (BA) DOE received for Tank Farm activities during the period of October 1, 1999, through September 30, 2000, (\$404,392,374.76), plus the estimated BA of \$2,328,700,000.00 for the period of October 1, 2000, through September 30, 2006, for an estimated total of \$2,733,092,374.76. Estimated budget authority for the period of October 1, 2006, through September 30, 2008, is **\$520,000,000.00**.

The estimated BA for fiscal year (FY) 2001 through FY 2006 as augmented by FY2007 and FY 2008, is set forth in Table B-1. The BA includes Contractor Available Fee Pool, but excludes the DOE-controlled budgetary accounts, *Safeguards and Security Assessments, Headquarters Assessments, and DOE-ORP Support Accounts*.

BA set forth in Table B-1 is an estimate until the BA is formally provided to the Contractor at or near the beginning of each fiscal year.

If the estimated total BA for the baseline work for a fiscal year as set forth in Table B-1 varies from the actual funding by more than plus or minus 10%, or the complexity of the work scope changes significantly, the Contracting Officer may adjust the table (BA and Fee) for that year. The Fee adjustment will be based on the fee curves and fee policy contained in the U.S. Department of Energy Acquisition Regulations (DEAR).

Unearned fee that is not forfeited for failure(s) to meet contract or performance-based incentive requirements shall be accrued, if appropriate, or recorded as a commitment. Incentive compensation, bonuses and project assignment allowances shall be paid from fee unless specifically approved in advance by the Contracting Officer.

The estimated total BA for tank farm baseline work, as set forth in Table B-1, does not include costs incurred by the Contractor to accept transfer of sponsorship, administration, and management of the Rocky Flats and Mound pension and post retirement benefit ("PRB") plans identified and described in Section C.7 of the Statement of Work (hereinafter in this Contract the "Rocky Flats and Mound Pension and PRB Plans"), and the Rocky Flats Workers' Compensation Insurance Plans described in Section C.10 of the Statement of Work. All costs related to these plans shall be charged against the BA for these

¹ This conformed copy of Contract No. DE-AC27-99RL14047 has incorporated text referencing the Rocky Flats pension and PRB plans from Modification M126, and the Mound pension and PRB plans from Modification M141.

Plans. No costs relating to these Plans shall be charged against the BA for the baseline work for Tank Farm activities.

Table B-1

Estimated Budget Authority for Tank Farm Baseline Work Fiscal Years 2001-2008

	FY01	FY02	FY03	FY04	FY05	FY06	TOTAL
New BA Includes Fee	\$402.7*	\$355*	\$410*	\$386*	\$387*	\$388*	\$2,328.7*
Fee	\$19,760,849.	\$16,351,536.	\$16*	\$22*	\$20*	\$14*	\$108.1*

	FY07	FY08	Total
New BA Includes Fee	\$262*	\$258*	\$520*
Fee	\$12.375*	\$14.475*	\$26.850*

* Amounts stated in Millions of dollars.

B.3.a. Estimated Cost – Transition, Management, and Plan Sponsorship of Rocky Flats and Mound PRB Plans

The following section applies to the work described in Sections C.7, C.8, and C.9 of the Statement of Work.

- (a) Subject to other provisions of this Contract, reasonable and necessary costs incurred by the Contractor to accept transfer of sponsorship, administration and management of the Rocky Flats and Mound Pension and PRB Plans as identified and described in Section C.7 of the Statement of Work, shall be reimbursable under this Contract, including, but not limited to:
 - (1) Costs necessary to receive, and accept transfer of, the Rocky Flats and Mound Pension and PRB Plans from Kaiser-Hill Company, L.L.C. ("Kaiser-Hill") and CH2M Hill Mound, Inc. ("Mound")²;
 - (2) Subsequent to the transfers, costs of sponsorship and management and administration of the Rocky Flats and Mound Pension and PRB Plans, including but not limited to pension contributions, and compliance with applicable current and existing laws and regulations and other requirements of this Contract, exclusive of those administration costs which are properly chargeable to funds in the Rocky Flats and Mound Pension and PRB Plans; and
 - (3) Costs associated with transfer of the Rocky Flats and Mound Pension and PRB Plans upon Contract expiration or termination of this Contract in accordance with Section C.8.
- (b) Fee. The Contractor shall earn no incremental fee for sponsorship, management and administration of the Rocky Flats and Mound Pension and PRB Plans during the remainder of this Contract and during any extension to this Contract.

² Costs necessary to effectuate the transfer to Contractor and to comply with all legal and regulatory requirements associated with the transfer, shall be paid by Kaiser-Hill and Mound, respectively.

B.3.b. Estimated Cost – Transition, Management and Administration of Rocky Flats' Workers' Compensation Insurance Plans

The following section applies to the work described in Section C.10 of the Statement of Work.

- (a) Subject to the other provisions of this Contract, reasonable and necessary costs incurred by the Contractor to accept the transfer of management and administration of the Rocky Flats Workers' Compensation Insurance Plans as identified and described in Section C.10 of the Statement of Work, which are currently managed and administered by Kaiser-Hill pursuant to contract DE-AC34-00RF001904, shall be reimbursable under this Contract, including, but not limited to:
- (1) Costs necessary to receive and accept transfer of Rocky Flats' Workers' Compensation Insurance Plans from Kaiser-Hill to Contractor³;
 - (2) Subsequent to the transfer, costs of management and administration of the Rocky Flats' Workers' Compensation Insurance Plans, including but not limited to compliance with applicable current and existing laws and regulations and other requirements of this Contract; and
 - (3) Costs associated with transfer of the Rocky Flats' Workers' Compensation Insurance Plans upon expiration or termination of this Contract in accordance with Section C.11.
 - (4) Contractor will assume the responsibility of maintaining and provide any collateral instruments (bonds and/or Irrevocable Letters of Credit) pertaining to insurers, respectively as required by Colorado law. The costs related to these collateral instruments and/or increases shall be allowable and reimbursable.**
- (b) Fee. The Contractor shall earn no incremental fee for management and administration of the Rocky Flats' Workers' Compensation Insurance Plans during the remainder of this Contract and during any extension to this Contract.

B.4 AVAILABILITY OF APPROPRIATED FUNDS

The duties and obligations of the Government calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the United States Congress, which DOE may legally spend for authorized purposes. Any work performed beyond the funds obligated and/or performed without the written consent of the Contracting Officer shall be at the Contractor's own risk.

³ Costs necessary to effectuate the transfer to Contractor and to comply with all legal and regulatory requirements associated with the transfer, shall be paid by Kaiser-Hill.

Attachment 2

**PART I – THE SCHEDULE
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**PART I – THE SCHEDULE
SECTION C
STATEMENT OF WORK¹**

C.1 SUMMARY DESCRIPTION OF WORK

The U.S. Department of Energy (DOE) Office of River Protection (DOE-ORP) River Protection Project (RPP) is composed of two major scopes of work performed by two separate contractors. CH2M HILL Hanford Group, Inc (hereafter referred to as the “Contractor”) shall be responsible for planning, managing, and executing the Tank Farm Contract (TFC) projects, operations, and other activities as described in more detail in Section C.3, *River Protection Project -Technical Scope*, of this Statement of Work. The Hanford Waste Treatment and Immobilization Plant (WTP) contractor will design, construct and commence operations of the WTP for treating the tank farm waste.

The Contractor shall be responsible for interfacing and coordinating with other Hanford Site prime contractors in the performance of this work. The Contractor shall ensure that requirements for services it provides to other Hanford Site contractors, and receives from other site contractors are integrated with other Hanford Site contractors and provided for in the baseline. The Contractor shall establish appropriate arrangements with other Hanford Site prime contractors for the tasking of work. These arrangements shall anticipate the transition of existing Hanford Site prime contracts as the successor contracts are implemented.

The Contractor shall conduct business at the Hanford Site consistent with the following outcomes:

- Maintain Tank Farms waste and infrastructure in a safe environmentally compliant and stable configuration.
- Retrieve tank wastes to the extent needed for tank closure and deliver to the WTP contractor for treatment and immobilization.
- The immobilized low-activity waste (ILAW) fraction will be properly disposed either onsite or offsite.
- The immobilized high-level waste (IHLW) fraction will be interim stored until it can be shipped offsite for disposal (planned for the Yucca Mountain geologic repository).
- Efficiently and cost effectively close all Hanford Tank Farms.

Success in achieving these outcomes shall consider the following factors:

- Protection of worker safety and health, public safety and health, and the environment;
- Leadership and management effectiveness (Operations Management);
- Management responsiveness to customers (Customer Service);
- Responsive communications with external and internal Hanford customers; and
- Proficient partnering with other Hanford Site prime contractors.

Specific performance objectives, measures, and expectations are detailed in Section J, Appendix D, *Performance Based Incentives*, and Section C.3, *River Protection Project – Technical Scope*.

The Contractor shall integrate safety and environmental awareness into all activities, including those of subcontractors at all levels consistent with Integrated Safety Management principles. Work must be accomplished in a manner that achieves high levels of quality, protects the environment, the safety and

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health of workers and the public, and complies with requirements. The Contractor shall identify hazards, manage risks, identify and implement good management practices, and make continued improvements in environment, safety, health, and quality (ESH&Q) performance.

The Contractor shall seek ways to streamline work processes by the use of necessary and sufficient standards and requirements. This includes requesting relief in the form of exemptions from requirements when appropriate, such as when the cost of the requirement will exceed its expected benefits.

The Contractor shall furnish, or cause to be furnished, all personnel, facilities, equipment, material, supplies, and services (except as may be expressly set forth in this Contract as furnished by the Government), and otherwise do all things necessary for, or incident to, providing its best efforts so as to carry out in an efficient and effective manner all necessary work set forth in this Contract.

This Contract is intended to perform work necessary to reduce the potential risk to the public and the environment from the tank waste stored on the Hanford Site. It is also intended to meet the DOE legal obligations and commitments in carrying out this work. This Contract will be changed as required to assure that applicable legal obligations and commitments will be met.

C.2 MANAGEMENT WORKSCOPE

(a) Project Management Planning

The Contractor shall implement and maintain an integrated project management system to support safe, efficient, and measurable progress. The project management system shall include the processes and implementing procedures necessary to plan, execute, and control all work to be performed under this Contract.

DOE will continuously seek to improve Project performance under this Contract, and will actively seek effective Contractor project management and execution. The project management system shall be structured to provide early and continuous identification of opportunities to improve Project performance.

- (1) **Project Integration and Control:** The Contractor is responsible to integrate and control the Tank Farm Project, and shall coordinate and integrate all project activities. As part of the project integration responsibilities, the Contractor shall develop a Tank Farm Project Management Plan (PMP), execute the plan, and coordinate changes to the plan across the Project in accordance with DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets*.

