

**The River Corridor Closure Contract
How Washington Closure Hanford is Closing A Unique Department of Energy
Project - 12425**

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ABSTRACT

Cleanup of the Hanford River Corridor has been one of Hanford Site's top priorities since the early 1990s. This urgency is due to the proximity of hundreds of waste sites to the Columbia River and the groundwater that continues to threaten the Columbia River. In April 2005, the U.S. Department of Energy, Richland Operations Office (DOE-RL) awarded the Hanford River Corridor Closure Contract (RCCC), a cost-plus incentive-fee closure contract with a 2015 end date and first of its kind at Hanford Site, to Washington Closure Hanford (WCH), a limited-liability company owned by URS, Bechtel National, and CH2M HILL. WCH is a single-purpose company whose goal is to safely, compliantly, and efficiently accelerate cleanup in the Hanford River Corridor and reduce or eliminate future obligations to DOE-RL for maintaining long-term stewardship over the site. Accelerated performance of the workscope while keeping a perspective on contract completion presents challenges that require proactive strategies to support the remaining workscope through the end of the RCCC. This paper outlines the processes to address the challenges of completing workscope while planning for contract termination.

INTRODUCTION

WCH continues to accelerate the workscope in the Hanford RCCC awarded by the U.S. Department of Energy (DOE) in April 2005. WCH is a limited-liability company owned by URS, Bechtel National, and CH2M HILL. The RCCC is a 10-year (2005-2015) cost-plus incentive-fee closure contract, the first at the Hanford Site (Figure 1). Cost incentives provide for an 80/20 cost savings split. For every dollar saved over the target cost, DOE-RL keeps 80 cents and WCH will earn 20 cents. Fee is contingent on completing all scope safely and efficiently by the end of the contract. A Conditional Payment of Fee clause allows for fee reduction for environmental, safety, and health performance failures.

WCH is on track to be over 85% complete with the scope by the end of 2012, including workscope that was added later in the project. With 4 years before the end of its contract, WCH has already started planning project termination.

