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CORRES. CONTROL
INCOMING LTR NO.

2161 RF 92

States Government

Department of Energy

DUE DATE 5-21-92

Memorandum

APR 21 7 21 AM '92

Rocky Flats Office

ACTION	DIST.	LTR	ENC
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BURLINGAME, A.H.			
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GOODWIN, R.			
HANNI, B.J.			
HEALY, T.J.			
HILBIG, J.G.			
IDEKER, E.H.			
KERSH, J.M.			X
KIRBY, W.A.			
KRIEG, D.			
KUESTER, A.W.			
LEE, E.M.			
MAJESTIC, J.R.			
MARX, G.E.			X
MORGAN, R.V.			
PIZZUTO, V.M.			
POTTER, G.L.			
SANDLIN, N.B.			
SHEPLER, R.L.			
SULLIVAN, M.T.			
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TALLMAN, K.G.			
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ZANE, J.O.			

APR 16 1992

EG&G
ROCKY FLATS PLANT
CORRESPONDENCE CONTROL

ERD:HDR:4024

Upgrade of ER Baseline Information

Jack
J. M. Kersh, Associate General Manager
Environmental and Waste Management
EG&G Rocky Flats, Inc.

As a result of the February 3-6, 1992 ER Baseline Validation session and several previous audits, cost estimates developed for the Environmental Restoration assessment and remediation activities through FY98 have been generally accepted. However, we anticipate a report from the recent Cost Quality Management Assessment Team which will take issue with several areas of cost development. These include: the accuracy and basis for estimating volumes of contaminated soil to be treated or removed or both; the need for an "independent cost review" by a group not involved in the cost development process; the potential for double counting of volumes in areas where IHSSs overlap; the need to ensure that the basis for unit costs is as accurate and defensible as possible; the need to establish procedures to update cost estimates when better information is available; and the need to document the entire cost estimating procedure and provide training to all project management staff.

The technical, schedule and cost baselines were initially produced in response to a very short development schedule. Considering this constraint, the ER baseline product development process was a good one. I would like you to take the action to bring the quality of all three baselines up to a level that addresses the preliminary concerns identified above. Any revisions to the original Baseline as presented to the Validation Team must be thoroughly documented and will be subject to the change control process. I would suggest a "global" revision on a periodic basis which identifies the requested changes and justifies the need rather than frequent minor change requests. The MCS system work packages should also be 100% consistent with the Baseline.

RFO is encouraged with the recent decision to incorporate professional cost estimating capability within the ER Program. The full-time assignment of a cost estimator from the Facilities Project Management Cost Estimating Group is a positive step which was recognized by the CQMA Audit Team. Future audits will likely focus on the qualifications and effectiveness of this position. Training, documentation of procedures and policies, certification and state of the art contractor support are necessary to the success of this area.

Bunge	P	X
Hunt	W	X
Shaffer	J	X
Farnell	R	X
Smith	L	X
Riser	G	X
Lehman	B	X

CORRES CONTROL	x	x
TRAFFIC		

Reviewed for Addressee
Corres. Control RFP

5-21-92 *(Signature)*

DATE BY

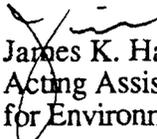
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The preliminary CQMA findings state that additional personnel with demonstrated estimating skills should be dedicated to environmental restoration activities. I endorse this recommendation and also expect EG&G's cost estimating capability to meet the requirements of the Cost Quality Management Assessment Handbook issued by the Office of Quality Assurance/Quality Control, Division of Engineering and Cost Evaluation (EM-24). Copies of this document have been distributed to your staff.

Major assumptions addressed in the Baseline represent a prediction on the most likely remediation approach or technology that will be utilized. These assumptions warrant further evaluation and must represent best professional judgment with RFO concurrence. Recognizing that remediation assumptions for Five Year Planning purposes are speculative at best, we need to pursue the argument that, given the information available today, these are the most reasonable and cost effective solutions available. I suggest an issue paper that addresses this item within the next thirty days. The basis for determining the volumes of contaminated soil to be treated, removed or both needs to be revisited. There appears to be double counting in areas where IHSSs overlap and a potential mathematical error in OU1 calculations as pointed out by the CQMA team. This points out a concern that there is no independent review of the basis for the estimates that can be documented. I would like you to document and establish a procedure to ensure that the "lesson learned" from the past seven program audits are incorporated and that quality cost estimates are the standard.


James K. Hartman
Acting Assistant Manager
for Environmental Management

cc:
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