The Contractor shall perform planning based on the requirements, interfaces, endpoint targets and performance objectives provided in DOE guidance and approved Performance Based Incentives (PBIs). This planning activity shall utilize systems engineering techniques assuring that the Contractor's workscope is integrated.

The Contractor shall support required revisions of the River Protection Project System Plan and other RPP strategic planning documents and will participate with other DOE prime contractors, regulators, stakeholders, and customers in strategic situation analysis, integrated baseline development discussions and issue definition, and resolution. This planning shall look beyond the period of this Contract to encompass the life-cycle of RPP projects.

- (2) **Project Scope, Schedule, and Cost Baseline:** The Contractor shall complete and maintain an integrated life-cycle baseline which reflects: (a) technical scope of work specified in this Contract, (b) project/program schedules with critical paths

identified, and (c) a cost profile based on a resource-loaded schedule. The Contractor shall use industry-proven methodology, which will interface with DOE specific management information systems, in the preparation of this technical, schedule and cost baseline. The baseline shall be the basis for budget development, input to risk analysis, and prioritization of work. The baseline shall be developed and implemented in the Contractor's management system and shall be linked to the WTP contractor baselines to provide an integrated RPP baseline. Specifically, the Contractor shall, as identified in the approved baseline scope, provide the following:

- (i) Organize the technical scope of work to be planned, managed, integrated, and reported using conventional project management techniques. The Contractor shall develop and use a Work Breakdown Structure (WBS), which will align with the DOE-ORP WBS.
- (ii) Implement a systems engineering process, which supports the management and integration of workscope activities. The Contractors' selected approach to systems engineering should be based on industry practices and should utilize a graded approach, as necessary.
- (iii) Develop and implement a risk management process utilizing a graded approach, which supports the management and integration activities under the authority of the Contract.
- (iv) Use a "graded approach" to determine applicable sets of requirements for use in design, management and operation of the individual facilities, and execution of projects and programs, with due consideration for industry standards, elimination of redundant requirements, value added, and the level of risk associated with each facility or program.
- (v) Incorporate the requirements of the *National Environmental Policy Act of 1969* (NEPA) into the planning process for activities covered in this Contract.
- (vi) Provide support to DOE-ORP planning and integration activities. Conduct studies and analyses of RPP/Hanford systems and information, which supports DOE-ORP internal and external management needs. The Contractor shall provide support in: 1) corporate strategic planning, 2) policy development, 3) management information systems, and 4) baseline management and reporting. Studies and analyses include identification and development in conjunction with DOE of breakthroughs that significantly improve baseline performance and lifecycle costs or improve work processes.
- (vii) Provide support for review of TFC planning and operations by both internal (DOE-ORP) and external (DOE-Headquarters, Inspector General, Defense Nuclear Facilities Safety Board, U.S Environmental Protection Agency, Washington State Department of Ecology, etc.) agencies. This will include resolution of issues and concerns following a review.
- (viii) The RPP baseline will be maintained, revised, and updated, if needed, annually. Following the WTP contractors submission of their Baseline Update, the Contractor shall perform an analysis of the integration of the WTP and TFC schedules and prepare an integrated River Protection

Project (RPP) baseline. DOE-ORP will provide the Contractor with an electronic copy of the WTP baseline. The Contractor shall provide the supporting TFC baseline package to DOE-ORP each year, fully integrated with the WTP contractor and supporting other Hanford contractor baseline packages.

Any changes to the Contractors current baseline shall be documented via a Baseline Change Request. The Contractor shall submit a risk assessment of the RPP Integrated Baseline.

(b) Project Management Execution

The Contractor is responsible to have systems which are managerially and financially in control for its own and other Hanford Site work as required by DOE. In furtherance of this, the Contractor shall:

- (1) Establish and maintain management systems to ensure that the Contract work is managed in an integrated project management system, as required by Section H, Clause H.8 *Project Controls*, to promote integration, enhance customer and stakeholder confidence, provide accurate and timely information for proactive decision-making, and ensure worker and public safety and protection of the environment. Systems and methodologies shall be established to identify, evaluate, and manage risks, and establish priorities based on project life-cycle considerations.
- (2) Obtain, integrate, analyze, report, and maintain appropriate and accurate TFC information to support DOE in the integration and management of the Hanford Site. This information includes, but is not limited to, data critical to effective management of the Hanford Site such as movement of wastes on or off the site, compliance with regulatory action assignments, or utilization of site services. The minimum reporting requirements are identified in Section F.3, *Reporting Requirements*.
- (3) Develop and maintain a management system, which reflects appropriate and accurate information to control, evaluate, and integrate project/mission management. This system shall reflect the following:
 - (i) Management, control, and reporting of technical, schedule, cost, and financial elements of the TFC life-cycle baseline and the supporting project execution plans, as required by Section H, Clause H.23 *Earned Value Management System*, including:
 - (A) Appropriate change control processes, which ensure documentation of all monitored elements of the baseline, are maintained up-to-date. This includes the configuration baseline of all technical systems and structures, and includes revision to the baseline and critical path as appropriate upon approval of changes. At a minimum the change control process shall implement the RPP baseline change thresholds in Section F, Table F-2,
 - (B) Tracking and measuring tools to provide DOE-ORP continual assessment of Contractor performance against the baseline;

- (C) Tools which allow the evaluation of the consequences (technical, cost, and schedule) of new information, alternative activities, and/or new financial scenarios;
 - (D) Estimating procedures based on commercial techniques, such as activity-based cost estimating and benchmarking against industry standards; and
 - (E) Cost accounting practices used for accumulating and reporting costs shall be consistent with those used in estimating costs for work under the Contract.
- (ii) Provide DOE-ORP with integrated financial, schedule, and critical path analysis, and activity tracking data to effectively manage the baseline(s) through automated reporting emphasizing performance measurements, change control, and trending data. This system shall support DOE ability to report direct and indirect costs in a manner satisfactory to DOE.
 - (iii) Maintain flexible information systems compatible with DOE information systems, including reporting, budget, and financial systems, and allow efficient data interchange among site contractors and DOE. This includes compatibility with DOE Integrated Planning, Accountability, and Budgeting System-Information System.
 - (iv) Create the ability to accommodate electronic transfer of data between a diverse set of hardware, software, and communications platforms. Use standard data definitions, time schedules, and rules for the provision of information to the Management Information System (MIS) to ensure accuracy and consistency. All data and information provided to DOE relating to the Contractor or the subcontractors shall be prepared using common and consistent definitions, principles, and methodologies (e.g., Full-Time Equivalent [FTE] employees).
 - (v) Use a centralized system of reporting unusual occurrences, near misses, environmental events, safety events, etc., and ensure that lessons learned from such occurrences are provided to DOE, the Contractor, and subcontractor workforces as defined in Section C.2.(d)(1)(e).
 - (vi) Maintain comprehensive management and technical oversight and corrective action programs, including tracking of issues and lessons-learned program effectiveness.
- (4) Establish an RPP configuration management system based on industry consensus standards, which with other management tools, such as change control, assures a sound technical basis for the TFC life-cycle baselines.
 - (5) Provide to DOE via a computerized file, periodic accounting entries regarding government property acquisitions, dispositions, and monthly depreciation charges. These entries shall provide consistent information and allow reconciliation of the Contractor's detailed property records.

- (6) Participate in the management of interfaces between the Contractor and any other RPP or Hanford Site organization and provide ORP with information and notification on all interface activities. The Contractor shall provide the resources needed to fully participate in the interface management process for the RPP. The Contractor shall also fully participate in the preparation for interface management activities that may occur beyond the period of Contract performance.

Interface Documents will be developed and maintained to define interface agreements among the parties involved with the interfaces. The Contractor shall comply with the interface agreements reached with them and shall utilize the approved change control processes to obtain changes to the interface documents. The Contractor shall recognize the DOE role as "Owner" and as the final decision authority for any interface issues that are not resolved between the parties. Applicable interface document requirements associated with these agreements will also be incorporated into the TFC baseline.

- (7) Participate in the development of interfaces between the Contractor and WTP contractor to: 1) establish the physical and administrative interfaces, 2) develop any delivery requirements and acceptance criteria at the point of transition, 3) provide the necessary Contractor contributions to all Interface Control Documents that control each interface, and 4) provide necessary services and utilities.

The scope of the Contractor's participation and obligations described in this subparagraph (7) shall be set forth in a jointly developed Interface Management Plan (IMP) and Interface Control Documents (ICD) developed pursuant to the IMP. The IMP and ICDs will be referenced in Appendix O and will be used to establish Contractor's baseline performance obligations to ORP.

(c) Manage and Integrate Resources

The Contractor shall manage and integrate its resources for optimal achievement of outcomes set forth in Section C.1 above. In furtherance of this, the Contractor shall:

- (1) Support the annual budget submission process by working with DOE and other prime contractors to develop budget formulation documentation. The Contractor shall prepare documentation for its own work activities. Support to DOE during this process shall include but is not limited to assisting DOE to:
- (i) Develop project budget data.
 - (ii) Prepare budget justification analyses and budget scenario studies.
 - (iii) Provide support to all crosscutting budget formulation documents (i.e., ESH&Q, Information Resources Management, etc.).
 - (iv) Obtain regulator and other stakeholder participation in budget development, including assistance in response to stakeholder and regulator inquiries.
- (2) Provide leadership, project, and personnel management skills necessary to ensure compliance with the RPP goals and the *Hanford Federal Facility Agreement and Consent Order* (also known as the Tri-Party Agreement or TPA), and to motivate the workforce to:
- (i) Achieve quality work performance;

- (ii) Mandate attention to worker and public safety and health, environmental protection, and the tenets of Conduct of Operations; and,
 - (iii) Be fiscally and ethically responsible in the management of government and public resources, including property, equipment, funds, and time.
- (3) Use the existing "People Core" system at the Hanford Site to enhance human resources functions site-wide.
 - (4) Continually "right-size" its own workforce and that of its subcontractors to have the size of workforce equal to that necessary to accomplish the authorized workscope.
 - (5) Resolve employee concerns (including complaints on harassment, intimidation, retaliation, and discrimination) at the appropriate level. The Contractor shall support and provide cooperative membership in an approved "appeals avenue/forum" for resolving significant employee concerns (i.e., environmental, safety, health, and quality). The Contractor shall review and make recommendations to DOE to make the charter/process consistent with this Contract. The continued need for the "appeals avenue/forum" shall be reviewed annually and a recommendation submitted to DOE for discussion.
 - (6) Continually promote diversity in all aspects of the work under this Contract. An updated revision to the Diversity Plan, as set forth in Section J, Appendix G, *Guidance for Preparation of Diversity Plan*, shall be submitted to DOE-ORP for review and approval by February 1, 2001, and will be updated annually, thereafter.
 - (7) Provide an independent internal audit capability to review its activities and those of its subcontractors. An updated revision to the Internal Audit Plan as set forth in Section J, Appendix E, *Guidance for Other Required Plans* shall be submitted to ORP for approval by June 15, 2003, and updated annually, thereafter.
- (d) Environment, Safety, Health and Quality (ESH&Q)
- (1) The Contractor shall establish an Integrated Safety Management System (ISMS), in compliance with the Section I Clauses entitled, *Integration of Environment, Safety and Health into Work Planning and Execution*, and *Conditional Payment of Fee, Profit or Incentives*, that clearly communicates the roles, responsibilities, and authorities of line managers; holds line managers accountable for the performance of work in a manner ensuring protection of workers, the public, and the environment; and ensures quality work and products.
- The Contractor shall:
- (i) Establish effective management systems to identify deficiencies and resolve them in a timely manner; ensure that corrective actions are implemented that address the extent of conditions, root causes, and measures to prevent recurrence; and prioritize and track commitments and actions as well as identify and implement lessons learned from other DOE sites, contractors, or commercial activities. The Contractor shall have and maintain an effective Lessons Learned Program to capture lessons learned from both internally and externally identified deficiencies and good practices. The Lessons Learned Program shall be rigorous and comprehensive such that the Contractor can demonstrate actions taken to address significant occurrences from both inside and outside of

the DOE complex. Lessons learned information should be targeted and made available to the personnel in the Contractor's organization actually conducting the type of work involved and most able to benefit from the information.

