

Rocky Flats Citizens Advisory Board Recommendation 97-5

to the U.S. Department of Energy

Recommendations on Privatization of Functions at the Rocky Flats Environmental Technology Site (RFETS)

Approved July 3, 1997

Background

The U.S. Department of Energy (DOE) is proposing to undertake several projects utilizing a new contracting method that involves the use of fixed-price contracts as opposed to the cost-plus style of contract used previously. Funding for these projects will not come from the site budget, but rather is allocated directly from Congress, which then grants budget authority that guarantees payment when work is completed. The three general categories for privatization work are new capital construction, facility decontamination & decommissioning (D&D), and waste treatment and disposal.

DOE-RFFO has proposed the following privatization projects, which have been approved by DOE-Headquarters and now await funding from Congress:

1. Building 779 D&D
2. Building 886 D&D
3. Liquid waste treatment upgrades

RFETS has submitted the following privatization projects for FY 99:

1. Low-level waste storage facility
2. Transuranic/transuranic mixed waste staging/shipping facility
3. Groundwater remediation system
4. 123 Cluster D&D

5. Building 771 D&D

6. Building 881 D&D

The National Issues Committee of the Rocky Flats Citizens Advisory Board (RFCAB) has been following these issues and has reported twice to the full Board concerning the development of privatization at RFETS. Based on our study of these proposed activities, RFCAB has the following recommendations regarding privatization for environmental management activities at RFETS.

Recommendations

1. Safety must be the overriding goal, not just cost savings. Maintaining worker health and safety, safeguarding the environment, and ensuring public health and safety are the most important requirements in all remediation activities. All privatization projects must give these concerns priority over economic considerations. Economic incentives for promoting safety should be explored and included in future contracts utilizing privatization.
2. Public involvement must be guaranteed. Stakeholders must be involved from the beginning scoping of projects, and throughout the duration of the work. Contracts for privatized projects must contain language as to how the public will be involved in the decision process and kept informed of project status.
3. The existing labor force should be maintained and current contractual collective bargaining agreements should be honored, as utilizing workers with unique knowledge of the site will increase worker safety and public health. Former employees should also be utilized for special process knowledge relevant to site activities.
4. Risk of failure must be minimized, and contingency plans must be developed as a fall-back position. The public must be informed expeditiously so as to know if failure has occurred and when to expect backup plans to begin. Efforts to maximize financial profit must not put project success and safety in jeopardy.
5. Agreements between DOE and the regulators must be maintained in compliance in any privatized project. Regulatory oversight must be well-defined and work must comply with all pertinent laws.
6. Both the contractor and DOE must share all risks of project failure. Managing technical and performance risks is central to a project's success and is especially difficult when attempting work such as building D&D. If DOE takes on most of the responsibility for risks, the contractor has diminished incentive to perform prudently.
7. Competition should be promoted between contractors by using a competitive bidding process to

ensure best price and value. The site should seek bids from as wide a group as possible to do the work. The use of a draft RFP is valuable to communicate to industry what DOE desires to have done.

8. Projects must be well-characterized as to requirements and scope of work to ensure success. For instance, DOE must be clear about the final product it wants to buy, e.g., treated waste, treated soils, facility D&D, or support services.
9. Projects must show near-term progress and truly reduce costs, accelerate schedules, and reduce the mortgage. Any savings should then be used to do more remediation of the site.
10. Practical methods and milestones must be in place to monitor progress, with stakeholders briefed regularly on the progress.
11. The site must use the appropriate form of contract for the projects. Fixed price contracts may not be practical for some projects if work cannot be well-defined and characterized.
12. An incremental learning process must be used for working with new technologies and with privatization as a method of contracting. The use of small-scale demonstration projects by multiple contractors may be valuable in choosing technologies and contracting methods. Full commitment to new technologies causes high risk of failure and higher costs.

The Rocky Flats Citizens Advisory Board is a community advisory group that reviews and provides recommendations on cleanup plans for Rocky Flats, a former nuclear weapons plant outside of Denver, Colorado.

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