



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 23, 1996

MEMORANDUM TO: Robert C. Pierson, Chief
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

THRU: Michael Tokar, Section Chief
TWRS Section
Special Projects Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

FROM: Amy L. Bryce
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SUBJECT: TRIP REPORT, HANFORD ADVISORY BOARD MEETING,
PORTLAND, OREGON

Special Projects Branch staff member, Amy Bryce, attended the Hanford Advisory Board meeting on December 4 and 5 in Portland, Oregon. The agenda for this meeting is attached. A description of the purpose and history of the Hanford Advisory Board, a list of members and alternates, and Board accomplishments for FY96 are included in the Hanford Advisory Board Progress Report FY96, a copy of which is available in my office (T8D10).

The Hanford Advisory Board (Board) sets its own agenda, and provides consensus advice to the Department of Energy (DOE). Although DOE is committed to "listening" to the Board, they are not obligated to follow the Board's advice. Audience/board member opinion at the meeting, however, suggested that the Board's advice does have an impact on decision-making at DOE. Based on discussion during the meeting the Board was very informed about current issues affecting Hanford.

Board members were not optimistic about the Tank Waste Remediation System (TWRS)/Privatization. The Board is in favor of vitrification for storing the tank waste; however, the Board was highly critical of DOE budgeting and management practices. The Board did not support privatization because they believed that the high cost, high visibility project also had a high potential for failure. Several comments from members of the

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Board, DOE, and the Washington State Department of Ecology (Ecology) indicated that the failure of privatization would have severe consequences. With the exception of losing the large sums of money directed toward the privatization effort, no commenter was more specific about the consequences.

The Budget: DOE Richland's (DOE-RL) budget for FY97 has not been finalized. The OMB has appropriated funding to the DOE Headquarters, but the money has not otherwise been distributed among DOE. As of November 21, 1996, DOE-RL anticipates a budget shortfall of approximately 38 million for FY97. Reasons for the shortfall include unexpected costs encountered during the transition from Westinghouse to Fluor Daniel, and an underestimation of overhead expenses. The Board was concerned about how funding levels would be adjusted to account for the shortfall, particularly when the shortfall was anticipated to either lead to a reduction in work scope, or affect an area where the work scope was still evolving.

TWRS privatization expects to face a shortfall on the order of 15 million for FY97. The Board was concerned about the high budget allocated to TWRS, and the source of future TWRS funding. The Board was interested in how allocations for TWRS will impact funding for other clean-up projects on the site, e.g., reactors on the river, 100 Area decontamination, particularly if the budget is flat for FY98. At this date, TWRS has a "guaranteed" 427 million dollars for FY98. The money is "BA," which means it is an authorized obligation rather than "BO" or a cost and spend. Budget cuts may lead to a reduction in the work scope of TWRS. For example, several members of Ecology were afraid that the development of an alternative pathway and additional subsurface characterization would not be funded as originally planned for FY97.

Work Scope: The work scope is defined as the work to be completed under a given contract. The Board criticized that under ideal conditions contractors at Hanford have been requesting reductions in the work scope. For example, one Board member commented that the prime contractor at Hanford has a high budget for the work scope, an inordinately high manager to worker ratio (2:1), yet has still not been able to complete the work. DOE-RL and contractor representatives disagreed on the manager/worker ratio, but admitted that the numbers were open to interpretation. The Board was concerned that due to budget constraints stakeholders may end up with very little return for every dollar spent.

Several Board members commented that DOE-RL frequently loses sight of "Big Picture" issues, which leads to inappropriate spending. For example, some funding for TWRS is being spent to evaluate leaks from the single sided tanks. It was the opinion of the Board that it would be fiscally wiser to assume that all tanks are leaking, and apply the funds to finish moving waste from the single sided tanks to double sided tanks.

Contracts and Contractors: New contracts at Hanford have been written to pay cost plus an award fee. The Board was concerned about two aspects of the new contracts: 1) The contracts do not clearly define the reference point to pay out the award fee. The

reference point, or the baseline operating cost, is subject to the work scope and other changes such as contractor transitions. If the work scope changes, the baseline moves. The board strongly believes that DOE-RL needs a well developed work scope that is stable. 2) There is no motivation for reducing operating costs, which could be important if the budget does not grow.

Additionally, in FY97 there will be 13 separate contractors on site. Several of the contracts will go up for bid every two years. The Board expressed concern that inconsistencies may arise from different health and safety programs, especially if several training programs exist. The Board is also concerned that the short contract period will result in a perpetual bidding cycle, effectively shortening the work period. This is supported by the unexpectedly long and expensive transition between Westinghouse and Fluor Daniel.