- (ii) Establish a structured, standards-based approach to planning and control of work including identification, management and implementation of ESH&Q standards and requirements that are appropriate for the work to be performed and for controlling related hazards, while facilitating the effective and efficient delivery of work. The Contractor shall implement the requirements identified in the Section I Clause entitled, *Laws, Regulations and DOE Directives*.
- (iii) Establish an organization that supports effective ESH&Q management by ensuring appropriate levels of staffing and competence.
- (iv) Establish disciplined self-assessment, feedback, continuous improvement processes, and conduct of operations discipline in the performance of all work.
- (v) Implement a program to track and address environmental compliance issues and implement requirements (including but not limited to permitting, environmental reporting, Consent Decrees, Tri-Party Agreement reporting/management, NEPA, pollution prevention, waste minimization), and comply with all aspects of the Section H Clause entitled, *Environmental Responsibility*.
- (vi) Recommend and implement ESH&Q performance measures to monitor the effectiveness of the implementation of ESH&Q programs.
- (vii) The Contractor shall obtain occupational medical services as a mandatory Hanford Site Service for all Contractor and subcontractor employees performing hazardous work that may expose workers to chemical, physical including radiological, biological, and/or similar hazards. The Contractor shall identify required occupational medical services as required in other sections of this Contract. Occupational medical services are a mandatory Hanford Site Service under this Contract and are provided by the Hanford Site Occupational Medical Contractor (HSOMC). The Section I clause entitled Access to and Ownership of Records is implemented as follows with respect to occupational medical records: All occupational medical records generated during the performance of Hanford-related activities will be maintained by the Hanford Site occupational medical services provider and are the property of DOE.

The HSOMC, currently provides occupational Health Services to the Hanford Site. The Contractor shall obtain for itself and require all subcontractors performing work on the Hanford Site to obtain the following services from the HSOMC: occupational medical evaluations including return to work evaluations and work restriction reviews, medical surveillance evaluations, occupational primary care, health care centers/first aid, work conditioning, case management, work site health programs including blood-borne pathogens and immunizations, and behavioral health services including employee assistance programs, and

health information services such as medical records and medical scheduling.

The Contractor shall coordinate with the HSOMC and reach agreement regarding service requirements and delivery, including data gathering and sharing. The agreement should emphasize a comprehensive public health approach as being integral to a well-run health and safety program and address cost and resources effectiveness. This agreement shall be subject to approval and validation by DOE-ORP.

- (viii) Maintain, implement and improve the TFC (Tank Farms, 242-A Evaporator, and 222-S Laboratory) nuclear safety authorization basis in support of safe, effective, and efficient work accomplishment.
 - (ix) In accordance with the ISMS, Authorization Agreements (AAs) will be developed, mutually agreed to, and executed between the Contractor and DOE-ORP. The Contractor will maintain the AAs. The AAs are to serve as a mechanism whereby DOE-ORP, and the Contractor, jointly clarify and agree to the key conditions for conducting work safely, effectively and efficiently for Hazard Category 1 and 2 nuclear facilities. The AAs are to be updated annually, or as required to reflect changing conditions and Contractor responsibilities.
 - (x) Establish annual safety goals with performance indicators, such as worker radiation exposure, lost workdays, restricted work days, etc.
- (2) The safety and health of workers and the public, protection and restoration of the environment and implementation of quality assurance programs are fundamental responsibilities of the Contractor. Accordingly, the Contractor shall:
- (i) Take necessary actions to prevent serious injuries/illnesses and /or fatalities and prevent radiological or chemical exposures to workers and environmental releases in excess of established limits;
 - (ii) Establish clear environmental, safety, health and quality plans and priorities and manage activities in proactive ways, including visible management field presence, that effectively and efficiently protect the environment, public and worker safety and health, and ensure the quality of work and work products;
 - (iii) Carry out all activities in a manner that complies with human health, safety, environmental, and quality regulations; minimizes the generation of wastes, releases or emissions into the atmosphere, and releases to soil and surface or groundwater; and complies with applicable regulatory requirements and DOE directives;
 - (iv) Empower workers through the use of committees, employee involvement and the tenants of the DOE Voluntary Protection Program (VPP);
 - (v) Engender a "Safety Conscious Work Environment" in which safety issues are promptly identified and effectively resolved, and in which employees feel free of recrimination, harassment, intimidation, or other actions that induce peer pressure to not raise safety issues or otherwise create an environment where safety issues are not identified and resolved.

(e) Economic Transition and Outsourcing

The Contractor shall:

- (1) Be responsible for the performance of the work under this Contract in a manner that helps the community establish a stable economic base over the long term. This shall be accomplished through appropriate private sector participation in cleanup, making available for effective private use DOE assets no longer required or under-utilized by the Government, and investment of private resources in the community.
- (2) The Contractor shall:
 - (i) Recommend to DOE-ORP, the use (by the Contractor, subcontractors, or other private entities) of Government-owned assets (equipment, facilities, or land) on a non-interfering basis to promote, assist, or otherwise foster creation of new private sector jobs.
 - (ii) Accomplish changes in the workforce in a way that minimizes social and economic impacts and complies with Section 3161 of Public Law 102-484.

(f) External/Internal Communications

- (1) The Contractor shall participate in the DOE-ORP external/internal communications program to ensure that the full range of stakeholders receive information in a timely, accurate, complete, and professional manner. Contractor external communications actions shall comply with the DOE Openness Initiatives and Public Involvement Policy and will be approved in advance by DOE-ORP.
- (2) The Contractor shall work with DOE to ensure that external/internal communications activities represent a singular and consistent DOE source of information about the DOE-ORP mission and its relationship to the Hanford Site.
- (3) Contractor external/internal communications efforts and/or corporate communications not directly related to the DOE-ORP mission at Hanford, and/or approved by DOE-ORP, are not allowable costs under this Contract.
- (4) The Contractor shall keep the Hanford Site workforce related directly to the work performed by the Contractor and subcontractors under this Contract informed consistent with applicable laws and regulations.
- (5) At DOE-ORP direction, the Contractor shall:
 - (i) Provide timely and consistent support for inter-Governmental liaison activities, including activities with Federal, State, local and Native American Governments.
 - (ii) Provide logistical support for public meetings, employee and community events, and other meetings on an as-needed basis. .
 - (iii) Respond in a timely fashion with information as requested by DOE-ORP in support of *Freedom of Information Act* and/or *Privacy Act* requests.
- (6) External/internal communications activities shall include, but not be limited to:

- (i) Public information
- (ii) Public involvement
- (iii) Emergency communications activities
- (iv) Media relations
- (v) Site tours, including transportation for tours
- (vi) Preparation/maintenance of public information audio/video products and printed materials.

(g) Training

The Contractor shall coordinate training needs through the Hazardous Materials Management and Emergency Response (HAMMER) facility and the Hanford Site-training program, as applicable.

(h) Emergency Preparedness

The Contractor shall provide an emergency response capability for facilities under its control that implements the Hanford Emergency Management Plan (DOE/RL-94-02, Revision 2), as modified. Because of the potential for the Contractor to become the Event Contractor as defined in the Hanford Emergency Management Plan, implementation includes, but is not limited to, maintaining a 24-hour per day, 7 days per week, capability to adequately staff the required Hanford Site Tank Farm areas of responsibility and 222-S Laboratory specific Emergency Response organization positions within 60 minutes of receipt of notification from the Occurrence Notification Center of a Hanford Site emergency.

(i) Environmental Monitoring

The Contractor shall manage its facilities and operable units to assure compliance with environmental requirements and agreements. The Contractor shall work with the Project Hanford Management Contractor (PHMC) or other designated contractors in providing legally and regulatory required air and liquid effluent and near facility environmental monitoring. The Contractor shall collect, compile, and/or integrate air and liquid effluent monitoring data from operations and activities under their control. The Contractor shall compare the monitoring data with regulatory and/or permit standards applicable to their activities and/or operations and provide the data and analyses to the PHMC or other designated contractors for use in preparing the mandatory State and Federal environmental reports for the Hanford Site.

The Pacific Northwest National Laboratory (PNNL) monitors the Hanford environment to protect public safety and Hanford Site ecological and cultural resources. This includes providing real time localized weather information for routine safety operations and emergency response, performing Hanford Site and off-site environmental monitoring, as well as determining radiological exposure to the public and the environment. The Contractor shall provide appropriate environmental data for its facility and operable units to support Hanford Site assessments and preparation of the Hanford Site Environmental Report.

PNNL is responsible for Hanford Site groundwater monitoring. The Contractor will be knowledgeable of actions PNNL completes to develop monitoring plans for Contractor

facilities and operable units. The Contractor shall maintain regulatory oversight capability to ensure that compliance for their facility and operable units is maintained, for the groundwater-monitoring program by PNNL.

The Contractor will perform vadose zone characterization around the Tank Farms in accordance with TPA and other regulatory requirements. This effort will be integrated with the PNNL groundwater monitoring effort, DOE-ORP *Resource Conservation and Recovery Act of 1976* (RCRA) Facility Investigation/Corrective Measures Studies, and the PHMC or other designated contractors.