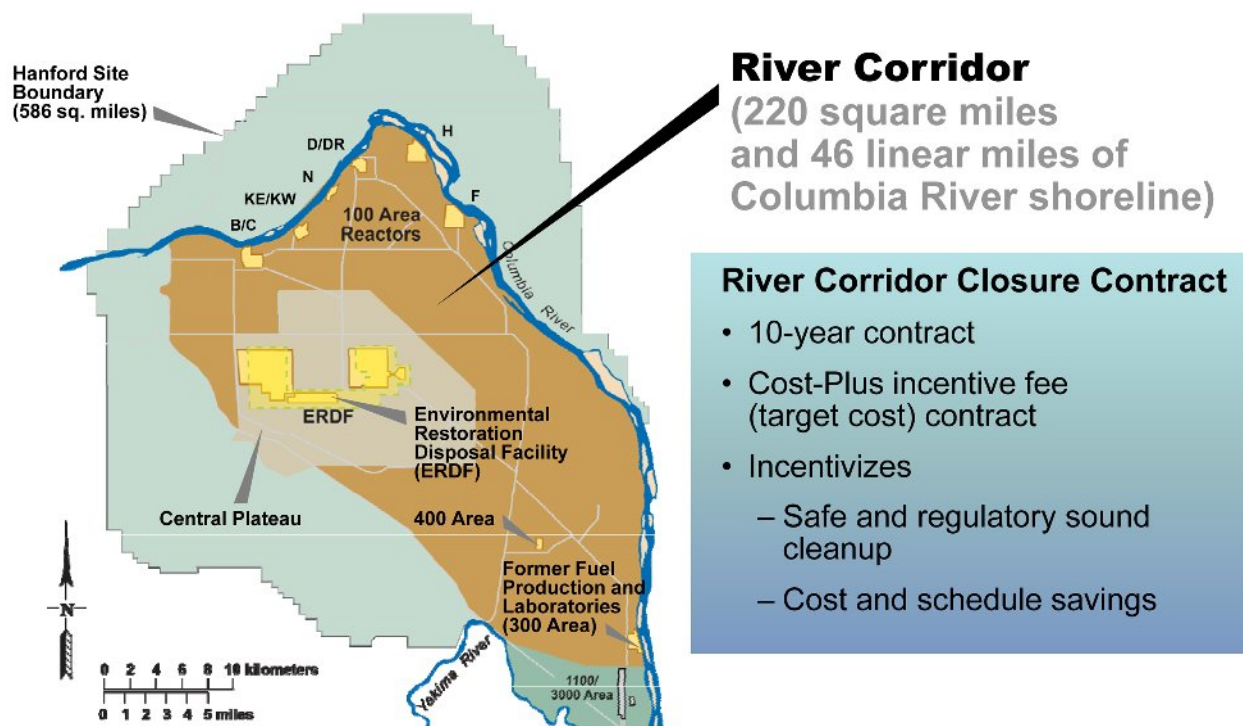


Fig. 1. Map showing 220 mi² of the River Corridor Closure Contract.

In 2008 the DOE-RL introduced to its Hanford Site contractors the DOE-RL's 2015 Vision (hereafter called the 2015 Vision). The 2015 Vision accelerates the Hanford mission and reduces the footprint of the active cleanup, providing tangible evidence of protecting the human health, environment, and Columbia River. The impact of this vision on the RCCC is depicted in Figure 2. The sequenced completion of work called for in this vision presented WCH with an opportunity to change and accelerate its closure planning. WCH, working together with DOE-RL, developed a strategy of sequential closure transitioning and turnover of areas within the RCCC.

With this closure challenge, WCH began its closure preparation early. At the halfway stage in late 2009, WCH created a special project Closure Team to begin the task. This team consisted of key individuals from within the existing organization who were tasked with developing a strategy that would map the project from its current status through the termination of the contract and beyond into the closeout office. The product of this phase was issued in a closure roadmap [1] that provided the definitive plan for terminating the RCCC. The implementation began in late 2010 by communicating to the company's employees the closure messages of (1) closure is here, (2) change is coming, and (3) our people matter.

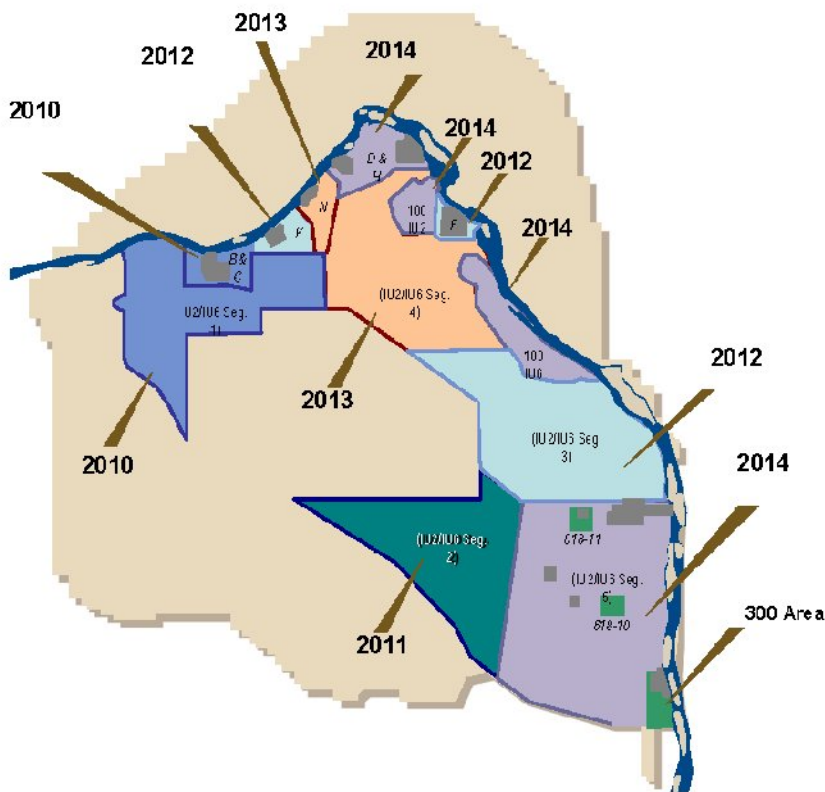


Fig. 2. River Corridor Closure Contract and the 2015 Vision.

