



**Department of Energy**  
Richland Operations Office  
P.O. Box 550  
Richland, Washington 99352

09-FMD-0106

JUN 09 2009

Ms. Jane A. Hedges, Director  
State of Washington  
Department of Ecology  
P.O. Box 47600  
Olympia, Washington 98504

Mr. Dennis Faulk, Program Manager  
Office of Environmental Cleanup  
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309 Bradley Boulevard, Suite 115  
Richland, Washington 99352

**RECEIVED**  
JUN 11 2009  
**EDMC**

Addressees:

FISCAL YEAR (FY) 2011 HEADQUARTER OFFICE OF ENVIRONMENTAL  
MANAGEMENT (HQ-EM) BUDGET GUIDANCE

Per Tri-Party Agreement (Hanford Federal Facility Agreement and Consent Order), Paragraph 149 requirements, attached is the HQ-EM guidance for FY 2011 through 2015 budget and planning activities received by the U.S. Department of Energy, Richland Operations Office (RL) and Office of River Protection (ORP).

If you have any questions, please contact me, or your staff may contact Mark Coronado, RL Director of Financial Management Division, on (509) 376-5363, or Joe Poniatowski, ORP Acting Director of Project Administration, on (509) 376-2760.

Sincerely,

A handwritten signature in black ink, appearing to read "Gregory A. Jones".

Gregory A. Jones, Assistant Manager  
for Administration/Chief Financial Officer

FMD:KLA

Attachment

cc: See Page 2

Addressees  
09-FMD-0106

-2-

JUN 09 2009

cc w/attach:

G. Bohnee, NPT

L. Buck, Wanapum

S. Harris, CTUIR

R. Jim, YN

S. L. Leckband, HAB

K. Niles, ODOE

J. B. Price, Ecology

**Administrative Record** (200-ZP-1 and 200-PW-1)

Environmental Portal

cc w/o attach:

M. E. Byrnes, CHPRC

R. H. Engelmann, CHPRC

R. E. Piippo, CHPRC

A. J. Rossi, CHPRC

J. G. Vance, FFS

## FY 2011 BUDGET & PLANNING GUIDANCE

### Overview

This document provides

- Guidance for EM's FY 2011-FY 2015 budget formulation and associated attachments
- Guidance on Analytical Building Block Development

EM will provide FY 2011 through FY 2015 preliminary targets that will be the basis for the FY 2011 budget formulation process. The funding targets provided are consistent with the FY 2008 Five Year Plan site funding assumptions that have been used to develop EM's validated baselines. These baselines are the focal point from which the program formulates its Fiscal Year (FY) budget requests and conducts various strategic planning analyses which are used to inform resource allocation decisions. The baselines, which represent the lifecycle costs for each site (reflecting both the near-term and out-year work scope), should be the basis for discussions with regulators and stakeholders discussing cleanup priorities.

EM will continue to focus its priorities on approaches that maximize risk reduction and cleanup. Because the baselines have been established at a greater level of detail than previously available, they should be used to communicate the total scope of work needed to achieve cleanup at a site. The ability to communicate the total work scope required to complete cleanup should facilitate a more productive discussion regarding a site's currently planned sequence of work balanced against the assumed funding levels in their validated baselines.

### Approach

As part of the FY 2011 budget formulation process, sites should continue to utilize and share their validated baselines with their regulators and stakeholders. The baselines, which represent the lifecycle cost for each site (reflecting both the near-term and out-year work scope), should be the basis for discussions with regulators and stakeholders when discussing cleanup priorities.

Because ABBs can be re-sequenced to reflect alternative prioritization scenarios of work scope, they will, as was the case in last years FY 2010 formulation guidance, serve as the foundation for the FY 2011-FY 2015 budget formulation process and will be the basis for the development of site specific Integrated Priority Lists (IPLs).