The Board had completed their preliminary review of the privatization contracts, and they were extremely concerned about LMAES' contract. According to several Board members, LMAES has negotiated a "sweet" deal. LMAES can renegotiate their fee at the end of Part A, and if DOE does not commit to the renegotiated fee LMAES is able to claim that DOE terminated the contract, e.g., leave with the original payment. (Attempts to clarify this in the contract were not successful due to the legalese language used in the pertinent section of the contract.) The Board was concerned that LMAES' purpose for bidding was access to the 27 million Part A fee, and that LMAES was not a serious contender for Part B or Phase II. As a result, the Board believed that DOE may be reduced to a single technology at the end of Part A.

Miscellaneous TWRS Information: There was some concern that another environmental impact statement (EIS) would be required to determine the closure status on the tanks. At this time, the EIS has been postponed to a later date.

Attachment: Mtg Agenda

Docket 70-3091

cc: E. W. Brach, FCSS
E. Q. Ten Eyck, FCSS
M. R. Knapp, NMSS
C. J. Paperiello, NMSS

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AGENDA ITEM NO.	TIME	AGENDA ITEM	PAC "T MATERIAL
7.	2:30 pm	Project Hanford Management Contract - Presentation of Draft Advice from Dollars and Sense Committee (Gerry Pollet)	Draft Advice to be Faxed
		Board Action: Discussion	
	3:30 pm	Break	
8	3:45 pm	Historic Preservation - Presentation by DOE on Programmatic Agreement for Streamlining Historic Preservation Reviews and Public Involvement Activities (Jim Rasmussen); Perspectives of Health, Safety, and Waste Management Committee; Presentation of Draft Advice (Pam Brown)	Draft Advice to be Faxed
		Board Action: Discussion	
	4:45 pm	Public Comment	
	5:00 pm	Recess for Day	

THURSDAY, DECEMBER 5, 1996

9.	8:30 am	Emerging Issues in FY'97 - Presentation by TPA agencies on near-term issues (Randy Smith, Dan Silver, John Wagoner); discussion of Board topics/issues for FY'97	
10.	9:15 am	FY'99 Budget Process and Timeline - Presentation by DOE on the Process and Schedule for Preparation of the FY'99 Budget and Integration with the Ten Year Plan and Strategic Plan (Alice Murphy); Discussion of Board Meeting Schedule to Correspond with the Process	
		Board Action: Discussion Only	
11.	9:30 am	Board Actions Institutional Controls - Act on Proposed Advice - not ready for action (Agenda Item 4)	
		Columbia River Comprehensive Impact Assessment - Act on Proposed Advice (Agenda Item 5)	
	10:30 am	Break	
	10:45 am	Reactors on the River - Act on Proposed Advice (Agenda Item 6)	
		Project Hanford Management Contract - Act on Proposed Advice (Agenda Item 7)	
	11:45 am	Public Comment	
	12:00 pm	Lunch	

AGENDA ITEM NO.	TIME	AGENDA ITEM	PACK. T MATERIAL
	1:00 pm	Historic Preservation - Act on Proposed Advice (Agenda Item 8)	
12.	1:30 pm	National Equity Dialogue - Update on the November Meeting on the National Dialogue (Marilyn Reeves, Jeff Brockel)	
13.	2:00 pm	Tank Waste Remediation System - Summary of the Privatization Contracts, Expectations, and Check Points in the Contracts (Bill Taylor); Plans to Prepare a Supplementary EIS on TWRS (DOE representative); Discussion of Perspectives from Health, Safety, and Waste Management Committee and Dollars and Sense Committee; Perspectives of Ecology (Mike Wilson)	
		Board Action: <i>Discussion Only</i>	
	3:00 pm	Break	
14.	3:15 pm	Possible Updates - TPA Negotiations on Spent Fuel - Occupational/Medical Reconnect by DOE - PHMC Draft ES&H Plan - Fluor Daniel Hanford ES&H Council - Decision Timeframe on FFTR Option for Tritium Production - PHMC Workforce Realignment and Rebaselining - DOE representative (Alice Murphy) - Interagency Agreements - TPA Community Relations Plan	
15.	4:15 pm	Board Administrative Matters - Meeting Schedule and Locations - New Member Orientation - FY'97 Board Budget - Board Membership	
	4:45 pm	Public Comment	
	5:00 pm	Adjourn	