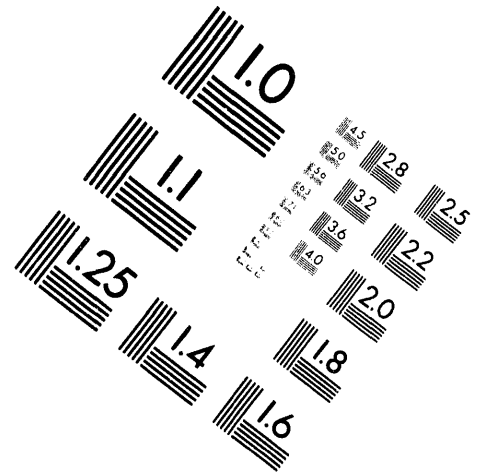
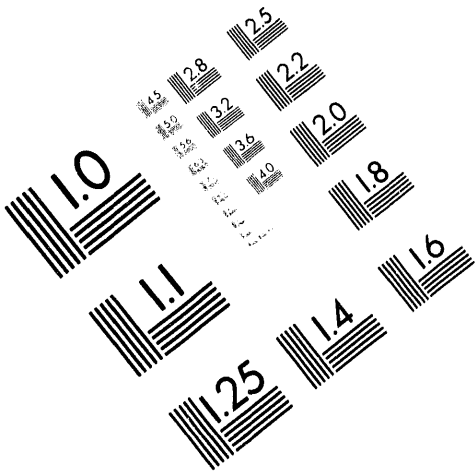




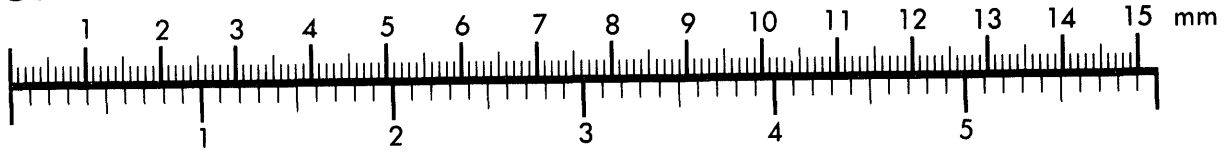
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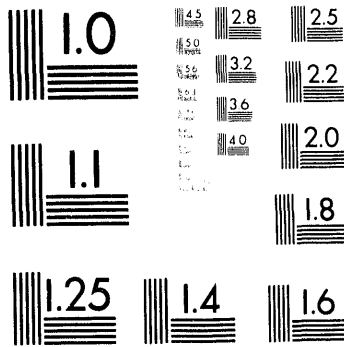
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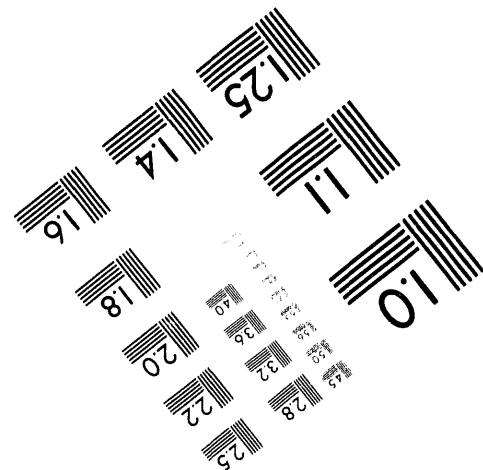
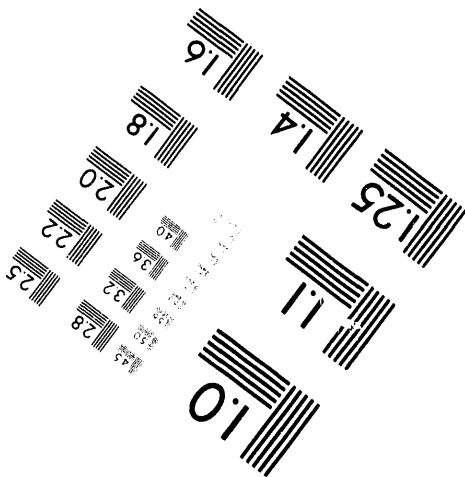
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Reinventing Government - Reinventing Hanford

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REINVENTING GOVERNMENT - REINVENTING HANFORD

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I. BACKGROUND

The Hanford Site is located in the southeast area of Washington state. It occupies approximately 560 square miles, with the Columbia River flowing through and adjacent to the site. Approximately 260 square miles are planned to be released for other uses within the next year. Hanford is owned by the United States Government and managed by the Department of Energy's Richland Operations Office (RL). Westinghouse Hanford Company (WHC) is the Operations and Maintenance contractor, and Battelle Northwest is the site Research and Development contractor, operating the Pacific Northwest Laboratory (PNL).

