



Many Voices Working for the Community

Oak Ridge Site Specific Advisory Board

April 15, 2010

John Eschenberg
Assistant Manager for Environmental Management
DOE-Oak Ridge Office
P.O. Box 2001, EM-90
Oak Ridge, TN 37831

Dear Mr. Eschenberg:

Recommendation 189: Recommendation Regarding the FY 2012 DOE-Oak Ridge Environmental Management Budget Request

At our April 14, 2010, meeting the Oak Ridge Site Specific Advisory Board approved the enclosed recommendation regarding the FY 2012 DOE-Oak Ridge Environmental Management Budget Request

The board is similarly concerned as the Environmental Protection Agency and the Tennessee Department of Environment and Conservation that perhaps there is too much focus on taking down old buildings, particularly at East Tennessee Technology Park, and not enough resources allotted for addressing environmental hazards.

Your response is requested by July 14, 2010.

Sincerely,


Ron Murphree, Chair, PE, CPE
rm/rsg

Enclosure

cc/enc:

Dave Adler, DOE-ORO
Cate Brennan, DOE-HQ
Mike Farmer, Roane County Mayor
Pat Halsey, DOE-ORO
Connie Jones, EPA Region 4

Local Oversight Committee
Rex Lynch, Anderson County Mayor
Melissa Nielson, DOE-HQ
Gary Cinder, Interim Oak Ridge City Manager
John Owsley, TDEC



Oak Ridge Site Specific Advisory Board Recommendation 189 Recommendation Regarding the FY 2012 DOE-Oak Ridge Environmental Management Budget Request

Background

Each year the U.S. Department of Energy (DOE) Headquarters Environmental Management (EM) Program builds its budget request for two years out from requests supplied by the DOE EM field offices. Headquarters typically issues guidance to the field offices regarding how much budget (the target) they should plan to when planning their fiscal year (FY) +2 budget request and programmatic priorities for allocating the budget. The field offices brief their regulatory bodies and the public and then submit an Integrated Priority List to Headquarters confirming how the target budget will be prioritized.

On February 10, 2010, The Oak Ridge Site Specific Advisory Board (ORSSAB) received a briefing from Art Haugh, DOE-Oak Ridge Director of Project Controls and Administration, on the Federal Budget Process and Priorities. His presentation explained how the federal budget process is done and how budgets are developed for DOE's EM program.

Part of his presentation was a listing of EM priorities nationwide. Those priorities included:

- Essential activities to maintain a safe, secure, and compliant posture in the EM complex
- Radioactive tank waste stabilization, treatment, and disposal
- Spent nuclear fuel storage, receipt, and disposition
- Special nuclear material consolidation, processing, and disposition
- High priority groundwater remediation
- Transuranic and mixed/low-level waste disposition
- Soil and groundwater remediation
- Excess facilities deactivation and decommissioning (D&D)

Mr. Haugh pointed out that the listing of priorities is not necessarily in order of importance at the national level, but are simply guidelines in developing each field office budget. At Oak Ridge the top priority is doing work safely, but the next priority is funding D&D at East Tennessee Technology Park (ETTP), because Mr. Haugh said it costs about \$75 million a year for infrastructure, essential services, and safeguards and security ETTP. Once cleanup is complete at ETTP, D&D money can be used for cleanup elsewhere on the Oak Ridge Reservation (ORR).

The discussion at the board meeting, and later on February 17 at the ORSSAB EM Committee meeting, was whether it was prudent to continue spending millions of dollars on 'hotel' costs at the expense of delaying other cleanup jobs on the ORR.

The Environmental Protection Agency (EPA) has expressed concerns regarding DOE-Oak Ridge funding priorities. In a letter dated February 9, 2010 to John Eschenberg, DOE-Oak Ridge Assistant

Manager for EM, from Franklin Hill, Director of the EPA Region 4 Superfund Division, Mr. Hill wrote, "EPA is concerned DOE ORR is placing too much emphasis on building demolition activities in lieu of contaminated environmental media cleanup."

At the February 10 ORSSAB meeting, John Owsley, manager of the Tennessee Department of Environment and Conservation (TDEC) DOE Oversight Division, provided the agency's position on the DOE-Oak Ridge budget. He said TDEC has been in dispute with DOE on a number of occasions regarding budgets, priorities, and schedules and resolution agreements have been reached each time. The latest resolution was in 2008. Mr. Owsley said TDEC agreed to the dispute resolution in 2008 that there would be a consistent level of funding for completion of cleanup on the ORR.