Analytical Building Blocks (ABBs) will continue to be the foundation utilized to conduct both planning and budget formulation. Therefore, ABB's must be consistent with EM's uniform Work Breakdown Structure (WBS) contained in their validated baseline and the IPL used in budget formulation. ABBs will be used as the summary component in development of the FY 2011-2015 IPL, directly linking the IPL to each site's validated baseline. This will serve as a basis to support more robust and better integrated baseline planning and budget analyses as well as to enable more effective communication of the EM Program.

In prior years, EM budget formulation focused mainly on the upcoming fiscal year with little emphasis placed on the impact to out year priorities and/or the funding tails created. Because of the unique position EM is in, as a result of the Recovery Act investment of an additional \$6 billion in cleanup funding, EM must position itself in FY 2011 to minimize funding impacts in FY 2012. This is the first time in two years where EM will not have additional investment funding to support all its cleanup priorities. Therefore, equally important to the development of the FY 2011 IPL is the development of the FY 2012 IPL.

### **IPL Guidance**

Each Operations/Field Office (Office) is required to submit an IPL for its proposed FY 2011-FY 2015 budget that is consistent with EM program priorities. EM's overall goal is straightforward – to complete its cleanup mission in a safe, secure, and compliant manner and to do so within prescribed costs and schedules. EM will pursue its cleanup objectives within the overall framework of achieving the greatest environmental benefit and the largest risk reduction, and overlaying regulatory compliance commitments, while maintaining best business practices to maximize cleanup progress. To support this approach, cleanup activities should be prioritized based on:

- Maintain a safe, secure, and compliant posture across 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 & decommissioning

When developing the IPLs, each site will need to determine what approach is necessary to ensure a seamless transition from a program augmented by the additional investment of Recovery Act funds back to a program funded solely by its annual appropriation. Therefore, as you develop your FY 2011 IPL, do not focus solely on the FY 2011 data. Rather, establish your FY 2011 and FY 2012 funding priorities in an integrated fashion, so that EM can confidently utilize the FY 2012 data when we discuss/defend the FY 2011 ranking.

### ***Funding Priorities***

EM will remain focused on the highest risk activities in EM's portfolio, the management of radioactive tank waste, surplus special nuclear materials (SNM), spent nuclear fuel (SNF), and essential activities required to maintain a safe and secure posture in the EM complex. In the FY 2010 budget request these activities comprise the majority of base program funding and represent the biggest challenges facing the EM program. ***In FY 2011-FY 2015, these activities should be fully funded within baseline targets.***

In FY 2010 Recovery Act funds provided by Congress enabled EM to fund transuranic and mixed low-level and low-level waste, soil and groundwater remediation and decontamination and decommissioning work scope. Work scope that would have been deferred in FY 2010 to fund higher priority activities. In some instances both base and accelerated work scope for these activities were transferred from base program projects to Recovery Act projects.

Sites where both base work scope and accelerated cleanup work scope making progress were shifted into Recovery Act projects in the President's FY 2010 budget request will need to re-evaluate this shift in FY 2011 and FY 2012 to fill any voids in the base program caused by transfer of scope out of the base program into Recovery Act projects. Any new scope (i.e., scope not in the near-term baseline or the out year planning estimate range) that's being accelerated into FY 2012 must be captured in a new PBS, and broken down into appropriate ABBs. Please contact your EM-31 lead analyst to accommodate this requirement if it applies to your site.

In order to fill any voids created in the base program caused by transfer of scope into Recovery Act projects, sites should fully fund the following activities within their baseline target in FY 2011-FY 2015:

- Maintain safe and secure posture and/or Min Safe activities for all functional categories, including transuranic, mixed low level and low level waste soil and groundwater remediation and decontamination and decommissioning activities. This should be categorized in the "maintain a safe and secure posture" component of the IPL. This will ensure that if no funding making progress work scope is funded within the baseline target min safe and essential services will be provided.
- Base **facility** operations for processing transuranic, mixed low level and low level waste (e.g. operation of the TRU Waste Processing Center at Oak Ridge—which is being fully funded with Recovery Act monies in FY 2010).
- Once these activities have been funded sites should walk down the funding priorities identified above.

