612

6-710.10

BUDGET AND SCHEDULE ISSUES

03/04/97

APPLEGATE TASK FORCE
3
MEMORANDUM

FERNALD CITIZENS TASK FORCE

MEMORANDUM

TO: Task Force
FROM: John Applegate
DATE: 3/4/97
RE: Budget and Schedule Issues

Since endorsing an aggressive schedule for remediation of the Fernald site in our 1995 recommendations, the funding for the site has been cut and is projected to "flat-line" at less than $300 million per year for the remainder of the project (the proposed FY98 budget allocates $265 million to Fernald, $41 million of which is targeted for "privatization" efforts). By year 10, that money will buy considerably less than it does today. The accelerated schedule also requires careful planning of site activities to make the most effective use of a steady flow of money to balance the peaks and valleys of specific projects.

In 1996, the entire DOE complex began to evaluate remediation on a more aggressive 10-year schedule through the Ten-Year Plan process. The combination of this planning process, the annual federal budget preparation, the National Dialogue process, and site rebaselining (i.e. adjustments to reflect new budget numbers) will ultimately determine the course of progress for the DOE complex and the Fernald site. As a Task Force we need to keep apprised of these plans to ensure they do not contravene our recommendations. More important, we need to get involved in the budget, schedule, and planning aspects of remediation to ensure that resources are spent to the best advantage of the site and that our recommendations have the best chance for completion.

In our 1995 recommendations, the Task Force stated:

> "There exists at this time at Fernald a window of opportunity to efficiently select and implement an accelerated remediation. DOE, its regulators, and its stakeholders must work together, with flexibility on all sides, to make these changes happen. It is time that DOE changed its legacy to a model of government contractor efficiency. Given the tools *and the reforms*, Fernald can lead the way."

The concept of Fernald as a leader should still be very much on our minds, but shrinking budgets and lack of those reforms is shrinking that window of opportunity. Unless, we embark upon a dramatically different approach to managing the site, we run the risk of being able to do little more than "keep the lights on."

The issues that will determine how well we are able to clean up the site are varied, but ultimately it will come down to good management practices and a common-

sense approach to site cleanup. The degree to which dollars can be freed from overhead and landlord expenses to the real work of remediation will largely determine the ability to achieve our ambitious cleanup schedule within the available budget.

Some of the key issues that affect cost at the site and the potential for Task Force involvement are summarized below. There are many detailed questions that need to be posed for each issue. Our plan is to develop the questions at the March 15 meeting. An overview of each issue is provided below to start our thinking about each of these issues. Please take some time to look over this list before the meeting and jot down the questions and issues that are most important to you.

1. **Management of the Workforce**
The total size of the workforce, its capacity, utilization, downsizing plans, downsizing methods, and effectiveness toward remediation vs. non-remediation programs will all have a major impact on the cost of cleanup. What are the options for beginning to reduce this expense? What are the plans for reducing the size of the workforce and/or changing the mix of skills to more appropriately match the needs of a large environmental remediation?

2. **Impacts of Privatization and Future Contracting at Site**
$41.1 million or 15% of Fernald's 1998 budget must be used in privatization efforts. What does "privatization" mean, and what impact does this have on the total effectiveness on site spending? Is that money part of the flat-line budget or could it just as easily disappear, leaving us with an effective budget of only $215 million? How will a recompete/new award of Fluor's contract affect site activities? What are the current alternatives under consideration?

3. **Ongoing Storage of Special Nuclear Materials**
How significant is the cost of safe and secure storage of nuclear materials? Without the presence of those materials, could Fernald move more rapidly to a completely remediation-oriented site with a corresponding culture? We have provided general guidance to have this material removed quickly, but have not been involved in the specific details of how and when this should occur, or the true impacts the presence of this material has on the site.

4. **Ongoing Safe Shutdown**
To what degree are we maintaining and securing buildings and equipment which no longer serve any useful purpose? Could the acceleration of the cleaning and abandoning of these buildings assist in reducing overhead costs? Here again, we have provided general comments, but have not looked at this task from a detailed budget and schedule perspective.

5. **Non-remediation Overhead Expenses**
What are the major sources of overhead for the site and what are their impacts on the total budget? Where is the point in the budget at which there would be effectively no money available for remediation?

6. **Impact of Silos Project Funding**
Given the cost and uncertainty of the silos project mounts, regardless of the treatment option chosen, it could affect the schedules of other site remediation projects. These potential costs and impacts will need to be understood in order to make thoughtful decisions regarding remediation priorities.