He said the funding provided for FY 2010 and requested for FY 2011 was inconsistent with the dispute resolution which said "milestones will, to the extent practicable, be based upon level funding." DOE EM's national budget for FY 2009 was approximately \$6 billion and DOE EM Oak Ridge received approximately \$499 million. DOE EM's national budget for FY 2010 is approximately \$6.5 billion and DOE EM Oak Ridge was allocated \$436 million. DOE EM's national request for FY 2011 is in excess of \$6 billion and the proposed allocation for DOE EM Oak Ridge is \$450 million. TDEC does not agree to accept less funding at DOE EM Oak Ridge when DOE receives level and/or increased funding at the national level.

Discussion and Recommendation

The ORSSAB review of the DOE FY 2012 budget considered three elements:

- (1) the general prioritization approach/strategy,
- (2) the adequacy of the budget year funding to accomplish the necessary scope, and
- (3) the level of funding over the past several years considering both base funding and American Recovery and Reinvestment Act (ARRA) funding.

These elements are addressed in more detail below.

- (1) The General Prioritization Strategy. The prioritization guidance provided by DOE Headquarters provides a reasonable framework for addressing cleanup problems across the country. However, failure to allow each site to adjust priorities based on site conditions results in the unbalanced distribution of funds, the buildup of large legacy cleanup costs, and significant potential for releases to the soils and waters of the host state.
- (2) The Adequacy of the Budget Year Funding to Accomplish the Necessary Scope. ORSSAB is concerned that the budget year funding identified will be inadequate to accomplish clean up commitments/goals. Our concerns result from observed D&D and operating cost growth coupled with increases in the scope of work to be performed without a concomitant increase in funding. Increased costs for demolition of the K-25 Building at ETTP have been substantial, rising from initial estimates of approximately \$350 million to levels approaching \$1 billion. These increases are likely an indication of the direction of D&D costs for the future. In addition, as aging facilities continue to deteriorate, the "hotel" costs (i.e., the basic costs of surveillance and maintenance and maintaining safety and compliance) will increase as well. Increasing costs during a flat or declining budget cycle can only result in less actual cleanup work being accomplished.
- (3) The Level of Funding Over the Past Several Years Considering Both Base Funding and ARRA Funding. Over the past several years, the DOE EM budget has been fairly constant; however, the budget has effectively declined as a result of increased costs and additions to the overall scope of work. The Uranium 233 Disposition Project was added to the EM scope of work but no additional funds were provided resulting in deferral of critical cleanup

actions as funds were re-directed. More recently, the Integrated Facility Disposition Project (IFDP) work scope has been added to the EM program. While we support the IFDP fully, the addition of scope without funding has the potential to impact current milestones. As noted above, at the same time budget levels have remained level or declined, cost estimates to complete the cleanup program goals have increased, further increasing the funding shortfall. Consequently, DOE has been constrained in completing cleanup actions with the result being that more dollars are spent on surveillance and maintenance of facilities to be torn down and less on cleanup. While the influx of ARRA funding has, in fact, accelerated the cleanup actions; most of the funds are directed at new scope (i.e., IFDP) that has been recently added to the EM Program and not to accelerating the existing cleanup milestones. In summary, new scope has been added and additional funding has been provided but not enough to complete the new scope. If budgets decline in the future, there will be more scope to be accomplished with less funding.

At planned funding levels the momentum gained under the Recovery Act funding levels will be lost. At the approximate \$450 million funding level, the bulk of the EM resources will be applied at ETTP with “hotel” costs and the Transuranic Waste and U-233 Disposition Projects consuming most of the remaining resources (at least at Oak Ridge National Laboratory). The result will be little if any progress in cleanup at the Y-12 National Security Complex and Oak Ridge National Lab for the next six to eight years.

In conclusion, the ORSSAB recommends that DOE re-evaluate its priorities and budget to better accommodate the concerns of TDEC and EPA, to maintain cleanup momentum at Y-12 and Oak Ridge National Laboratory, and to reduce on-going ‘hotel’ costs to make more funding availability for future cleanup.