Major challenges that face the WCH project as they continue to support the 2015 Vision and complete the RCCC workscope are (1) safely completing the contract workscope, (2) phasing out the project infrastructure consistent with completing the fieldwork, (3) resource retention and maintaining the right disciplines and effectiveness as work is completed, (4) eliminating ineffective changes toward the end of closure contracts, and (5) effectively communicating the Hanford Site's first closure contract. WCH and DOE-RL are teaming together to manage these challenges and support the 2015 Vision while ensuring successful completion of the RCCC.

DISCUSSION

The WCH closure plan, in support to the 2015 Vision, is now being implemented and is based on a phased closure program at Hanford with the early recognition that completing the field workscope is only the first of several challenges to real closure. For the area-by-area closure, which aligns with the 2015 Vision, a three-phase process is being implemented.

This process has produced significant success. The DOE-RL and WCH have proactively resolved potential issues with contract closeout and facilitated accelerated active footprint reduction. WCH has completed the evaluation and cleanup of three areas (Segments 1, 2, and 3), depicted in Figure 3, for significant accelerated footprint reduction of the Hanford River Corridor by 253.8 km² (98 mi²). Completion paperwork is now being processed to turnover and transition the land to the Long-Term Stewardship Program.

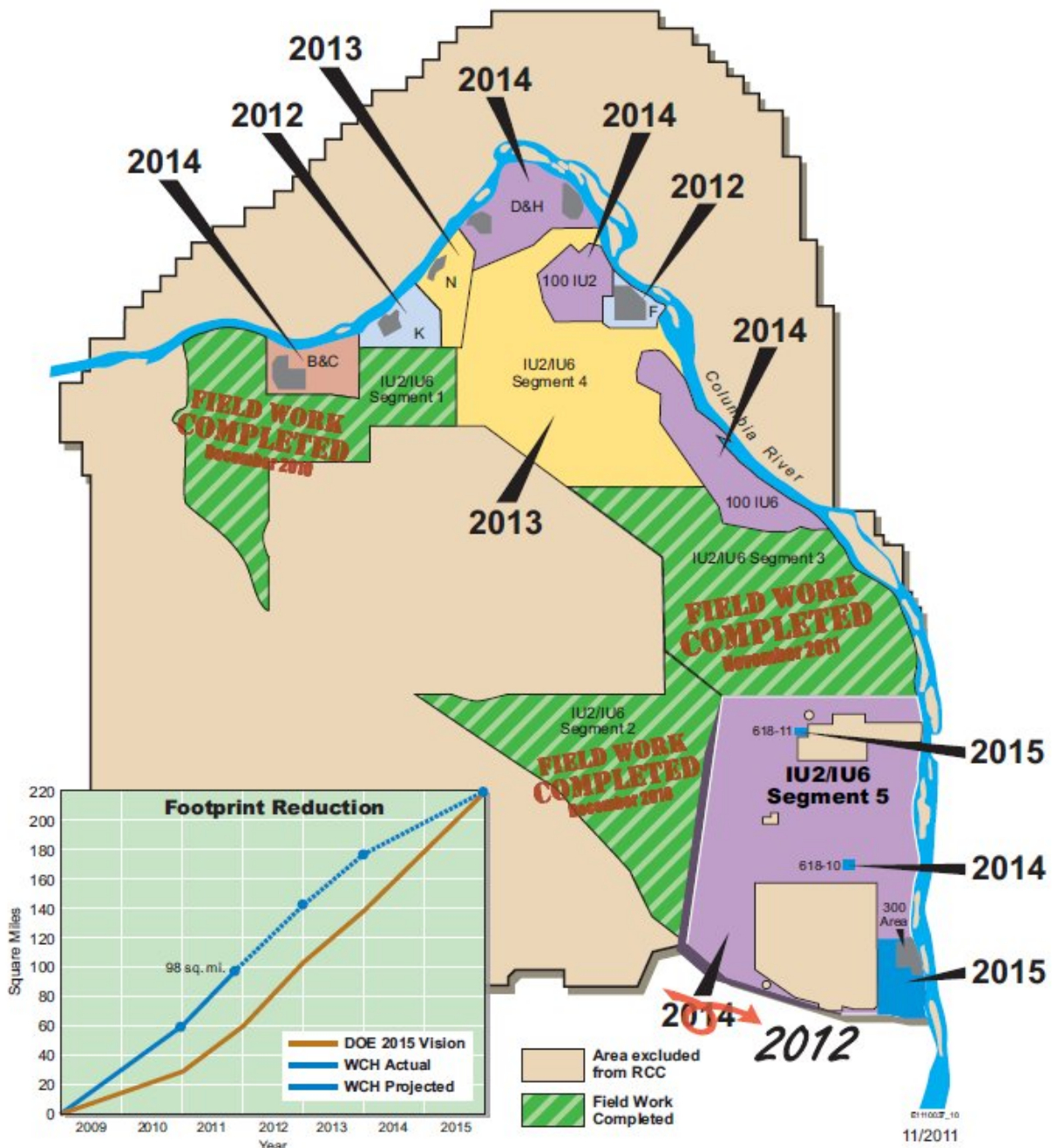


Fig. 3. WCH has made significant progress accelerating the 2015 Vision.

The experience gained from each area closure is being applied to the planning for the remaining areas and, ultimately, final closure. By effective collaboration with DOE-RL, other Hanford Site contractors, and regulatory agencies, WCH is creating a blueprint for closure that will influence future contracts at the Hanford Site and around the DOE complex.

Three Phases of Area Closure

WCH and DOE-RL developed an incremental or geographical area-by-area closure strategy to allow for the transition and turnover of areas for Long-Term Stewardship, leading to final closure of the RCCC. The closure sequence was selected to support the 2015 Vision. WCH developed a three-phased approach to area closure that recognized three key stages that had to be completed for closure of each area and, ultimately, for the entire project.

Phase 1 – Area Fieldwork Completion