C.3 RIVER PROTECTION PROJECT

(a) Technical Scope of the Contract

The River Protection Project (RPP) scope of this Contract encompasses activities identified in the TFC RPP baseline (hereafter referred to as the "Baseline") as amended by approved Baseline Change Requests (BCRs) needed to: (1) safely manage tank wastes, and operate tank farm systems within an approved authorization basis for such operations applying appropriate life cycle asset management; (2) retrieve waste from single shell tanks consistent with the TPA and other applicable Federal or State laws, regulations; and retrieve and dispose of waste from double shell tanks, including completing upgrades of waste retrieval and transfer systems; (3) develop potential supplemental treatment technology(ies), such as Bulk Vitrification; (4) construct, operate, and maintain facilities necessary for waste treatment support and treated waste storage/disposal ; (5) stabilize facilities and prepare tank closure plans for SSTs as contemplated in the TPA ; (6) execute supporting project management responsibilities including strategic analysis, baseline management, contracting functions, compliance, finance and administration, and (7) perform landlord functions for the 222-S Analytical Laboratory, as set forth in the following sections:

(1) Safe Tank Waste Storage

(i) General Description

Contractor shall provide an adequate, comprehensive, and reliable safety basis for the management and storage of waste managed by Contractor under the scope of this Contract. This will be accomplished by developing, operating to and maintaining an integrated authorization basis (AB), and by resolving outstanding safety issues and unreviewed safety questions to ensure safe storage and retrieval of waste. Proposals to modify the AB shall be made as appropriate to provide a cost effective AB for safe and reliable waste storage; retrieval; feed delivery; and immobilized product storage, and disposal. Waste sampling and characterization will be performed as required to assure safe storage conditions and to maintain the integrity of the double-shell tank (DST) system. Waste monitoring, characterization, treatment, disposal and reporting will be performed as required to meet regulatory requirements. Wastes meeting the waste acceptance criteria will be received into the DST system from Hanford Site facilities as required to support the Hanford Site cleanup mission.

The Contractor shall also adequately perform operations and maintenance; effectively manage, plan, and utilize resources; and implement an approved life-cycle asset management system.

The Contractor shall store tank wastes in compliance with storage requirements and without any significant non-compliance due to Contractor action or lack of planning. The integrity of the DSTs shall be maintained to support the extended waste treatment mission. Additional performance expectations are identified in the Baseline and in the Section J, Appendix D, *Performance Based Incentives*.

(ii) Tank Farm Upgrades

The Contractor shall complete upgrades to the DST system to support safe and reliable tank waste operations, such as, storage, retrieval, staging, and delivery activities. This includes performing waste transfer system upgrades necessary to provide a compliant system to support waste feed delivery to the WTP and will include completion of additional waste system upgrades contained in the Baseline. The DST system shall support implementation of the DST system RCRA permit.

The Contractor shall comply with all regulations; and improve infrastructure reliability, operability and maintainability (including transfer systems, instrumentation and control systems, electrical distribution, and ventilation systems).

The Contractor shall complete the Tank Farm upgrades necessary to implement a RCRA permit for the DST system, as identified in the approved Baseline, and Section J, Appendix D, *Performance Based Incentives*.

(iii) Component Isolation and Monitoring

The Contractor shall complete the isolation and monitoring of DST components that are not part of the DST system identified in the RCRA permit application or issued permit. Entry points into stabilized SSTs shall be capped or plugged as required to ensure that waste and water will not re-enter the tank.

The Contractor shall complete the component isolation and monitoring; necessary to implement a RCRA permit for the DST system, as identified in the approved baseline, and Section J, Appendix D, *Performance Based Incentives*.

(iv) 242-A Evaporator

The Contractor shall operate and maintain the 242-A Evaporator structures, operating systems and equipment, and monitoring systems in accordance with the 242-A current Authorization Basis and applicable regulatory requirements. The Contractor shall maintain security, radiological control, and access control to ensure personnel safety.

The Contractor shall operate, maintain, and upgrade the 242-A evaporator to maintain readiness to operate and to support the extended waste treatment mission. This shall include evaporator campaigns upgrades as identified in the approved Baseline, and Section J, Appendix D, *Performance Based Incentives*.

(v) Manage Tank Farm Environmental Compliance

The Contractor shall manage and complete environmental compliance activities that support safe tank waste storage. This includes completing required remedial field investigations, corrective measure studies, and Vadose Zone sampling and characterization activities.

The Contractor shall achieve the expectations identified in the approved Baseline, and Section J, Appendix D, *Performance Based Incentives*.

(2) Waste Retrieval

(i) General Description

The Contractor shall in an environmentally sound, safe, secure, and cost-effective manner:

- Retrieve wastes from SSTs, and designated miscellaneous underground storage tanks (MUSTs); and
- Prepare to provide waste from the DST system (feed delivery) to the WTP contractor for processing.

The waste retrieval and feed delivery workscope shall be projectized to assure required deliverables are met. The Contractor shall establish the functions and requirements and establish the schedule to install the equipment needed to reliably deliver the proper waste feed on schedule to the WTP contractor for waste treatment.

The *Tank Waste Remediation System (TWRS) Environmental Impact Statement Record of Decision* calls for retrieval of wastes from all 149 SSTs, 28 DSTs, and MUSTs. Until all waste is retrieved, the DSTs must function to store and prepare waste retrieved from SSTs and MUSTs for waste treatment facilities while optimizing utilization of DST space.

(ii) Single Shell Tank Retrieval

The Contractor shall develop methods, systems and requirements for retrieving wastes from the Single Shell Tanks to the extent needed to close them in accordance with RCRA and the *Atomic Energy Act of 1954* (AEA). SST retrieval methods and requirements shall support SST retrieval demonstrations.

Single shell tank retrieval objectives include demonstrating technologies to retrieve salt cake, hard heel, and other wastes from SSTs; determining technology limitations, retrieval efficiencies, safety and environmental concerns, and cost impacts for SST retrieval systems; evaluating alternative retrieval technologies for SSTs that have leaked or may leak; and supporting the transition and closure of SSTs and tank farms. The Contractor shall complete the SST retrieval progress identified in the approved baseline, and in the Section J, Appendix D, *Performance Based Incentives*.

(iii) Double Shell Tank Retrieval and Waste Feed Delivery

The Contractor shall develop detailed plans to design, construct, install and test systems for retrieving wastes from the DSTs to meet the waste feed requirements of the WTP. The Contractor will also maintain these systems to be operational when required to deliver waste. This will require providing DST waste retrieval systems that can supply waste feed in composition sufficient to meet waste feed delivery in quantities and rates sufficient to support the WTP processing capacities. This shall also include providing tank characterization and waste samples to support WTP planning and testing requirements. Also included is support for the development of the RPP flowsheet and planning inclusive of all major process steps and/or systems including but not limited to: SSTs, DSTs, pre-treatment, immobilization, supplemental treatment, immobilized product storage and disposal, as identified in the Baseline. Development of the RPP flowsheet includes improving the quality of input data, developing flowsheet assumptions, identifying inputs and outputs at each step, and developing constraints/requirements at each step.

The Contractor shall perform DST Retrieval and Waste feed Delivery planning and preparation for the initiation of waste treatment activities either through WTP processing capacities or supplemental treatment processing capacities.

(3) Supplemental Treatment

(i) General Description

The Contractor shall develop potential supplemental treatment technologies including the bulk vitrification system. A Demonstration Bulk Vitrification System (DBVS) project shall demonstrate if the technology has justifiable potential for full-scale implementation to treat tank wastes. The demonstration will yield results that provide insights and direction to the development of full-scale system design and operation.

The DBVS facility shall be used to evaluate: the ability to produce immobilized LAW (ILAW) to supplement the plan capacity in the WTP currently under construction; the compatibility of the technology with actual tank waste; the safety; efficiency, and potential cost-effectiveness of the bulk vitrification process; and the feasibility for full-scale application. This project shall be designed to investigate requirements for feed material handling, equipment operation, residual material handling, production and control of secondary wastes, and potential environmental impacts associated with the process.

The DBVS objectives are identified in the approved Baseline and Section J, Appendix D, *Performance Based Incentives*.

(4) Waste Treatment Support and Treated Waste Storage/Disposal

(i) General Description

The Contractor shall design, procure, construct and operate infrastructure sufficient to enable the WTP facilities to be constructed and operated, and consistent with the ICDs for infrastructure activities. The infrastructure shall support treatment of tank wastes either through the WTP alone or in conjunction with a supplemental technology.

The Contractor shall provide safe storage and final near-surface disposal on the Hanford Site for ILAW, and failed or decommissioned melters from the WTP.

The ILAW disposal facilities will receive immobilized low activity tank waste. The ILAW waste packages will be placed in near-surface disposal facilities. The near-surface disposal systems and waste packages shall meet regulatory requirements for transportation and near-surface disposal of low-level waste.

The Contractor shall also provide for the safe storage for IHLW. The IHLW storage facility will receive IHLW, where the product will be stored until shipped to a geologic repository. Storage of the product in a storage facility will consolidate the high level waste in one area and provide safe, environmentally sound storage. In addition HLW storage will provide load-out capability for shipment of IHLW canisters to a geologic repository.

(5) Close Facilities

(i) General Description

The Contractor shall undertake facilities stabilization in preparation for the transition of such facilities for deactivation and decommissioning. The Contractor shall develop closure plans in conformance with NEPA analysis developed to support tank closure and applicable RCRA requirements. The plans shall provide closure definition, closure demonstrations, system design, authorization basis, work plans, approvals and other information necessary for closing the SSTs in accordance with the closure requirements of DOE Manual 435.1 and TPA Milestones.

The Contractor shall support NEPA analysis supporting RPP, and perform planning and preparation for the closure of all Tank Farms facilities, sites, or other areas of concern.

(6) Manage Projects

(i) General Description

The Contractor shall establish and maintain necessary systems and organizational components necessary to execute the technical work scope set forth in this Section of the Contract. This includes, but is not limited to, organizational components responsible for strategic analysis and integration; project management; business management; contracts; compliance; and finance and administration, consistent with the WBS descriptions in the DOE Mission Analysis Report.

The Contractor shall implement DOE Order 413.3, *Program and Project Management for the Acquisition of Capital Assets* for the RPP. This shall include the requirements of Section C.2, *Management Workslope* and Section C.3, *River Protection Project*

(7) Analytical Laboratory Services

(i) General Description

The Contractor shall perform landlord responsibilities for the 222-S Laboratory facilities and equipment, to include facility operations, maintenance, and analytical process development in support of the RPP mission. The Contractor shall coordinate and provide services to the Analytical Services Production Contractor (ASPC) in support of the analytical services production functions in the 222-S Laboratory complex.

