

WM2012 Conference Panel Report

PANEL SESSION 33: Emerging Issues with US DOE Prime Contractors

Co-Chairs: Bill Shingler, *Fluor Government Group*
John Longenecker, *Longenecker & Associates*

Panel Reporter: Judy Connell, *Fluor Government Group*

Panelists:

1. Dwayne Wilson, *President & CEO, Savannah River Nuclear Solutions*
2. Carol Johnson, *President and Project Manager, Washington Closure Hanford*
3. Dennis Carr, *Deputy General Manager, Fluor-B&W Portsmouth*
4. Mark Duff, *Project Manager, Paducah Environmental remediation Project*
5. George Dials, *President and Project Manager, B&W Conversion Services*
6. Robert Warther, *Vice President – EM, B&W Technical Services (Y-12)*
7. John Lehew, *President and CEO, CH2M HILL Plateau Remediation Company*
8. Stuart MacVean, *Operations & Deputy Project Manager, Savannah River Remediation*
9. Mike Hughes, *Principal Vice President and General Manager, Bechtel Environmental*

Approximately 100 people attended this session that focused on issues, current and impending, that contractors across the complex are experiencing – especially post ARRA. Each of the nine panelists gave an overview – some in the form of videos, others with PowerPoint presentations of his/her respective project. Safety and stable funding were two themes that ran through all the discussions.

Dwayne Wilson kicked the session off by discussing how Savannah River Nuclear Solutions (SRNS is a Fluor-led team with Newport News Nuclear and Honeywell International) is supporting the DOE in positioning the Site for sustainability. Enterprise SRS is an integrated overall vision for the Site that builds on the growth of the commercial nuclear industry (e.g., small modular reactors and Gen III & IV nuclear power plants) and the tritium program. “Safety is an essential element of Enterprise SRS,” he said. SRNS has embarked on a new safety campaign that hinges on personal accountability: “Safety Begins with Me.” Wilson also spoke of the success in reducing the Site’s active footprint by 74% and the growth of Savannah River National Laboratory – 43% over the past several years. Wilson said the ARRA projects were 90% complete.

Carol Johnson believes that the cost-plus-incentive fee contract at Hanford (Washington Closure Hanford is URS-led team with Bechtel and CH2M HILL) is working well. “We earn 20 cents on every \$1 of cost savings,” she said. Washington Closure Hanford’s contract ends in 2015 and the project is approximately 85% complete. In emphasizing that safety is a top priority, Johnson pointed out that in December 2011 they marked 6 million safe hours without a lost-time accident. Unfortunately, an accident in January broke that record. Johnson noted that their contract incorporates a goal of subcontracting 65% of the work to small business. To date, they have exceeded that goal, awarding 90% of the subcontracted work to small businesses. However, much of the upcoming work is very specialized. As a result, they are restructuring the small-business work and will have to contract with larger businesses. As Johnson sees

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it, one of WCH's major challenges is managing interfaces as a closure contractor: "We must be aligned with the Environmental Protection Agency and with the Washington State Department of Ecology." WCH has conducted workshops with DOE to ensure that everyone is working toward the same goals. Two other challenges are the continuity of funding through FY 2015 and retaining employees as they work themselves out of jobs.

Dennis Carr shared that Fluor-B&W Portsmouth has some unique challenges arising from the fact that on October 1, 2011, formerly leased facilities were returned from NRC control to DOE. "Now we have to merge two completely separate sets of procedures and processes into a set single set," he said. "And, we have to do it while ensuring the safety bases of the facilities." Carr went on to say that they are focused on reducing the mortgage costs at the Site. However, that's not an easy task because 60% of the cost is just in "keeping the lights on" – utilities, surveillance & maintenance and services to ongoing work at the Site such as the American Centrifuge Project and the Depleted Uranium Hexafluoride Project (DUF6). The focus for FY 2012 is right-sizing the infrastructure and modernizing systems that support IT, communications, project controls, HR and accounting. Stable funding is also an issue.

Also in emphasizing safety, **Mark Duff** reported that they had not had recordable injury since May 2011 and had not had a lost workday since November 2010. (The Paducah team is led by LATA with B&W and Stoller). That's an outstanding achievement since more than half of the workforce is in the field. Their workers face challenges every day: working with PCBs, transite (asbestos) and buildings that are 120-feet high. They are also dealing with a plume of trichloroethylene spread over 2,100 acres potentially impacting 100 homes and businesses.

George Dials echoed the other speakers' sentiments about the importance of safety, noting that his project had worked two million man hours without a lost-time accident. "Further evidence of our improved safety culture is increased productivity and better cost performance," he said. Dials also keyed in on the importance of governance and the contractor's relationship with the customer (DOE). He went to say, "Secretary Chu challenged us to evaluate how we do business. Improving the process is a fundamental tenet of responsible empowerment." According to Dials, the key is emphasizing contractor accountability (obligate them to get the desired results) and getting DOE to concentrate on what must be accomplished, rather than "how" to accomplish it. "To succeed," said Dials, "we must work together with trust and respect; change our behaviors; communicate with integrity; and be reliable and accountable."

Robert Warther honed in on three major emerging issues related to risk: Safety, Project Scope and Project Size. "Safety (design & execution) is one of the highest project risks," said Warther. Differing design opinions left unresolved delay completions that are part of the critical path. That indecision increases program as well as project risk. He went on to say that the scope of the project must also be clearly defined. If the scope is not well defined, the forecast values have large uncertainties, which make accurate planning very difficult, if not impossible. Further, as projects get larger, the management reserve and contingency requirements as a percentage of total project cost increase. The result is that project risk in absolute terms increases geometrically.

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John Lehew showed a video chronicling the accomplishments of the CH2M HILL Plateau Remediation Company (CHPRC) at Hanford. Like his fellow panelists, Lehew pointed to safety as the #1 priority. At the peak of ARRA, CHPRC's 2,000-person workforce had swelled to 4,000 and they achieved more than 4 million hours worked without a lost-time accident. They have made significant progress in reducing the clean-up footprint by 50%, with half of the subcontracts going to small business and 70% of those going to local businesses. Further, CHPRC has installed three new groundwater pump-and-treat facilities. When the last one comes on line in the next few months, the ability to reduce chromium-3 contamination will have increased by 160%. Lehew also saw stable funding as an issue, saying "creating efficiencies with reduced funding is a challenge as is having a stable workforce."

For **Stuart MacVean**, "Safety is the 'price of entry' into this market." As of the day of his presentation, Savannah River Remediation (SRS) had achieved 10 million work hours without a lost workday and they were "still counting." SRS has 49 tanks (with 390 million curies of radiation) to close by 2028 and two will be closed this summer. Emerging issues for SRS include the up-front investment to reduce lifecycle costs and the competition for skilled resources (losing engineers and technicians to other companies and industries).

Michael Hughes concluded the panel presentations by encouraging the audience to remember three "P's: People, Performance and Partnership". Each "P" presents challenges AND opportunities. For example, in the People column, finding the right personnel — skilled craft and professionals — can be a challenge, but when you recruit the right folks, and mentor them, the progress can be astounding. On the Performance side, "make every dollar count." Prioritizing work and a sense of urgency are priorities. With respect to Partnership, Hughes advocates for bringing people and performance together: ensure everyone is working to the same objectives and results. A last reminder — share success, celebrate together, and make success visible.

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