For instance, some sites have no transuranic (TRU) program in their FY 2010 Base. For FY 2011, you must fund at least the min safe component of the TRU program in your Base, even if all of your making progress work is supported by the Recovery Act funding. However, as we move into FY 2012, that entire TRU program will need to be transitioned back into the Base and could cause a significant perturbation in the system if not handled appropriately in FY 2011. A forward-looking approach is critical when formulating the FY 2011 and FY 2012 IPL.

### ***Compliance***

Between FY 2011 baseline targets and the \$6 billion in Recovery Act funding provided by the Congress, EM should meet all but one of its FY 2011 compliance milestones contained in its cleanup agreements. When developing the IPL, any FY 2011 compliance activities that are being funded with Recovery Act monies should be identified as above baseline in the IPL. The IPL would then represent the total funding required by each site and EM to meet existing cleanup agreements and will represent the annual amount needed to meet Executive Order 12088 compliance requirements. Since the only milestone that will be missed in FY 2011 cannot be

“bought back”, the only over baseline compliance request should be those FY 2011 compliance activities funded with Recovery Act monies.

When developing the FY 2012 component of the IPL sites should identify the over baseline increment for compliance and any additional accelerated work scope needed to sustain and/or complete progress initiated as a result of Recovery Act investments. The IPL must be completed in the IPABS-IS IPL module no later than COB June 12, 2009.

### **Management Briefings**

EM Field Management briefings will be held consistent with past practices. The tentative schedule is to conduct the briefings June 22-26, 2009, although this will be adjusted if necessary once we receive the final CFO guidance and schedule. Detailed guidance on briefing requirements will be distributed under separate cover. However, below is some general information that will be required within all briefing packages:

- IPL summary accomplishments
- Identification and number of FY 2011 compliance milestones funded with base program dollars
- Identification and number of FY 2001 compliance milestones funded with Recovery Act dollars
- Identification of activities funded within baseline (Program of Record) that are inconsistent with program priorities as outlined above
  - Provide rationale and any compliance, workforce and site interdependencies impacts
- Change in life-cycle cost and site completion estimates resulting from recite or Recovery Act funds
- Look ahead to FY 2012 when Recovery Act funds are no longer available to supplement base program activities
  - Identify impacted cleanup activities
  - Discuss compliance, work force and site interdependencies impacts
- Carryover (FY 2009 to FY 2010 and FY 2010 to FY 2011)
- Safeguards and security issues

### **IPL Development (HQ POC: Robin Osik, (301) 903-4825)**

When building your IPL, assume 95 percent confidence for all line item construction projects. All operating projects should be funded at the 50 percent confidence level. Over-target requests provided to support Executive Order 12088 compliance requirements should be identified as such.

To assist you with your IPL development, the IPABS-IPL module will be seeded with your final FY 2010 IPL as a placeholder. You can use this information as the starting point for your FY 2011 IPL or cut/paste existing information into new ABBs, if applicable. Detailed instructions on building your IPL in the IPABS-IS IPL module were distributed via email on May 27, 2009. Site specific IPLs will be consolidated into an EM IPL. Additional analyses may

be required from a site to support alternative prioritization options. Subsequent meetings will be held with Field Managers to review the EM priorities and develop a final EM IPL for submission to the CFO to support the FY 2011 Corporate Program Review (CPR) process.

**Note: Funding for site support activities (e.g., California Site Support and NNSA Site Support) must be requested within respective site cleanup PBSs rather than using administrative support PBSs as has been done in the past. More specifically, funding should not be requested for VL-FAO-0101, VL-FOO-0013B-D, VL-FOO-0100-D, CBC-CA-0013B-N, CBC-CA-0100-N or any other such PBS.**

### *IPL Components*

#### Analytical Building Blocks (ABBs) as IPL Elements

As was done last year, each field office's IPL will be seeded with their ABBs. Each ABB profile will correspond to an IPL summary element. An IPL summary element can be broken into three sub-IPL elements:

- An element for min safe/essential services
- An element for making progress tied to compliance
- An element for making progress NOT tied compliance
- An element for ARRA activities

The sum of the four sub-IPL summary elements of an ABB must equal the IPL summary element (i.e., ABB profile). All funding associated with min safe/essential services activities must be funded within your base target.