The Hanford Site was established in 1943 as one of the three original Manhattan Project locations involved in the development of atomic weapons. It continued as a defense production center until 1988, when its mission changed to environmental restoration and remediation.

The Hanford Site is changing its business strategy and in doing so, is reinventing government. This new development has been significantly influenced by a number of external sources. These include: the change in mission, reduced security requirements, new found partnerships, fiscal budgets, the Tri-Party agreement and stakeholder involvement.

Tight budgets and the high cost of cleanup require that the site develop and implement innovative cost saving approaches to its mission. Cost-effective progress is necessary to help assure continued funding by Congress.

The legally binding, Tri-Party Agreement was negotiated between DOE-RL, Washington Department of Ecology (Ecology) and the U. S. Environmental Protection Agency (EPA). It includes a set of milestones for the cleanup of the Hanford Site, with stiff financial penalties associated with missing the milestones.

The Hanford Future Site Uses Working Group was formed in 1992 to develop recommendations for the site in response to an increased emphasis on including the stakeholder input. It included individuals from the local, county, state and federal governmental agencies as well as business and economic development, Native American, agriculture, labor, environmental and other interested parties.

This was the first time that such a group was formed to provide meaningful recommendations for the future use of a site. That successful output has been instrumental in guiding site actions. A similar group, the Hanford Advisory Board, was formed in late 1993 to provide stakeholder involvement for the Hanford decisions which affect the site and public.

Partnerships were formed between cabinet officials in three states; Washington, Idaho and Oregon. Agreements were signed with state Departments of Trade and Economic Development to give advice on economic transition, as well as to network vendors in environmental remediation.

All of these drivers indicated a need for change. The Hanford Site's cleanup mission cannot be accomplished by "doing business as usual." Changes are needed to allow for cost effective and timely solutions. Government must be "reinvented" to remove unnecessary barriers and delays to the cleanup. Some of the changes can be implemented by developing better ways of performing the necessary tasks by the contractors; others will require DOE, other federal agency or Congressional actions.

II. REINVENTING GOVERNMENT

The Hanford Site was selected by DOE Secretary O'Leary and the White House in July 1993 as one of the six DOE sites to serve as National Reinvention Laboratories. The purpose of the "laboratories" is to increase the cost effectiveness of the operations by reducing the bureaucracy.

One important aspect of this new initiative is the ability to obtain waivers for unnecessarily restrictive policies and procedures that impede Hanford's ability to work more efficiently and effectively. It is anticipated that the successes of Hanford can be transferred to other DOE sites and federal agencies.

Hanford's first waiver request submitted under the reinventing government initiative was successfully granted by the U.S. Department of Labor on July 29, 1993, which allowed DOE to award the Analytical Laboratory Services contract.

This waiver allowed for the extension of the contracting limit from 5 years to 8 years. This provided a significant reduction in the overall cost of the services.

Since then, RL and its contractors have spent significant energy in the past eight months to identify, develop, and document means of reducing costs through this program. Several waiver requests have been submitted to DOE-HQ for review and processing.

Only one waiver request has been approved for implementation at Hanford. It appears that the removing of restrictions policy is not receiving the continued attention in Washington, D.C., that had been anticipated based on the White House's announcements.

III. REINVENTING HANFORD

Hanford Transition Program Office

The Hanford Site has taken another step in the reinvention process to examine what can be accomplished locally, as well as nationally. RL has established the Hanford Transition Program Office (HTPO) to facilitate and coordinate the various activities to improve the effectiveness of operations at the site. The transition office is a site-wide, multi-discipline team comprised of RL and contractor staff.

One of its primary challenges is to implement the cost and management efficiency initiative developed during the latest renegotiation of the Tri-Party Agreement. Ecology and EPA are committed to working with RL to achieve the goals of the initiative. This could result in a cost savings of more than \$1 billion over 5 years. The cost savings will be applied to the cleanup work at Hanford, allowing for more cleanup. Some of the efficiency goals include:

- Consolidation of the Operations & Maintenance (M&O), and Engineering & Construction contractors
- NEPA/CERCLA integration
- Procurement process revision
- Security transition
- Infrastructure transition
- M&O contractor management efficiencies
- Outsourcing waste decontamination and decommissioning activities

Performance Measurement Program

The Performance Measurement Program was established to help Hanford employees understand their work, the drivers behind it, and the associated costs. By gathering this data, an organization can focus attention where cost-effective changes can be made in a process or activity.