(ii) Facilities and Instruments

The Contractor will operate facility systems and maintain equipment to support the analytical functions within the 222-S Laboratory and associated facilities. The Contractor shall ensure that operations remain within the bounds of the approved AB. The Contractor shall provide maintenance, routine calibrations, repairs and engineering functions for the facilities and instrumentation. The analytical instrumentation and support equipment shall assure capacity, capability and reliability are available to support the clean up schedules. The facility and instrumentation availability is subject to routine downtime for maintenance, repairs and upgrades; scheduled downtime will be closely coordinated with the ASPC to maximize efficiency: unscheduled outages of facilities or equipment will be prioritized to minimize the impact to the ASPC.

(iii) Established programs and services

The Contractor shall evaluate, develop and maintain AB documentation, environmental permitting and other compliance documentation and activities for the 222-S Laboratory complex and analytical activities in support of the ASPC. The support shall include but is not limited to:

- Radiological control program and services as submitted through an inter-contractor work order with the 222-S Laboratory contractor,
- Nuclear safety,
- Safety management programs (in the Documented Safety Analysis),

- Security program and personnel,
- Emergency response program,
- Fire protection program,
- Waste management program and services,
- Regulatory issues resolution and actions,
- Coordination of laboratory analyses and data interpretation for the RPP, and
- Engineering.

(iv) Laboratory Information Management System (LIMS)

The Contractor shall provide to the ASPC, the comprehensive LIMS. These systems have the capability to upload a large proportion of the analytical data from the instruments to the analytical reporting systems after approval by the responsible chemists.

(v) Analytical Process Development

The Contractor shall perform analytical process development work in the 222-S Laboratory to support the RPP. The Contractor shall maintain a nuclear material safeguards and security program and maintain special nuclear material accountability to support process development work. Analytical process development work shall be coordinated with the ASPC and newly developed analytical process shall be transferred to the analytical services production function provided by the ASPC as soon as practicable.

(b) Required Investment by DOE – (Government Furnished Services/Items)

DOE and the Contractor both recognize that the successful execution of the Scope of Work of this Contract will require cooperative efforts by both parties to minimize non-value added transactions. Within this recognition, there are certain commitments and actions required on the part of the Government to achieve the desired performance within the level funding assumptions underlying the Baseline. The description of Government Furnished Services/Items is set forth in the Performance Based Incentives (PBIs) included in Section J, Appendix D.

During the term of the Contract, DOE and the Contractor will work to fulfill the objective, and meet the commitment and deliverables identified therein. During the performance of the Contract, the parties agree that efficiencies and performance improvements will be required to reduce the actual cost and/or improve the schedule for the work.

The Contractor and the Government will establish a Partnering Agreement. The agreement will establish a common vision with supporting goals and missions, that will promote the principles of teamwork, mutual respect, openness, honesty, trust, professionalism and build a better understanding of one another's position. The agreement will also include joint commitments to:

- Maintain high safety performance,
- Eliminate barriers to a faster, more cost effective program,
- Create an organizational culture able to accommodate change,
- Resolve conflicts through a coordinated work effort to avoid adversarial relations, and
- Reinforce the partnered relationship with honest feedback and continual improvement.

C.4 SUPPORT FOR WASTE TREATMENT AND IMMOBILIZATION PLANT PROJECT CONTRACTOR

The Contractor shall be responsible for providing support to the Hanford Waste Treatment and Immobilization Plant (WTP) Project. Part of the RPP mission is to separate the Hanford Site tank waste into LAW and HLW fractions and to immobilize and dispose of them in an environmentally sound, safe, and cost-effective manner.

The Contractor shall be responsible for coordinating the WTP contractor's requirements for infrastructure, utility, and service support with the PHMC (or other designated contractors), who shall provide such support as specified in RPP Interface Control Documents. Required services include waste sampling and characterization.

C.5 CROSS-CUTTING SERVICES

The Contractor shall obtain samples from waste tanks for the WTP, and the PHMC (or other designated contractors) and its subcontractors at the Hanford Site. The sampling techniques may include grab sampling for liquids, core sampling for liquids and solids, and vapor sampling. The Contractor shall receive liquid radioactive wastes that meet Contractor tank waste acceptance criteria from other site facilities for storage in the DST systems and eventual immobilization and disposal. Additional interface requirements specific to WTP are included in Section J, Appendix O, Interface Documents Specific to WTP interfaces.

The Contractor shall provide support for groundwater/vadose zone integration activities consistent with DOE-ORP approved interface management agreements.

The Contractor shall provide site-wide ventilation and balance services.

The Contractor will operate facilities and maintain the 222-S Complex.

C.6 INTERACTIONS WITH OTHER PRIME CONTRACTORS

The Contractor may, from time to time, provide services to and receive services from other Hanford Site DOE prime contractors by memoranda of agreement or other subcontract arrangements. The Contractor is encouraged to utilize the specified expertise of the PHMC (or other designated contractors), PNNL, the HSOMC, the River Corridor Contractor, and the Energy Savings Performance Contractor (ESPC) to accomplish the TFC mission. In the event the Contractor determines that services may be obtained from more cost effective sources of supply, the Contractor shall notify DOE of its proposal to utilize other sources. The Contractors shall work with each other in identifying yearly requirements for services. DOE approval will be obtained prior to changing service providers.

C.7 SPONSORSHIP, MANAGEMENT AND ADMINISTRATION OF ROCKY FLATS AND MOUND PENSION AND POST RETIREMENT BENEFIT (PRB) PLANS

On 9-20-2006, the Contractor and DOE executed Modification M126 to this Contract, which sets forth the terms and conditions under which DOE authorized the Contractor to support the transfer of, and accept sponsorship and responsibility for, the management and administration of the Rocky Flats pension and PRB plans described below from Kaiser-Hill Company, L.L.C.

Based upon the desire of CH2M Hill Mound, Inc. ("Mound") to transfer sponsorship, management and administration of certain pension and PRB plans from Mound pursuant to contract DE-AC24-03OH20152 to the Contractor, through this Modification M141 the Department of Energy further authorizes the Contractor to support the transfer of, and accept sponsorship and responsibility for, the management and administration of the Mound pension and PRB plans described below. The purpose of this Modification M141 is to make the responsibilities of the Contractor regarding the management and administration of the Mound pension and PRB plans substantially identical to those set forth in Modification M126 for the Rocky Flats pension and PRB plans.

Upon transfer of sponsorship, management and administration responsibilities, the Contractor shall manage and administer the Rocky Flats and Mound Pension and PRB Plans in accordance with all applicable laws, regulations, DOE Directives and in accordance with the provisions and requirements of this Contract, including, but not limited to applicable requirements of Section J, Appendix B of this Contract. The plans shall be managed separately from each other and from the Hanford Site Multi-Employer Pension Plan (MEPP) and the Hanford Employee Welfare Trust (HEWT) in a manner so as to preserve the Rocky Flats and Mound Pension and PRB Plans' separate and distinct identities.

The Rocky Flats benefits transferred to the Contractor pursuant to Modification 126 are as follows:

- (a) Rocky Flats Employee Welfare Trust. Benefits covered under this multiple employer welfare agreement include:
 - (i) Medical (both fully insured and self-funded) plans for:
 - Salaried retirees and their eligible dependents;
 - United Steelworkers of America (USWA) hourly retirees and their eligible dependents; and
 - Salaried participants on Long Term Disability.
 - (ii) Basic and supplemental life insurance for:
 - Salaried retirees;
 - United Steelworkers of America (USWA) hourly retirees;
 - Security Protection Officers (SPO) hourly retirees; and
 - Salaried participants on long-term disability.
 - (iii) Vision coverage for SPO retirees only.
 - (iv) COBRA medical coverage for terminated salaried USWA and SPO employees and eligible dependents.
 - (v) COBRA dental coverage for:
 - Retired salaried, USWA and SPO employees and eligible dependents; and
 - Terminated salaried, USWA and SPO employees and eligible dependents.
 - (vi) Displaced workers medical coverage for laid-off salaried, USWA and SPO employees not eligible to retire. Coverage includes eligible dependents.
- (b) Rocky Flats Multiple Employer Pension Plan. This master plan covers two separate defined benefit plans for salaried retirees and SWA retirees.

Kaiser-Hill Retirement Plan for Hourly Plant Protection Employees. This defined benefit plan covers SPO retirees.

The Mound benefits to be transferred pursuant to this Modification M141 are:

Benefit Plan	CH2M Hill Mound, Inc. Employees' Pension Plan (defined benefit)	CH2M Hill Mound, Inc. Retiree Health Plan (self insured)	CH2M Hill Mound, Inc. Salaried Health Plan (self insured)	Retiree Life Insurance	Salaried Employees' Disability Plan (pre 10/01/97) (self Insured)	Hourly Employees' Disability Plan (self insured)	Salaried Health, Cobra & Displaced Worker Health Coverage	Hourly COBRA & Displaced Worker Health Coverage	Hourly COBRA & Displaced Health Coverage
Plan ID	PIN: 002	SPD 502	SPD 513	SPD 501	SPD 504	SPD 505	SPD 513	SPD 502	SPD 512
Eligible Employees	All vested and retired hourly and salaried employees employed 10/01/88 or later	All hourly T&PD & retirees; salaried T&PD & retirees 10/01/97 and prior	Salaried retirees after 10/01/97	Hourly T&PD & retirees; Salaried retirees; Salaried T&PD 10/01/97 and prior	Salaried approved T&PD 10/01/97 and prior	Hourly Approved T&PD	Participants whose coverage terminates	Participants whose coverage terminates	Participants whose coverage terminates
Current TPA	Wells Fargo, Trustee	Mutual of Omaha Group GMSI-2D15	United Healthcare Group 703733	Standard Insurance Company	ABS Payroll pays benefit; Standard Insurance Company determines continued eligibility; CH2M Benefits administers	ABS Payroll pays benefit; Standard Insurance Company determines continued eligibility; CH2M Benefits administers	Harrington Benefit Services	Mutual of Omaha	United Healthcare Group 703733

C.8 ACTIONS REQUIRED REGARDING ROCKY FLATS AND MOUND PENSION AND PRB PLANS AT CONTRACT TERMINATION OR EXPIRATION

Upon expiration or termination of this Contract, the Contracting Officer shall unilaterally direct the Contractor to take all necessary steps to facilitate the transfer of the sponsorship, management and administration of the Rocky Flats and Mound Pension and PRB Plans to such follow-on contractor or contractors who may be responsible for the continuation of all or a portion of the work carried out under this Contract. In the event the Contractor is directed by the Contracting Officer to transfer these functions and responsibilities to another entity, the Contractor shall continue to be responsible for the sponsorship, management and administration of these plans until all legal requirements related to transfer of these obligations are completed.