#### Over-Target Request

Each Field Office may submit an over-target request to support Executive Order 12088 compliance. Over-target will be identified by utilizing the sub-element.

- In FY 2011, identify the over baseline increment needed to be in compliance. Utilize the making progress tied to compliance sub-element.
- In FY 2011, identify Recovery Act activities which allow EM to maintain compliance. Utilize ARRA sub-element.
- In FY 2012, identify the over baseline increment needed to be in compliance. Utilize the making progress tied to compliance sub-element.
- In FY 2012, identify the over baseline increment needed for accelerated work scope to sustain and/or complete progress initiated as a result of Recovery Act investments. Utilize the ARRA sub-element.

**NOTE: The funding allocations provided within your IPL element breakout are utilized throughout the budget process to articulate EMs funding needs associated with min safe/essential services and compliance requirements. Therefore, it is imperative that you ensure an accurate portrayal of activities within these elements.**

Program Driver Categories

Each IPL element must be tied to a single driver category (see Table 1). If an IPL element can be associated with more than one driver category it should be assigned to the driver category that the majority of the IPL element supports. If sub-IPL elements are identified, the program driver designation for the sub-element must be consistent with the primary IPL element.

*Table 1 - Program Driver Categories*

<b>Driver Code</b>	<b>Driver Name</b>	<b>Driver Description</b>
1	Required by a Compliance agreement	This category includes activities required to meet enforceable milestones agreed to in cleanup and compliance agreements, as well as program support/management activities directly required to meet these milestones.
2	Required by a court order, settlement agreement, or consent decree	This category includes activities performed to comply with consent decrees, settlement agreements, or court orders, as well as program support / management activities that directly support these activities.
3	Required by federal environmental statute or regulation (includes permits)	This category includes activities required to comply with federal environmental statutes, regulation, and permits that are not already captured under categories 1, or 2. Federal environmental statutes include, but are not limited to the Pollution Prevention Act, Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, Safe Drinking Water Act, Comprehensive Environmental Recovery Policy Act, WIPP Land Withdrawal Act. This category also includes program support/management activities that directly support compliance with these federal laws and regulations.
4	Other Essential Management Functions	This category includes all activities not associated with compliance requirements.

Program Mission Categories

Program Mission Category data will be seeded for each IPL element. Field offices will be required to provide a change narrative if the Program Mission Category of a seeded IPL element is changed. The funding allocations provided within your IPL by mission category is utilized throughout the budget process to articulate EMs funding needs associated with the various mission needs. Therefore, it is imperative that you ensure an accurate portrayal of activities within these elements.

*Table 2 - Program Mission Categories*

Site Infrastructure/Support/Program Mgmt	TRU Waste Management
Safeguards & Security	Excess Nuclear Material Management
Stakeholder Support	MLLW and LLW Management
Technology Development	Soil Remediation
Tank Waste Management	Groundwater Remediation
Spent Nuclear Fuel (SNF) Management	Facility D&D

### IPL Sub-elements

As mentioned previously, each IPL element profile can be broken out into the following sub-elements:

1. An element for min safe/essential services -compliance and non-compliance related
  2. An element for making progress tied to compliance
  3. An element for making progress not tied to compliance
  4. An element for ARRA activities
- 
1. The min safe/essential services sub-element profile would encompass priorities required to control existing material, waste, and facilities in a safe, stable condition; activities required to maintain facilities in their current state of operational readiness; and activities necessary to maintain site infrastructure and the overall current state of the site without advancing the mission. The sub-element is consistent with the definition used to collect ABB cost profiles for Maintenance of Facility Status costs as part of the out-year planning initiative. **Note: As in previous years, funding requirements for min safe/essential services must be funded within the existing baseline; no over-baseline request will be accepted for min safe/essential service activities.**

If the min/safe essential services sub-element activities are in support of Program Driver Categories 1-3 (noted in Table 1) they are considered compliance; therefore, compliance driver/impact information and associated compliance milestone information is required. In these instances, the compliance category must be identified that dictates the necessity of compliance funding. Additionally, the appropriate compliance milestones must be associated and fine/penalty information must be provided describing the impact of missing the milestone.