Area Fieldwork Completion is documented and submitted under letter to DOE-RL with a summary of waste sites remediated and revegetated, buildings demolished, reactors placed in Interim Safe Storage, and cleanup of Miscellaneous Restoration, as appropriate to the applicable area.

Phase 2 – Area Long-Term Stewardship Transition And Turnover

A Transition and Turnover Package (TTP) is submitted under letter to DOE-RL as documented evidence of completed scope. The TTP documents the current status of the areas at transition and identifies the post-cleanup requirements following completion to the Interim Records of Decision. It also describes the key references that document the cleanup actions discussed to support the transition to the Office of Legacy Management once cleanup of the Hanford Site is complete.

In parallel, the development of the final action Records of Decision (RODs) is currently ongoing. If additional actions are required based on the selected remedies and cleanup levels established by the final action RODs, DOE-RL will identify a contractor to perform those activities. The TTP also describes facilities that remain in place after the WCH scope has been completed. The TTP is prepared in accordance with the long-term stewardship plan [2], and the transition template.[3] Most Hanford areas contain scope shared by the three major contractors, and so the TTP is written jointly by WCH, CH2M HILL Plateau Remediation Company, and the Hanford Site services contractor Mission Support Alliance, LLC.

Phase 3 – Area Contract/Scope Closure

A contract closure package is submitted to DOE-RL for approval to signify completion of the contract scope. The package includes a checklist that relates the closure of each specific area directly to the contract requirements in Section C of the RCCC. This provides the customer with an easy-to-follow listing that links completed scope directly to the contract. Each package will contain documented evidence of closure supported by a Closure Certificate signed by the WCH Senior Executive. The package also assures the client that some scopes will continue to be required until the end of the contract.

The Challenges and How They are Being Met

In parallel with the area-by-area progress, WCH has identified the following six major challenges that influence successful closure.

- Completion of project scope
- Closing the business consistent with completing the fieldwork

- Effective people management
- Balancing closure with transition
- Eliminating ineffective changes at the end of closure contracts
- Communicating closure.