C.9 ROCKY FLATS AND MOUND PENSION AND PRB PLANS REPORTING DELIVERABLES

(a) The Contractor shall provide the following Rocky Flats and Mound Pension and PRB Plans reporting separate deliverables to the DOE Office of River Protection (ORP) Contracting Officer:²

Item ³	Frequency	Copies	Recipient
Management Plan	Annual	3	CO
Status Report	Quarterly	3	CO
Cost Plan	Annual	3	CO
Cost Management Report	Quarterly	3	CO
ERISA Filings	Annual	3	CO
Actuarial Valuation Reports	Annual	3	CO
Pension Trust Statement	Quarterly	3	CO
Summary Plan Description	Annual	3	CO
Summary of Material Modification	Annual	3	LM/HQCO
FAS 87/106 Disclosure Data Call	Annual	3	CFOCO

(b) The address for the DOE-ORP Contracting Officer is:

ATTN: Cloette B. Reid
 Contracting Officer
 U.S. Department of Energy
 P.O. Box 450
 Richland, WA 99352

² Other reports and requirements are referenced in Section J, Appendix B

³ The **Management Plan** referenced is the Contract Management Plan. A sample outline is found in the Uniform Reporting System for Contractors, but, in general, is the Contractor's plan for management of the Contract. The Management Plan shall address any additional work scope pertaining to the management, administration, and sponsorship of the Rocky Flats and Mound Pension and PRB Plans through this Contract modification.

Status Report is a concise narrative assessment providing the status of work. The Status Report is used to monitor standing and to provide recognition of potential problem areas. An example of the status report is also found in the Uniform Reporting System for Contractors. Typical items covered include, but are not limited to, scope changes, changes in approach, discussion of individual tasks, achievements, and open items.

Cost Plan. The Cost Plan establishes the intended rate of accrued costs for the life of the contact for this particular scope of work. It shows a time-phased baseline plan, which allows for the measurement of cost performance and provides basic information for updating and forecasting budget requirements. An example Plan is found in the Uniform Reporting System for Contractors.

Cost Management Report. The Cost Management Report is a periodic (for this purpose, quarterly) account of the cost status of the work measured against the Cost Plan. It is used: (1) to monitor and control the performance; (2) to report planned and accrued costs for the current reporting interval, as well as cumulative costs to date; (3) to forecast accrued expenditures for subsequent reporting periods, the remainder of the fiscal year, and the life of the effort; (4) to report variances between the overall contract level and the associated Cost Plan and, (5) to project short, intermediate, and long-range planning. This report is used by DOE as backup documentation to support reimbursement authorization of the Contractor's invoices.

The DOE Order is 1332.1A, Uniform Reporting System, which is an old order but an archive copy can be found on the DOE Directives home page, which also contains examples of the plans and reports.

(c) Point of Contact for CH2M HILL Hanford Group, Inc. is:

Dan Cartmell
 Vice President and CFO
 CH2M HILL Hanford Group, Inc.
 P.O. Box 1500
 Richland, WA 99352

C.10 Administration of Rocky Flats' Workers' Compensation Insurance Plans

The Department of Energy authorizes the Contractor to support the transfer of, and accept the responsibility for (1) the administration, management and settlement of open claims, and (2) claims for incurred but not reported (IBNR) losses at the time of the transfer, under the terms and conditions of the insurance policies and risk financing arrangements listed as follows:

(a) Government Ratings Plans (GRP)

Contractor	Carrier	Policy Number	Policy Term
Dow Chemical	St. Paul Travelers	20431940	2/26/51-6/30/75
Rockwell International	St. Paul Travelers	133T8519	7/1/75-12/31/89
EG&G	Liberty Mutual	WC2-611-004234-01-93	1/1/90-1/1/94
JA Jones	St. Paul Travelers	199T0407	10/1/87-7/31/95
Swinerton & Walberg	St. Paul Travelers	143T9109	11/30/75-11/30/87
Wackenhut Services	Wausau	311-0-91482	8/1/90-8/1/94

(b) Contractor Controlled Insurance Program (CCIP)

Contractor	Carrier	Policy Number	Policy Term
Kaiser-Hill	AIG	WC8426100	7/1/95-7/1/96
Kaiser-Hill	AIG	WC8430734	7/1/96-7/1/97
Kaiser-Hill	Reliance National	NWA1351551	7/1/97-10/1/00
Kaiser-Hill	Pinnacol Assurance	4034000	10/1/00-12/31/05

Upon transfer of management and administration responsibilities, the Contractor shall manage and administer the Rocky Flats' Workers' Compensation Insurance Plans in accordance with all applicable laws, regulations, DOE Directives and in accordance with the provisions and requirements of this Contract, including, but not limited to applicable requirements of Section J, Appendix B of this Contract. These plans shall be managed and administered separately from the workers' compensation process identified in Section H.38, Workers Compensation, so as to preserve the plans' separate and distinct legal identities.

C.11 Actions Required Regarding Rocky Flats' Workers' Compensation Insurance Plans at Contract Termination or Expiration

Upon expiration or termination of this Contract, the Contracting Officer shall unilaterally direct the Contractor to take all necessary steps to facilitate the transfer of the management and administration of the Rocky Flats' Workers' Compensation Insurance Plans to such follow-on contractor or contractors who may be responsible for the continuation of all or a portion of the work carried out under this Contract. In the event the Contractor is directed by the Contracting Officer to transfer these functions and responsibilities to another entity, the Contractor shall continue to be responsible for the management and administration of the plans until all legal requirements related to transfer of these obligations are completed.

C.12 Rocky Flats' Workers' Compensation Insurance Plans Reporting Deliverables

(a) The Contractor shall provide the following Rocky Flats' Workers' Compensation Insurance Plans reporting deliverables to the DOE Office of River Protection (ORP) Contracting Officer (CO)⁴:

Item	Frequency	Copies	Recipient
Insurance Company's Premium Adjustment for the Government Rating Plan	Annual	3	CO
Actuarial Valuation for the CCIP for known claims.	Annual	3	CO
Claims Reserve Status Report for CCIP	Annual	3	CO
Review of cost containment strategies and results	Annual	3	CO

(b) The address for the DOE-ORP Contracting Officer is:

ATTN: Cloette B. Reid
Contracting Officer
U.S. Department of Energy
P.O. Box 450
Richland, WA 99352

(c) The Point of Contact for CH2M HILL Hanford Group, Inc. is:

Dan Cartmell
Vice President and CFO
CH2M HILL Hanford Group, Inc.
P.O. Box 1500
Richland, WA 99352

⁴ Other Reports and requirements are referenced in Section J, Appendix B

Attachment 3

Section J

APPENDIX B - ADVANCE UNDERSTANDING ON PERSONNEL COSTS POLICIES AND PROCEDURES

JB.1 INTRODUCTION

This Advance Understanding sets forth the basis for determining the allowability of Contractor human resource management policies and related expenses that have cost implications under the Contract. This agreement is intended to cover the majority of the human resources costs incurred by the Contractor for work performed by employees assigned to work tasks authorized by the U.S. Department of Energy (DOE), Office of River Protection (DOE-ORP) in accordance with this Contract. Costs not specifically addressed in this advance understanding will be treated in accordance with applicable Federal Acquisition Regulation (FAR) cost principles.

The Contractor shall select, employ, manage, and direct the work force, and apply the policies set forth herein in general conformity with the methods used in the Contractor's private operations insofar as those methods are consistent with this Contract. The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded, and that areas which require prior approval of the DOE Contracting Officer or designated representative are reviewed and approved prior to incurrence of costs.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Appendix to the Contracting Officer or designated representative. The Contractor recognizes that other data requests may be made from time to time and the Contractor agrees to cooperate in meeting such requests.

JB.2 GENERAL

Subject to the specific limitations, conditions, and exclusions of FAR Subpart 31.2 as supplemented by Department of Energy Regulation (DEAR) 931.2, and to the special conditions set forth below, personnel and related costs incurred for work under this contract by the Contractor in accordance with the Contractor's corporate-wide policies consistently and uniformly applied throughout the corporation's domestic operations, and approved by DOE-ORP, are allowable. Such policies will be summarized and submitted in the form of a Personnel Policies Manual applicable to this Contract by January 31, 2001.

Revisions to corporate-wide or contract-only policies and employee benefit plans which increase costs will be provided to DOE-ORP for review for allowability prior to incurrence of costs.

JB.3 DEFINITIONS

- (a) Contractor – CH2M HILL Hanford Group, Inc.
- (b) Credited Service – Length of service for employees shall mean employment with the Contractor or Major Subcontractors including recognized credited service with predecessor DOE Hanford Contractors. Service credit will be applied in accordance with this Contract and the Contractor's service credit policies regarding leave accrual, severance pay, and other benefit programs.
- (c) FAR – Federal Acquisition Regulation
- (d) Work Week – The basic (or regular) work week shall be 40 hours. Alternative work weeks may be established with the approval of the Contracting Officer. Submit all Proposed Alternative work weeks to the Contracting Officer for approval by April 1, 2001.

JB.4 DIRECT COMPENSATION

The Contractor shall submit its Compensation Program applicable to work under this Contract to the Contracting Officer for initial approval by April 1, 2001. Proposed Compensation Program design changes, which affect costs, will also be submitted for review and approval by the Contracting Officer.

(a) Administration of Wages and Salaries of Non-represented Employees

Administration of Wages and Salaries of Non-represented Employees shall be carried out in accordance with sound wage and salary administration principles and in a manner which shall provide for equitable treatment of personnel on a definitive, systematic basis consistent with economic business practices and judicious expenditure of public funds and which shall result in payment of total compensation to individual employees conforming to the standards of reasonableness as contemplated by FAR Subpart 31.205-6.

- (1) Compensation Increase Plan – No later than November 1 of each salary program year, the Contractor will develop and justify, in a manner prescribed by the Contracting Officer, a Compensation Increase Plan for exempt employees and a Compensation Increase Plan for non-exempt non-bargaining employees for review and approval. ORP will review/comment and approve within 60 calendar days of submittal of this plan. The funds are calculated as a percentage of exempt and non-exempt, non-bargaining base payroll at the end of the prior salary year, expressed as an annualized amount. The plans will include a separate fund for retention and recruitment incentives as defined in the FAR.

All increases are charged to the fund on an annualized basis. Once an individual's salary increase is charged to the fund, reuse of that amount, i.e., recovery, for any other purpose during the salary year is unallowable. If an individual terminates before receiving an increase, the portion of the fund allocated for that increase might remain in the fund.

The Contractor shall also provide a copy of the annually developed salary guidelines prepared for supervisory use, indicating the parameters for granting various increases based on employee performance and current salary.

The dollar amounts of the funds shall be subject to review and adjustment by the Contracting Officer upon a significant reduction in Contractor employment levels, as in a reduction-in-force.