2. The "making progress tied to compliance" sub-element profile would encompass activities that advance the Program Mission Categories outlined in Table 2 and are required to support Program Driver Categories 1-3 (noted in Table 1). Compliance driver/impact information and associated compliance milestone information is required for these activities. In these cases, the compliance category must be identified that dictates the necessity of compliance funding. Additionally, the appropriate compliance milestones must be associated and fine/penalty information must be provided describing the impact of missing the milestones.
3. The "making progress not tied to compliance" sub-element profile would encompass activities that advance the Program Mission Categories outlined in Table 2. These activities do not support accomplishment of activities contained in Program Driver Categories 1-3 (noted in Table 1).
4. The "ARRA" sub-element profile would encompass activities that address ARRA activities that maintain compliance in FY 2011. In FY 2012, the ARRA sub-element would encompass activities over baseline needed for accelerated work scope to sustain and/or complete progress initiated as a result of Recovery Act investments.

As previously noted, the funding allocations provided within your IPL element breakout are utilized throughout the budget process to articulate EMs funding needs associated with min safe/essential services and compliance requirements. Therefore, it is imperative that you ensure an accurate portrayal of activities within these elements.

#### IPL Narratives

For each individual IPL being developed, IPL sub-elements must be accompanied by planned accomplishment narratives as well as an impact narrative to address the impact of not funding the sub-element activity. Within the narratives, offices should provide specifics regarding compliance impacts (explicitly identify the year which the anticipated compliance impact will occur), program scope, schedule and completion dates. As part of the impacts narrative, the impact on PBS mission completion dates should be indicated.

#### Performance Metrics (HQ POC: Dan Melamed, 202-586- 6239)

Performance metrics should be provided at an IPL sub-element on an incremental basis. The cumulative sum of sub-elements should represent the planned metric to be achieved for the full funding level.

#### Compliance Milestones (HQ POC: Bill Levitan, 301-903-3339)

Compliance milestones should only include milestones that have a definitive, regulatory or otherwise enforceable due date. Enforceable milestones generally have fines and penalties associated with non-compliance. Any compliance milestone linked to an IPL element should be consistent with milestones identified and reported in Quarterly Performance Reviews, the FY 2008 Five-Year Plan, and milestones entered into IPABS-IS. This includes compliance milestones used to support and defend the FY 2010 Congressional Budget Request.

#### FY 2011 Proposed Transfers (HQ POC: George Garey, 301- 903-7948)

EM will collect budget and planning data for proposed transfers to the Office of Legacy Management, other Program Secretarial Offices, and/or private entities. EM is collecting this data to support the transfer process and to ensure that the Department has adequate data to support the FY 2011 budget formulation process, the FY 2009 life-cycle cost estimate, the Departmental environmental liability estimate, and other Departmental needs. Funding and programmatic issues regarding these proposed transfers will be resolved during the Department's budget process this summer.

The following site transfers are currently being proposed for the FY 2011 budget process:

- Inhalation Toxicology Institute – Office of Legacy Management
- Miamisburg – Office of Legacy Management

Contractor Pension Plans (HQ POC: Eva Isa, 202-586-1554)

EM has a continuing obligation to reimburse allowable costs for a variety of contractor-sponsored pension plans. EM management is developing an overall strategy on how best to address the issue of future budget shortfalls. Specific guidance will be provided to the sites at a later date in an effort to collect cost and other data required for ongoing pension obligations.