Completion of Project Scope

WCH is predicting that much of its original scope will be completed by the end of 2013, even with challenges that could cause delays in fieldwork and impact schedules. Another challenge is to finish scope that has been and continues to be added to the contract and align with the 2015 Vision. The project adds new scope to the contract through the Request for Equitable Adjustments (REA) process. The REA process has been significantly streamlined and improved in the past 2 years. By the end of 2011, and with only 4 years remaining in the contract, there is no evidence of a downturn in REAs to the project.

WCH has implemented a series of initiatives (e.g., LEAN process) aimed at streamlining and simplifying its work practices to improve schedule performance. LEAN is a term that was derived from the management philosophy of the Toyota Production System. The concepts were mostly used in the manufacturing industry until recently; it has now spread to many different industries and markets. The main objective of LEAN is to identify non-value-added steps (called waste) within a process. Once waste is identified then action can be taken to eliminate that waste. The removal of waste and use of LEAN tools improves productivity, reduces costs, increases quality, and makes workers jobs easier. Improvement of the process creates more value for customers using fewer resources.

In 2011, LEAN was implemented for a few processes in waste operations and in the verification of closure sampling as initial test cases. Improvements identified and implemented from these LEAN reviews are providing initial favorable cost savings and increasing productivity. The LEAN process is currently planned for various areas in field remediation.

Closing the Business Consistent with Completing the Fieldwork

WCH is addressing the closing of the business with a series of evaluations to ensure that service and support organizations understand their interactions with the completion of fieldwork. A process called the Closure Organization Review and Evaluation (CORE) process was introduced in early 2011 and is presently being followed up by a Business Closure Review. The process invites each support organization (business) to evaluate its functions against closure triggers. This will enable them to determine their best delivery strategies and, ultimately, establish an integrated approach to terminating the business for fieldwork and contract completion.

Effective People Management

In February 2011, WCH began to review its Human Resource policies and procedures with the aim of producing a plan for managing the “people side” of the business in support of the end of the project. This information was used as a starting point for creating a comprehensive list of all the business practices and activities that would impact people in the closure phase of the project.

The plan recognized the positive aspects of ending employment by successful completion of work rather than the negative aspects of arbitrary layoffs dictated by funding cuts or contract transition. It embraced a policy of openness and trust that assured each person the knowledge of when they could expect to finish their role and how they would be supported in their decisions for future employment. The plan matched business practices and activities with available people and included a process that could be communicated to everyone, giving them a 3-month notification of the likely end of their assignment. Each employee is given his or her Organizational Release Window (ORW) in the form depicted by the schedule in Figure 4.

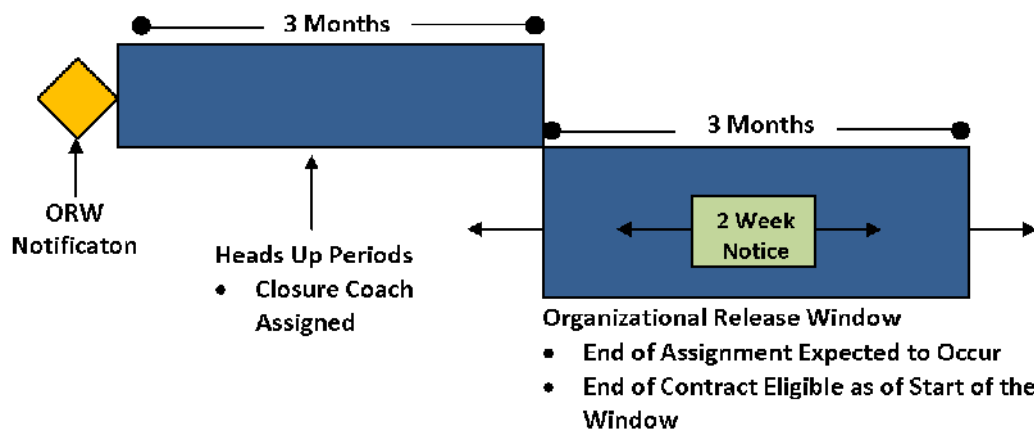


Fig. 4. Individual End-of-Assignment Coaching.