- (2) Individual Employee Salary Approval – The base annual salary costs for employees of the Contractor designated as Key Personnel are reimbursable only to the extent each such salary has been approved on DOE Form 3220.5, *Application for Contractor Compensation Approval*, or other approved form, by the Contracting Officer.

The Contractor will provide supporting information with DOE Form 3220.5 (or other approved form) on all such compensation actions in advance of the effective date.

Effective March 7, 2003, no reimbursable base annual salary costs for individual CHG employees, who are not Key Personnel, can exceed the approved reimbursable salary for the lowest paid Key Personnel salary approved by the CO. All exceptions shall be approved by the CO in advance of the effective date.

- (3) Incentive Compensation, Bonuses and Project Assignment Allowances will not be allowable costs under this Contract unless specifically approved in advance by the Contracting Officer.

- (4) Salary Structures – The Contractor shall establish separate salary structures containing position grades, classifications, and salary ranges for exempt and for non-exempt, non-bargaining employees who are assigned to work on the Contract. The structures shall be submitted to the Contracting Officer for review and approval in advance of incurrence of costs and no later than January 31, 2001, and as required thereafter. As long as the structures are within the guidelines of paragraph JB.4 (a)(1), "Compensation Increase Plan," a submittal will not be required. No salary above the maximum of the salary range shall be allowable except in those cases where the Contracting Officer authorizes a "red circle" rate.

- (5) RESERVED
- (6) Premium Pay - The Compensation Program shall contain provisions for any established premium payments to employees, such as overtime, shift differential and special qualification or certification pay.
- (7) Compensation Reports - The Contractor shall submit reports and information relating to the administration of wages, salaries and benefits as the Contracting Officer may require from time-to-time to evaluate the reasonableness of the Contractor's total compensation program.

(a) Compensation - Employee Welfare and Other Benefit Plans

(1) General

Net costs of employer payments for the following non-statutory employee benefit plans, as related to work under this Contract, are allowable subject to the limitations and conditions set out in FAR 31.2. The initial terms and conditions of the plans shall be submitted to and must be approved by the Contracting Officer. Copies of employee communications, such as Summary Plan Descriptions, shall be provided to DOE when issued. Costs incurred in the administration of the following plans are allowable:

- (i) Life Insurance (Basic, AD&D, Personal Accident, Dependent, other)
- (ii) Disability Plans (Short Term and Long Term)
- (iii) Medical Insurance Plan (Indemnity, HMO, PPO, other)
- (iv) Dental Insurance Plans
- (v) Vision Plan
- (vi) Retiree Medical and Life Insurance Plans

Other Benefit Plans

- (vii) Flexible Spending Account(s) and similar programs (e.g., VEBAs)
- (viii) Employee Assistance Program
- (ix) Other supplemental employee paid plans such as Group Universal Life, Long Term Care
- (x) Rocky Flats and Mound PRB plans as identified and described in Section C.7 of the Statement of Work

(2) Separation Pay

- (i) The cost of separation pay allowances for employees with one (1) or more years of continuous service, who are involuntarily separated, will be allowable in accordance with the Contractor's policy. The initial policy, and any changes thereto which increase costs, require the approval of the Contracting Officer.
- (ii) In the event that responsibility for performance of work and services or operation of part or all of the government-owned facilities under this Contract (including standby protection and maintenance functions) is assumed by another Contractor or Government agency, employees who are transferred to the employ of, or who are offered employment within their same classification or at positions of comparable responsibility by such Contractor or agency, which employment will commence within thirty (30) days after being laid off, will not be paid any separation pay allowance.

(3) FAS 106 Valuation – The Contractor will provide a copy of the FAS 106 Valuation to the DOE.

(b) Group Pension Plans

(1) Hanford Pension Plans

- (i) Costs of the Contractor's participation with other Hanford Site Contractors in the Operations and Engineering Pension Plan, and the Hanford Contractors Multi-Employer Pension Plan for Hanford Atomic Metal Trades Council (HAMTC) Represented Employees, or identical plans as approved by the Contracting Officer, will be allowable for the purpose of providing retirement benefits only to employees under the Contract, and former employees of predecessor Hanford Contractors, who are eligible to participate in one or the other of these plans in accordance with their terms. The plans must be established and maintained as qualified defined benefit plans under the regulations of the Internal Revenue Code Service. All plan and trust documents and any amendments thereto which effect substantive changes or increase costs are subject to the approval of DOE.
- (ii) The Contractor shall continue as a sponsor of the Multi-Employer Pension Plan (MEPP), which includes the Operations and Engineering Pension Plan, and the Hanford Contractors' Multi-Employer Pension Plan for Hanford Atomic Metal Trades Council (HAMTC) Represented Employees, or identical plans as approved by the Contracting Officer. Costs of the Contractor's participation with other Hanford Site contractors in the MEPP and its component Plans will be allowable for the purpose of providing retirement benefits only to employees under the Contract. The MEPP and its component Plans must be established and maintained as qualified defined benefit plans under the regulations of the Internal Revenue Code.

(2) Rocky Flats and Mound Pension Plans. Pursuant to Modification 126 to the Contract, the Contractor became the sponsor of the following Rocky Flats pension plans: the Rocky Flats Multiple Employer Pension Plan and the Kaiser-Hill Retirement Plan for Hourly Plant Protection Employees. Pursuant to this Modification M-141 to the Contract, the Contractor shall become the sponsor of the CH2M Hill Mound, Inc. Employees' Pension Plan. All of these plans shall be managed and administered separately from each other and from the Hanford Site Multi-Employer Pension Plan to preserve the Rocky Flats and Mound pension plans' separate and distinct identities. All plan and trust documents and any amendments thereto are subject to the approval of the Contracting Officer.

(3) Administration of Hanford Site Pension Plans

- (i) Costs of employer contributions incurred under the terms of said plans and costs incurred in the course of their administration are allowable to the extent approved by the Contracting Officer. At DOE request, the Contractor shall provide an itemization of costs incurred for administration. The applicable plan fund, not the Contractor, shall be liable for costs incurred in the course of administration.
- (ii) The Contractor will provide to DOE copies of the following annual reports:
 - (A) Accounting reports and annual actuarial valuations. The reports and valuations will include at least the information specified in DOE Order 350.1, Chapter VI.
 - (B) DOL Form 5500 with schedules and attachments, as submitted to the Department of Labor each year.
 - (C) Financial Accounting Standards Board (FASB) Statement 87 Report. A copy of the FASB 87 report is prepared each year to satisfy the expense-reporting requirement of the Office of Management and Budget. The final accounting period shall end with the effective date of Contract termination or expiration.
- (iii) Actuarial gains and losses developed by annual valuations will be taken into account for purposes of establishing contributions to the Plan as soon as reasonably possible and consistent with requirements of the Employee Retirement Income Security Act of 1974, amendments thereto, and any other applicable laws.
- (iv) The aggregate annual contribution to the pension fund may range from the minimum specified by the Internal Revenue Code (IRC) Section 412(b) to the amount necessary to fully fund the year-end expected current liability. However, the aggregate annual contribution to each plan shall be no less than the minimum specified by IRC Section 412(b) nor greater than the tax-deductible limit specified by the IRC Section 404. All contributions to each pension fund shall equal the total amount currently attributable to participants in the plans. These contributions will be based on the actuarial valuation, as determined by the *Employee Retirement Income Security Act of 1974* (ERISA), as amended valuation for the most recent plan year. The fund shall be a trust.
- (v) If requested by DOE to do so, the Contractor will participate in pension plans established on a multiple or multi-employer basis applicable to some or all DOE prime cost-type Contractors on the Hanford Site. The Contractor will take no action concerning the termination, merger, or spin-off or other action affecting the status of the plans as separate contract-only plans without the approval of the Contracting Officer.
- (vi) Unless otherwise required by federal law or resulting from the collective bargaining process, no amendment to any of the pension plans shall result in allowable costs under this contract if the adoption date of such amendment is later than twelve (12) months before the termination or expiration date of the Contract.

(4) Administration of the Rocky Flats and Mound Pension Plans

- (i) The Contractor will sponsor, manage, and administer the Rocky Flats and Mound pension plans as identified and described in Section C.7 of this Contract. The costs of administration of each plan shall be costs of each plan individually.
- (ii) The Contractor will maintain a sufficient number of trained and qualified personnel to perform all of the functions reasonably necessary to sponsor, manage and administer the plans.
- (iii) The Contractor is subject to applicable laws, regulations, and DOE Directives, including timely reporting and submission of Financial Accounting Standard (FAS) 87 data and actuarial valuations. The Contractor shall provide the reports identified in Section C.9 and such other reports as required by the Contracting Officer.
- (iv) Plan assets shall be managed in a prudent manner. The Contractor shall develop and submit to the Contracting Officer, Investment Policy Statements for the Rocky Flats and Mound pension plans that clearly define investment return objectives and risk tolerances, and shall perform annual Pension Plan Investment Performance Self-Assessments. The Contractor Performance Self-Assessments shall address investment objectives, development of the plans to achieve investment objectives, execution of the plans, performance monitoring, and appropriate corrective action planning and execution. The Contractor shall provide the Contracting Officer with a copy of each of the annual Rocky Flats and Mound pension plans Investment Performance Self-Assessments.
- (v) The Contractor shall comply with the Investment Policy Statements developed for the Rocky Flats and Mound pension plans. Should the Contractor incur higher costs because the Contractor fails to comply with all or part of the established Investment Policy Statements provided to the Department, the additional costs incurred are unallowable.
- (vi) With respect to each of the plans, the parties shall agree to the following:
 - The plans shall be maintained as qualified plans under the regulations of the Internal Revenue Code.
 - Costs of employer contributions incurred and accrued under the terms of the plans are allowable, subject to compliance with other provisions of this Contract and subject to available funding.
 - The Contractor shall provide an itemization of costs incurred for administration and investment annually to the Contracting officer within 60 days of the end of each plan year for each plan.
 - In the event of termination or expiration of this contract, any assets in the trust funds of these plans to be transferred to a follow-on contractor pursuant to Section C. 8 of this Contract shall be managed by the Contractor in accordance with applicable Investment Policy Statements and other Contract requirements until the follow-on contractor is able to assume responsibility for those assets.
 - Unless otherwise required by applicable law or approved by the

Contracting Officer, no amendment to any of the plans shall result in allowable costs under this Contract.