Low-Level and Mixed Low-Level Waste Disposal Assumptions (HQ POC: Christine Gelles, 301-903-1669)

As DOE 435.1 requires, where feasible, low level and mixed low-level wastes should be disposed at the site where they are generated. For those wastes that require off-site disposal, the Nevada Test Site (NTS) is the currently the only Federally-owned, regional disposal facility available to receive waste generated by other DOE sites. As established in FY 2009, the base operations of the disposal LLW and MLLW disposal facilities at the NTS will be direct funded. This direct funding is expected to provide for approximately 1.5 million cubic feet of waste receipts. Therefore, generator sites will not be charged disposal fees during project execution, unless the waste streams require special handling or receipt which results in incremental costs. Each year, the Nevada Site Office issues "Program Management Strategy for Disposal Operations," which delineates the waste forecasting and receipt considerations. Wastes must meet the NTS Waste Acceptance Criteria, and waste forecasts must be coordinated with the Nevada Site Office's annual waste forecasting process. For questions, call Jhon Carilli, NSO (702-295-0672) or Dave Mathes, EM-12 (301-903-7222).

- NTS will continue to receive approved LLW streams at Area 5.
- NTS will receive approved MLLW streams at the Mixed Waste Disposal Unit (MWDU), through November 2010. The MWDU will then be permanently closed. A replacement MLLW disposal cell is planned at the NTS. This new cell and/or a commercial MLLW disposal facility are expected to be available to receive off-site MLLW in mid FY 2011. However, it is possible EM sites will be required to provide limited interim storage at their site in FY 2011.

To the extent that alternate off-site disposal facilities are available to meet generator sites needs, sites are encourage to evaluate these alternatives. DOE Order 435.1 provides for use of commercial disposal facilities on an exemption basis. The Site Manager must certify that that the facility is compliant and have documented the cost effectiveness of this alternative. The Order requires consultation with Headquarters Office of Environmental Safety and Health, now the Office of Health, Safety and Security (HS). In order to enable comparison of disposal alternatives, an "analytical unit rate" for NTS disposal is used. In FY 2009, the analytical unit rate for NTS disposal is \$14.51 per cubic foot for both LLW and MLLW. (This unit rate and additional information regarding NTS disposal is updated annually by the Nevada Site Office in their "Program Management Strategy for Disposal Operations.") The Office of Disposal Operations (EM-12) will be available to facilitate the cost-benefit analyses, develop the exemption proposals, and expedite consultation with HS.

EM intends to continue to provide prime disposal contracts to provide economies of scale. The current prime contracts with EnergySolution for disposal of LLW and MLLW at the Clive, Utah facility, provide unit prices for specific waste streams. Information on these contracts can be obtained by contacting the Office of Disposal Operations.

To facilitate complex-wide planning and analysis, EM-12 will also continue to collect updated forecasts for the volumes of LLW and MLLW that will be generated by EM and other DOE programs. The annual update of the Baseline Disposition Data (BLDD) is conducted each fall. The next annual update is scheduled for late 2009, and Sites' updates should reflect approved baseline plans as of that time. It is expected that the fall update will generally align with the sites' FY 2010 Congressional Request and the developing FY 2011 budget request. For questions regarding cost-benefit analyses, commercial contracts and BLDD forecasts, contact Doug Tonkay, 301-903-7212)

*Transuranic Waste Disposal Assumptions (HQ POC: Christine Gelles, 301- 903-1669)*

The National TRU Program, working with EM-12 and the TRU Corporate Board, establishes the annual shipping goals for TRU waste sites. Corporately, EM plans to maintain an average shipping rate of 21 contact handled and 5 remote handled shipments per week. The site-specific details of this average rate, however, are subject to a number of factors. To inform the outyear planning, TRU waste generating sites should identify within the FY 2011 request, the total number of shipments needed, and the desired weekly rate. Efforts will be made to optimize shipments. However, the rate of shipments is ultimately dependent on the availability of certified waste ready for disposal. Therefore, sites are encouraged to focus on activities related to waste preparation, remediation and delivery to the Central Characterization Project within the FY 2011 budget request.