Security Transition Program Office

The Security Transition Program Office was formed in September 1992, as a result of the recommendations of two task teams active in late 1991 and early 1992. The second task team was multi-disciplined, not just including security personnel. This resulted in new approaches to the security system. The office is charged with refocusing the Hanford security program in keeping with the change from defense production to the environmental cleanup mission. Some of the accomplishments include:

- Reduction of the security budget by more than 40% between FY 1992 (\$67 million) and FY 1995 (\$37 million)
- Reduction of the Hanford Patrol by approximately 50%

- Switch from defense oriented to industrial-style security system, retaining the existing protection of remaining special nuclear materials and classified information.

These accomplishments were achieved without a single waiver to existing DOE orders. They required a risk management-based reinterpretation of the orders and a change in the security culture. The office employed a reengineering process, involvement of facility managers in the preparation of the security plans for their buildings, and law enforcement by the local county.

The savings in the security program have not been made at the expense of the site's security or government property. There has been no noticeable increase in threat or losses. The displaced patrol members were retrained for necessary Hanford position or took jobs in other law enforcement agencies.

Office of Economic Transition

The Office of Economic Transition (OET) was formed in early 1993 to lead the efforts to increase private industry involvement in the cleanup, promote the transition of site resources, and promote the economic development of the region. This RL function is being supported by the site contractors, primarily the WHC Site Transition Center (STC).

Implementation of the Hanford Economic Transition Initiative (HETI) is a key focus for the OET. The primary purposes of HETI are to (1) attract the private sector to participate in the cleanup of the Hanford site with its technologies and considerable resources and (2) help regional economic development entities attract businesses to the area who will remain after the cleanup mission has been completed.

IV. ECONOMIC TRANSITION

The primary mission for the Hanford Site is cleanup, but another key mission is to "partner in the economic diversification of the region." The purpose of this second mission is to minimize the negative impact on the local community, due to the changing of the Hanford mission. The economic transition mission is tied closely to the cleanup mission, as long-term economic stability is a consideration in the expenditure of cleanup funds. Hanford is committed to leveraging the cleanup dollars into local economic growth, where possible.

The OET, with the STC and other contractor organizations, is promoting and coordinating the Hanford efforts in support of this economic transition. The emphasis for this transition is primarily in three areas: resource transition, leveraged outsourcing, and economic development.

Resource Transition

One of the final phases of the waste management/environmental restoration mission is the transition of the Hanford resources for other beneficial uses. Resources that can be reused do not need to be buried or disposed of as waste and can provide economic and/or social benefits to the private and public sectors. The resources include: land, infrastructure, facilities, equipment, technology, and people.

Resources at Hanford and other DOE sites were acquired at considerable cost. Many of them cannot be transferred for other uses due to their contamination or hazardous nature, but a considerable quantity can be reused through an effective transition program. Recycling or reuse of these items can provide social and economic benefits. The site employees will be assisted in finding new employment as

their skills are no longer required for the Hanford mission, including retraining and job placement services.

The transition of Hanford resources for other uses has just begun, but several successes have been achieved. The list will continue to grow as the site is remediated, and resources released. The following are some of the initial accomplishments.

More than \$250,000 of welding and metallurgy equipment has been loaned to Columbia Basin College (CBC) to support their programs. Equipment that is no longer needed at Hanford is being transitioned for beneficial use in the training of students at CBC. This represents a significant change in the normal operations at the site. The equipment will allow CBC to train future Hanford workers, retrain displaced Hanford workers, certify current workers, and provide better training for all their students.

A \$13 million metalworking complex was constructed in 1987 at Hanford to produce zirconium pressure tubes, and as a back-up to extrude nuclear fuel for the plutonium producing N-Reactor. The equipment has never been used in production, but has performed limited research and development activities for industry. It includes a 4,000-ton extrusion press, 125-ton draw bench and ancillary tube process equipment.

RL is using its authority from the Atomic Energy Community Act to place the metalworking equipment with private industry. This will provide for the economic diversification of the local community. The equipment will be transferred to the City of Richland, who will contract with a commercial metalworking company to operate the equipment in a local facility.