It provided WCH with the information they required to negotiate a multi-year WCH workforce restructuring plan (WRP) that has been approved by DOE-RL. This was a significant achievement and meant that no further WRP would be required for the duration of the project.

In June 2011, WCH communicated the main principles of the people plan to the entire workforce. The key points communicated included the following:

- The importance of a safe and business-driven exit strategy
- Everyone would get a 3-month heads up for the expected end of their assignment
- Everyone would be told the year of their expected end-of-assignment
- Everyone would get professional assistance (Closure Coaches) in their search for placement
- Everyone could leave voluntarily during their ORW and still maintain end-of-contract award eligibility
- Everyone staying to the end of their ORW would be eligible for severance payment
- Communication channels would be kept open and would be on a one-on-one basis
- Each person should consider themselves the primary "owner" of their future.

Balancing Closure with Transition

WCH's closure planning has recognized the unique challenges of transitioning an operational facility while closing the rest of the project. The CORE process, described above, will be used to evaluate the extent of the support scope for the Environmental Restoration Disposal Facility, including all of its waste management support that currently lies in a separate organization.

Eliminating Ineffective Changes at End of Closure Contracts

Closure contracts are unique in their resulting scale back of infrastructure as scope is completed. As these closure contracts near completion, any benefits from implementing new DOE directive changes decline correspondingly. With limited time and/or scope remaining in a closure contract, the negotiation and implementation of new DOE directive changes, with the required system changes and re-training for implementation, can result in a significant negative cost and schedule impact with little to no resulting protection of workers, public, or environment.

WCH is partnering with DOE-RL to protect the goals of closure from unnecessary requirements that could be waived or delayed from application to the RCCC. DOE-RL will establish a process to review newly issued DOE directive changes to determine whether new controls are required to protect the public, workers, and environment or if there are other substantial benefits. If new controls are not required or no substantial benefits are identified, DOE-RL will begin the exemption request. If the exemption request is not pursued, the implementation of the change will be implemented in a "timely fashion."

Exemptions from new DOE directive changes, where little or no benefit would be gained for closure contracts, will save millions of dollars each year. This approach is consistent with industry standard that freezes contract requirements and product specifications early in a project.

Communicating Closure

Effective Communications to Closure is recognized as critical to understanding the changes as the contract nears completion. Closure is communicated through multiple media used internal and external to the company.

A high-profile newsletter called the HORIZONS was created in early 2011 to communicate closure concepts and events. The publication is specifically for employee transition to the future. It is about communicating change and the successful management of change. It will focus on closure activities as they relate to the employees and projects. Early issues dealt mainly with educating people in the people plan, and the exit process for employees as they move on to their next assignment. Future plans include raising the profile of closure in all areas of the company and contract so the entire workforce can share in and feel proud of the achievements and the legacy they are leaving behind.

A new Communication Plan will be developed in early January 2012 that will define how messaging and information will be disseminated to the employees, DOE-RL, regulators, and stakeholders through the end of the project.

SUMMARY

WCH is responsible for cleanup of the River Corridor 569.8 km² (220 mi²) of the 1,517.7 km² (586 mi²) Hanford Site's footprint reduction. At the end of calendar year 2011, WCH's closure implementation is well underway. Fieldwork is complete in three of the largest areas within the RCCC scope (Segments 1, 2, and 3), approximately 44.5% of the River Corridor (Figure 3). Working together, DOE-RL and WCH are in the process of completing the "paper work" that will document the completion of the workscope and allow DOE-RL to relieve WCH of contractual responsibilities and transition the completed areas to the Long-Term Stewardship Program, pending final action RODs.

Within the next 4 years, WCH will continue to complete cleanup of the River Corridor following the completion goals. As field workscope is completed, progressive reductions of business processes, physical facilities, and staff will occur. Organizations will collapse and flatten commensurate with workload. WCH employees will move on to new endeavors, proud of their accomplishments and the legacy they are leaving behind as being the first and largest environmental cleanup closure contract at Hanford.

REFERENCES

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3. U.S. Department of Energy, 2010, *Long Term Stewardship Transition and Turnover Package Template*, HNF-47392, Rev. 1, Richland, Washington.