It is expected that the TRUPACT III will be certified and available for shipment of over-sized waste boxes beginning in FY 2011. It is expected that shielded canisters will be also approved and available to support optimized shipment of high gamma and high neutron emitting TRU waste streams. Details on these canisters and their use should be directed to the National TRU Program Director at the Carlsbad Field Office.

Specific questions regarding challenging transuranic waste streams (e.g. suspect non-defense TRU wastes) and requests for additional guidance should be requested from the National TRU Program Director and/or EM-12.

Sites should not assume shipment of TRU waste streams to WIPP that are not approved within the WIPP baseline inventory.

SNF and HLW Disposal Assumptions (HQ POCs: Gary Deleon, 301-903-7668 for SNF and Tony Kluk, 301-903-3744 for HLW)

Due to the recent changes in the Yucca Mountain repository program, EM sites must re-evaluate plans regarding availability of a geologic repository and the start of shipment of SNF and HLW offsite. However, sites should not unilaterally take action to significantly revise currently approved baseline plans, pending the results of the ongoing alternatives evaluations being conducted by EM and the Secretary's Blue Ribbon Panel. For environmental liability purposes only, Sites should develop a contingency estimate for continued on-site storage of the HLW and SNF inventory. Additionally, EM sites should continue to support the NRC's ongoing review of the Yucca Mountain License Application (LA), as needed. Further, SNF and HLW treatment plans should not deviate from the Department's LA requirements, without written approval from the Assistant Secretary for Environmental Management.

Independent Government Cost Estimates and Project-Specific Cost Estimating Services (POC: Terry Brennan, 513-246-0546)

Budgeting for site and project life-cycle cost estimating needs in FY 2011 and beyond is the responsibility of each EM Program, Field Office, and Small Site Project Office. Credible cost estimates are vital for sound management decision making and for any program or capital project to succeed. The annual budget formulation process should include funding requests necessary for the development of independent government cost estimates required to support EM acquisition's process consistent with established Federal Acquisition Requirements (FAR 36.203), and cost and schedule estimates that meet DOE O 413.3A (Program and Project Management for the Acquisition of Capital Assets) and DOE O 430.1B Change 1 (Real Property Asset Management) requirements.

Each EM Program, Field Office, and Small Site Project Office is responsible for development of required cost estimates. The EM Consolidated Business Center's (CBC) Office of Cost Estimating and Analysis is available to develop site or project-specific cost estimates on a cost reimbursable basis. It is the responsibility of the EM Program, Field Office, and Small Site Project Office to plan for and work directly with the EMCBC Office of Cost Estimating & Analysis to meet their cost estimating needs.

**Additional Information**

Participation of the Environmental Management Site Specific Advisory Board (EM SSAB), Stakeholders and Regulators in the EM Budget Request (HQ POC: Tracy Mudd, 202-586-2315)

Field sites may begin involving the Environmental Management Site Specific Advisory Board (EM SSAB) and other stakeholders in the FY 2011 EM budget process by scheduling briefings and establishing agreed upon timeframes to allow the EM SSAB and other stakeholders to provide input to support the proposed budget submission.

Attachment 1 provides guidance and a timeline to be shared with the EM SSAB and other stakeholders. The guidance clarifies what and when budget information can be released.

Note: This guidance does not supersede any existing legal agreements. Field sites are to continue to involve the EM SSAB and other stakeholders in accordance with existing agreements. No additional actions are required if the existing agreements meet the intent of the guidance.

Safeguards and Security (HQ POC: Laura Rosencrantz, 301- 903-0587)

EM is required to submit an S&S crosscut exhibit for FY 2011 thru FY 2015 in accordance with the FY 2011 Field Budget Call. By May 18, 2009, individual spreadsheets will be distributed via email to sites with S&S reporting requirements. Final exhibits must be consistent with the S&S funding baseline targets submitted as part of each site's budget request. In formulating the FY 2011 and out year S&S request, sites are asked to consider impacts on S&S personnel security requirements due to the loss of HSS funding for personnel security access authorizations and to consider impacts on S&S activities as a result of increases in on-site workforce, including additional work shifts, resulting from ARRA activities. Final crosscuts should be submitted via email to [Laura.Rosencrantz@em.doe.gov](mailto:Laura.Rosencrantz@em.doe.gov) by COB June 12, 2009.