Some of the water storage basins that were used in support of the K-Reactor have been transitioned to provide a fish rearing facility. Chinook salmon and white sturgeon have been placed in those basins. The salmon project was in cooperation with the Washington State Department of Fisheries. The sturgeon project is in support of a private venture. These projects allowed the government to save money in the decommissioning of the basins, while promoting the local economy.

Technology transfer has been supported by the Hanford Site for a number of years, providing several hundred transfers of Hanford technology to other government laboratories and private industry. Additional emphasis has been placed on this activity in attempting to bring new businesses to the local area. This direction will continue with the completion of the Environmental and Molecular Science Laboratory (EMSL) scheduled for 1996.

The EMSL will be a collaboration research facility and focal point of molecular-level research in the United States. It will advance scientific knowledge in support of DOE's long-term mission in waste management and environmental restoration. Much of this can be transferred to the private sector for additional applications.

Leveraged Outsourcing

Traditionally DOE sites have performed virtually all services with onsite contractors. There has been a mind set that only contractors and their personnel, who have site specific experience, can adequately perform the necessary tasks. Outside vendors were deemed unable to satisfy site needs in a timely and quality fashion. It was believed that "hands on" access to the resources was necessary to alleviate any confusion. These concepts may have had some validity in the past, but the

new missions and emphasis on cost effectiveness require change.

The DOE sites do not have the necessary budget, technology, or expertise to solve all of their waste management or environmental restoration problems. Capabilities developed outside of the DOE world must be considered in order to solve the cleanup problems of the DOE sites. Technologies and expertise gained in the non-nuclear areas can be modified and applied to help cleanup the sites.

A key consideration in outsourcing or privatization is the potential for leveraging those procurements to enhance the long-term stability of the local economy. The use of procured services (including equipment and facilities) will tend to decrease the impact of local dependency. True economic growth is achieved when vendors establish businesses locally and provide other services/products for non-mission consumption.

A business strategy has been developed to establish the site-wide direction for leveraged outsourcing. It is being used by the various programs on the Hanford Site to identify, select and implement the desired procurements. This will be a continuing process, with an increase in outsourcing as the cleanup mission progresses.

One example of this strategy was the acquisition of offsite laundry service for personnel protective clothing and respirator masks. Hanford was faced with the requirement to replace its existing laundry facility, at a cost of more than \$20 million. In addition to the capital savings, there will be another \$3 million per year in operational savings. The vendor is providing services to other companies in the region, and should continue to grow its non-Hanford business.

This procurement activity has resulted in the delivery of a needed service, a cost savings and a contribution to the economic growth of the local community. It is representative of the type of results that Hanford is attempting to achieve through its leveraged outsourcing initiative. Some of the other leveraged outsourcing projects that have been initiated include: CO₂ decontamination, bioremediation of contaminated PCB's, computer training, environmental characterization laboratory services, and thermal treatment of low-level mixed waste.

Economic Development

Additional emphasis is being placed on the economic development of the local communities. This is not necessarily as closely tied to the cleanup mission as resource transition and leveraged outsourcing activities, but it is very important to the overall Hanford mission.

The Site Transition Center is working with other WHC and PNL organizations, RL, the Port of Benton, and the City of Richland to establish a Science and Technology Park on approximately 500 acres located at the north end of Richland, adjacent to the Hanford Site. The plan is to allow for occupancy by both government and private users. The initial tenants will include a National Security Technology Center and the Hanford Site Entry Control Center.

The Hazardous Material Management and Emergency Response Training Center (HAMMER) has been established at Hanford. An interim facility is in operation, and the \$29 million permanent center will be operational in September 1997. HAMMER will provide a "state-of-the-art" facility for trainees to develop skills necessary to perform their work in the safest manner possible.

The HAMMER facility will be used throughout the cleanup mission, and beyond to provide necessary training. It will provide training for both Hanford and non-Hanford workers, thus supporting the economic development of the local communities. It's creation is the successful product of the efforts of local and national unions, DOE, site contractors, Tri-City Industrial Council, tribes, local governments and colleges.

Hanford is assisting Columbia Basin College to establish a Training Center for Advanced Welding. This facility can support the current and future needs of the Hanford site, and it will also become an economic asset to the community. The center concept will attract experienced welders, engineers and metallurgists; as well as students from throughout the region.

V. CONCLUSION

The Hanford Site has just begun its journey to reinvent government and itself. There have been successes and disappointments, but the quest must continue. The reinvention process must succeed for the site to achieve its cleanup goals.

Hanford must develop or import, and implement innovative changes to accomplish the site's mission in a cost-effective manner. Communications must continue with other government and private entities to ensure the sharing of ideas and successes.

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