- Amendments to all plans and trust documents shall be approved in advance by the Contracting Officer.
- The costs incurred in the course of the administration of these plans shall be paid out of the assets in the plan's funds

(5) Actions Required at Contract Termination or Expiration

- (i) No Follow-On Contractor - In the event that the Contract expires or is terminated without a replacement contractor, all employee-accrued pension benefits are to become 100 percent vested immediately irrespective of a plan's vesting schedule. All employees would receive benefits equivalent to the value of their vested portion consistent with ERISA, as amended.
- (ii) Follow-On Contractor Situation - In the event of reassignment of all or a part of the Contractor's work under this contract to a follow-on contractor or upon termination or expiration of this Contract, in accordance with the requirements of Section C. 8, the Contractor will assist DOE in the necessary arrangements for the new contractor to take over the plans, plan assets and plan liabilities. Such arrangements shall include preserving for these employees their accrued pension benefit and vesting service time under the Contract by carrying forward Contractor pension service time to the new contractor. Granting of such service credits shall not result in duplicate benefits for the same service time.
- (iii) Change of Plan Sponsor - DOE shall have the unilateral right to change a plan sponsor upon termination or expiration of the Contract.
- (iv) Determination of Contract Service Pension Plan Assets and Liabilities:
 - (A) Contract Service Assets - Contract Service Assets shall be determined in accordance with paragraph JB.4(c)(2)(ii)(A) above and shall include all assets attributable to DOE-funded employer contributions (including investment earnings thereon) and the employee accumulations (including investment earnings thereon) determined at current market value until the date of payment or transfer.
 - (B) Liabilities for Present and Future Benefits - The Contractor's actuary shall quantify liabilities for employee plan benefits as of the contract termination or expiration date.

- (6) Financial Requirements - Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or spin-off shall be placed in short-term investment funds from a date stipulated by the Contracting Officer until the actual date of funds transfer. The Contractor shall actively manage any DOE-reimbursed assets awaiting transfer to a successor trustee or to DOE until the successor trustee or DOE is able to assume stewardship of those assets.
- (7) Special Programs - The Contractor shall request DOE prior approval for each early-out program, window benefit, disability program, plan-loan feature, employee contribution refund, asset reversion, or incidental benefit. Such costs are unallowable until specifically approved by the Contracting Officer.

(c) Group Savings Plans

The Contractor will maintain two savings plans for employees who are eligible to participate in accordance with their terms; one plan for bargaining unit employees and one plan for non-bargaining employees (exempt and nonexempt). The plans must be established and maintained as qualified defined contribution plans under the regulations of the IRC. The plan and trust documents and any amendments thereto which effect substantive changes or increase costs are subject to the approval of the Contracting Officer. With respect to the plans, the parties agree as follows:

- (1) Costs of employer matching contributions incurred and accrued under the terms of the plans are allowable. The plan fund, not the Contractor, shall be liable for the costs incurred in the course of its administration.
- (2) The Contractor will provide DOE with annual accounting reports within seven months after the close of a plan year. In addition, a copy of IRS Form 5500 will be provided to DOE each year when prepared by the Contractor.
- (3) Employee forfeitures of accrued benefits shall be in accordance with the terms of the Plan and such forfeitures shall be used to reduce Contractor contributions made on behalf of remaining participating employees.
- (4) In the event of Contract expiration or termination, the Contractor, if requested by DOE to do so, will transfer to a replacement Contractor the plan, plan assets and plan liabilities.
- (5) The Contractor will take no action concerning termination, merger, spin-off, or other action affecting the status of the plans as separate, contract-only plans without the approval of DOE.

(d) Paid Absences

- (1) Personal Time Off – A Personal Time Bank (PTB) is established for eligible employees. Absences for leisure time off, personal time off, time away from work due to illness or injury, family emergencies or medical/dental appointments will be charged to the employee's PTB account if the employee wishes to receive pay for the absence. Non-exempt salaried employees will charge PTB for the above time off per FLSA requirements and Contractor PTB procedure as approved by Contracting Officer.
 - (i) Eligible Employee: Regular full-time or part-time exempt and salaried non-exempt employees.
 - (ii) Pay Rate: Hours taken as time off will be paid at the employee's base salary rate in effect at the time of absence.
 - (iii) Composition: Accrual rates will include the following:
 - (iv) Vacation:

< 5 years service	80 hrs/yr
> 5 years service	120 hrs/yr
>10 years service	160 hrs/yr
>20 years service	200 hrs/yr

- (v) Sick/Personal:

Exempt	40 hrs/yr
Salaried non-exempt	56 hrs/yr

- (vi) Time Not Included: Absences for the following will not be taken from an employee's PTB account: Death in the family (up to 5 days per event), excused absence (EA) time (8 hours per year for salaried nonexempt employees who work north of the Wye Barricade), jury duty, military, road conditions, plant injury, volunteerism, and miscellaneous absences as defined in the PTB Policy.
- (vii) Cash Out Provision: Effective December 15 through December 31, 2005, employees may cash out all but 40 hours PTB hours (a minimum of 40 hours must remain in the employee's account). No PTB cash out requests will be permitted after December 31, 2005, pending a final determination regarding the new IRS regulations for the American Job Creation Act (AJCA) that changes the taxation of deferred compensation plans.
 - (A) The rate of cash out will be at the base salary at the time of cash out. Cash out will be in one-hour increments.
 - (B) Employees may opt to put the cash directly into their after-tax Savings Plan account.
- (viii) Maximum PTB Hours: An employee may accumulate up to a maximum number of PTB hours as follows:
 - (A) In 2001 through December 31, 2005 – 1000 hours
 - (B) January 1, 2006 and thereafter – 2080 hours

(2) EXEMPT ACCRUALS (hours per biweekly pay period)

2003 and thereafter

0-5 years of service	4.615
5-10 years of service	6.154
10 to 20 years of service	7.692
More than 20 years of service	9.231

(3) SALARIED NONEXEMPT ACCRUALS (hours per biweekly pay period)

2003 and thereafter

0-5 years of service	5.231
5-10 years of service	6.769
10-20 years of service	8.308
More than 20 years of service	9.846

(e) Holidays:

There shall be nine (9) days per calendar year designated as Facility Closure days. These shall be paid as full day absences. The nine approved facility closure days are: New Year's Day, President's Day*, Memorial Day*, July 4th, Labor Day, Thanksgiving Day, Friday After Thanksgiving, December 24 and Christmas Day. *These days are observed on the day specified by Federal Law.

- (f) Applicable Collective Bargaining Agreement shall cover bargaining unit personnel.
- (g) The Contractor shall submit a report one year plus 30 days after the implementation of the revised PTB policy. The report will address requirements set forth in ORP letter 02-AMIC-082.
- (h) Corporate Employees:
Certain employees of the Contractor transferred from an affiliate to work under the Contract may continue to participate in their corporate group insurance, pension and savings, and severance pay plans. Costs for such continued participation while assigned to work under the Contract shall be billed to the Contract pursuant to applicable FAR cost principles and/or Cost Accounting Standards. DOE shall have no further obligation for costs incurred by the parent organizations on behalf of such employees after reassignment or termination from Contract work.
- (i) Administration of the Rocky Flats and Mound Post Retirement Benefit (PRB) Plans
- (1) The Contractor shall sponsor, administer, and manage the Rocky Flats and Mound PRB plans as identified and described in Section C.7 of this Contract. The costs of administration of each plan shall be the cost of each such plan individually.
 - (2) The Contractor shall maintain a sufficient number of trained and qualified personnel to perform all of the functions reasonably necessary to sponsor, administer and manage the plans.
 - (3) The Contractor shall provide all ordinary and normal administrative services and functions which may be reasonably required. The Contractor shall provide an itemization of costs incurred for administration of each plan annually to the Contracting Officer within 60 days of the end of each plan year.
 - (4) The Contractor shall be subject to applicable laws, regulations, and DOE Directives, including timely reporting and submission of Financial Accounting Standards (FAS) 106 data, and such other reports as required by the Contracting Officer. The Contractor shall submit to the Contracting Officer for advance approval a proposal for an annual PRB cost comparison analysis and a PRB Relative Benefit Value study every 2 years.
 - (5) Within 180 days of the execution of this modification, the Contractor shall calculate the per capita PRB (retiree medical and life insurance) costs and compare the per capita cost of the Mound PRB plans to the findings of a nationally recognized Contracting Officer approved benefit cost survey.
 - (6) Within 180 days of the execution of this modification, the Contractor shall use actuarial methods to measure the relative worth to retirees and their beneficiaries of the Mound PRB plans independent of the actual costs of the PRB programs and a minimum of 15 comparator PRB programs. The parties agree that the Contractor already has performed this requirement for the Rocky Flats PRB plans.
 - (7) Any proposed changes to the existing PRB plans must be approved in advance by the Contracting Officer. DOE will evaluate all such proposed

changes based on an analysis of the incremental cost, value and long term liability.

(j) Administration of the Rocky Flats' Workers' Compensation Insurance Plans

- (1) The Contractor is subject to applicable laws, regulations, and DOE directives. The Contractor shall provide reports identified in Section C.12 of the Contract, and such other reports as required by the Contracting Officer.
- (2) Within 30 days of the execution of this modification, the Contractor will submit for Contracting Officer's approval a claims management program that ensures a periodic review and analysis of open claims, claims reserves and cost containment strategies and results.
- (3) The Contractor approves all workers compensation settlements up to \$25,000 and submits all settlement claims above this threshold for Contracting Officer's approval.
- (4) Contractor will review the annual retrospective premium adjustment invoice for accuracy of the reserve changes within the retro valuation dates and application of the loss development and tax factors prior to releasing payment to the insurer.
- (5) For the CCIP benefits, the Contractor will submit an actuarial valuation on workers' compensation loss trend and development factors to the Contracting Officer.
- (6) Any proposed changes to existing service agreements must be approved in advance by the Contracting Officer

JB.5 TRAVEL AND RELOCATION COSTS

Necessary and reasonable expenses incurred by employees and prospective employees for travel and relocation at the request of the company in connection with work under this Contract are allowable, subject to applicable provisions of FAR Subpart 31.2. Project Assignment Allowances and outbound relocation costs upon termination or expiration are unallowable. In accordance with these regulations, Contractor employees transferred from corporate entities will be administered under the Contractor's common Relocation and Travel policies, which are subject to the review and approval of the Contracting Officer.

JB.6 COLLECTIVE BARGAINING AGREEMENTS

The Contractor will consult with DOE on all parameters before and during negotiations.

JB.7 WORK FORCE RESTRUCTURING

The Contractor will comply with the requirements of the applicable Hanford Site Work Force Restructuring Plan, which implements Section 3161 of the *National Defense Authorization Act for Fiscal Year 1993*. Costs associated with the implementation shall be allowable for those activities described in the applicable Plan.

JB.8 EMPLOYEE MORALE, RECREATION, SERVICE AWARDS, AND WELFARE PROGRAMS

Costs incurred for such programs are allowable in an amount not to exceed thirty-five dollars (\$35.00) per employee per year.