

# HANFORD ADVISORY BOARD

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

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

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Department of Health

April 29, 2005

Susan J. Grant

Director, Office of Management, Budget and Evaluation

ME-1/Forrestal Building

U.S. Department of Energy

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Washington, D.C. 20585

Charles Anderson

Principal Deputy Assistant Secretary

EM-2/Forrestal Building

U.S. Department of Energy

1000 Independence Ave. SW

Washington, D.C. 20585

Re: Contracts

Dear Ms. Grant & Mr. Anderson,

**Background**

Over the lifetime of the Hanford Advisory Board (Board), we have observed and expressed concerns over safety issues, workforce disruption and delayed cleanup schedules resulting from major contractor changes.

Though there are benefits to competition, current Hanford site circumstances warrant consideration of all possible contracting options. These current circumstances, including the following examples of management challenges, make managing extensive contract changes extremely difficult:

1. Fluor Hanford and CH2MHill Hanford Group contracts expire in September 2006, which means the bid process should begin this year;
2. The Department of Energy (DOE) announced it is taking initial steps to determine how to divide up these new contracts, which will be a major contracting change to work underway;
3. The Hanford Atomic Metal Trades Council labor contract is due for renegotiation;
4. The River Corridor contract award is being protested;
5. The Fast Flux Test Facility demolition contract award is being protested;
6. The proposed Fiscal Year 2006 Hanford budget reductions will require significant staff effort when local field offices are undergoing staff reductions,

HAB Consensus Advice #172

Subject: Contracts

Adopted: April 29, 2005

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7. The Waste Treatment Plant faces a challenge in the management of seismic and cost issues; and,
8. The Pacific Northwest National Laboratory and other DOE contracts are due to be bid next year.

### **Advice**

Based on this current climate, the Board advises that DOE explore all options to mitigate the impacts of major contractor changes, including extension or renegotiation of contracts, where feasible.

### **Previous Advice**

In Board Advice #112, the Board recommended a number of criteria/issues to consider when exploring contracting options, including:

- Schedule deferrals when changing to a new contractor results in loss of progress, and whether contract terms or expectations can prevent schedule delays or excessive transition costs.
- Ability of DOE to minimize loss of progress and cost impacts if a new contractor is selected.
- Impact on employees, including continuity of benefits and wages.
- Impact of decision on accomplishing cleanup work.
- Progress of incumbent in accomplishing cleanup work and achievement of schedule and cost goals and commitments.

Sincerely,



Todd Martin, Chair  
Hanford Advisory Board

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

cc: Keith Klein, Manager, U.S. Department of Energy Richland Operations Office  
Roy Schepens, Manager, U.S. Department of Energy Office of River Protection  
Ron Kreizenbeck, U.S. Environmental Protection Agency, Region 10

Howard Gnann, Deputy Designated Federal Official, U.S. Department of Energy

Nick Ceto, Environmental Protection Agency

Michael Wilson, Washington State Department of Ecology

Sandra Waisley, U.S. Department of Energy Headquarters

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