#### Additional Budget Requirements

Once the final EM IPL has been completed and submitted to the CFO for the FY 2011 Corporate Program Review (CPR) process, separate guidance will be provided to each office to provide additional budget data to include the collection of budget narratives, Construction Project Data Sheets (CPDS) reporting requirements, non-line item controlled (expense funded) reporting requirements, Exhibit 300 reporting requirements, and Information Technology Investment reporting requirements. Please refer to the FY2011 Draft EM/CFO Consolidated Budget Calendar (Attachment 2) for a full listing of requirements.

#### Program Direction

EM will prepare the Program Direction budget request for FY 2011 through FY 2015 using a detailed bottoms-up approach beginning in FY 2011. Field offices will be required to submit non-labor details associated with their program direction request through the data collection tool that was distributed to each site on Wednesday, May 27, 2009. This will allow the sites to request sufficient Program Direction funding to cover their priority activities and perhaps justify and defend necessary growth in this account. Table 3 provides the Program Direction Target funding levels.

Table 3 -- Program Direction Target Funding

Field Office	FY 2009 Omnibus	FY 2010 Request	FY 2011 Target	FY 2012 Target	FY 2013 Target	FY 2014 Target	FY 2015 Target
Carlsbad	\$6,822	\$8,815	\$9,332	\$9,646	\$9,972	\$10,309	\$10,657
Idaho	\$10,340	\$11,410	\$11,771	\$12,144	\$12,528	\$12,926	\$13,336
Oak Ridge	\$16,758	\$19,428	\$20,307	\$20,998	\$21,713	\$22,453	\$23,217
NNSA	\$5,982	\$7,704	\$7,962	\$8,229	\$8,505	\$8,792	\$9,088
Nevada	\$4,105	\$4,257	\$4,396	\$4,539	\$4,688	\$4,842	\$5,001
Lexington	\$9,890	\$10,064	\$10,409	\$10,766	\$11,134	\$11,516	\$11,912
Richland	\$45,041	\$49,641	\$51,868	\$53,588	\$55,365	\$57,202	\$59,101
River Protection	\$25,683	\$28,659	\$29,620	\$30,614	\$31,642	\$32,705	\$33,805
Savannah River	\$49,228	\$59,646	\$61,911	\$63,929	\$66,013	\$68,167	\$70,392
Small Sites	\$7,250	\$9,233	\$9,562	\$9,903	\$10,257	\$10,622	\$11,000
Headquarters	\$95,325	\$109,303	\$113,493	\$117,577	\$121,811	\$126,201	\$130,752
Consolidated Business Center	\$28,642	\$32,298	\$33,642	\$34,774	\$35,945	\$37,157	\$38,410
EM CDP	\$4,741	\$4,542	\$4,699	\$4,861	\$5,029	\$5,203	\$5,384
<b>EM TOTAL</b>	<b>\$309,807</b>	<b>\$355,000</b>	<b>\$368,972</b>	<b>\$381,568</b>	<b>\$394,602</b>	<b>\$408,095</b>	<b>\$422,055</b>

Table 4 provides the EM Full-Time Equivalent (FTE) Allocations for target budgets. For sites that have been approved to exceed the FTEs levels noted in Table 4, or for sites wishing to request additional FTEs as part of the FY 2011 through FY 2015 budget process, FTEs and associated funding should be captured as part of the over-target request in the data collection tool. Program Direction input must be completed in the data collection tool with a copy emailed to [Donetta.Herbert@em.doe.gov](mailto:Donetta.Herbert@em.doe.gov) by COB, June 12, 2009.

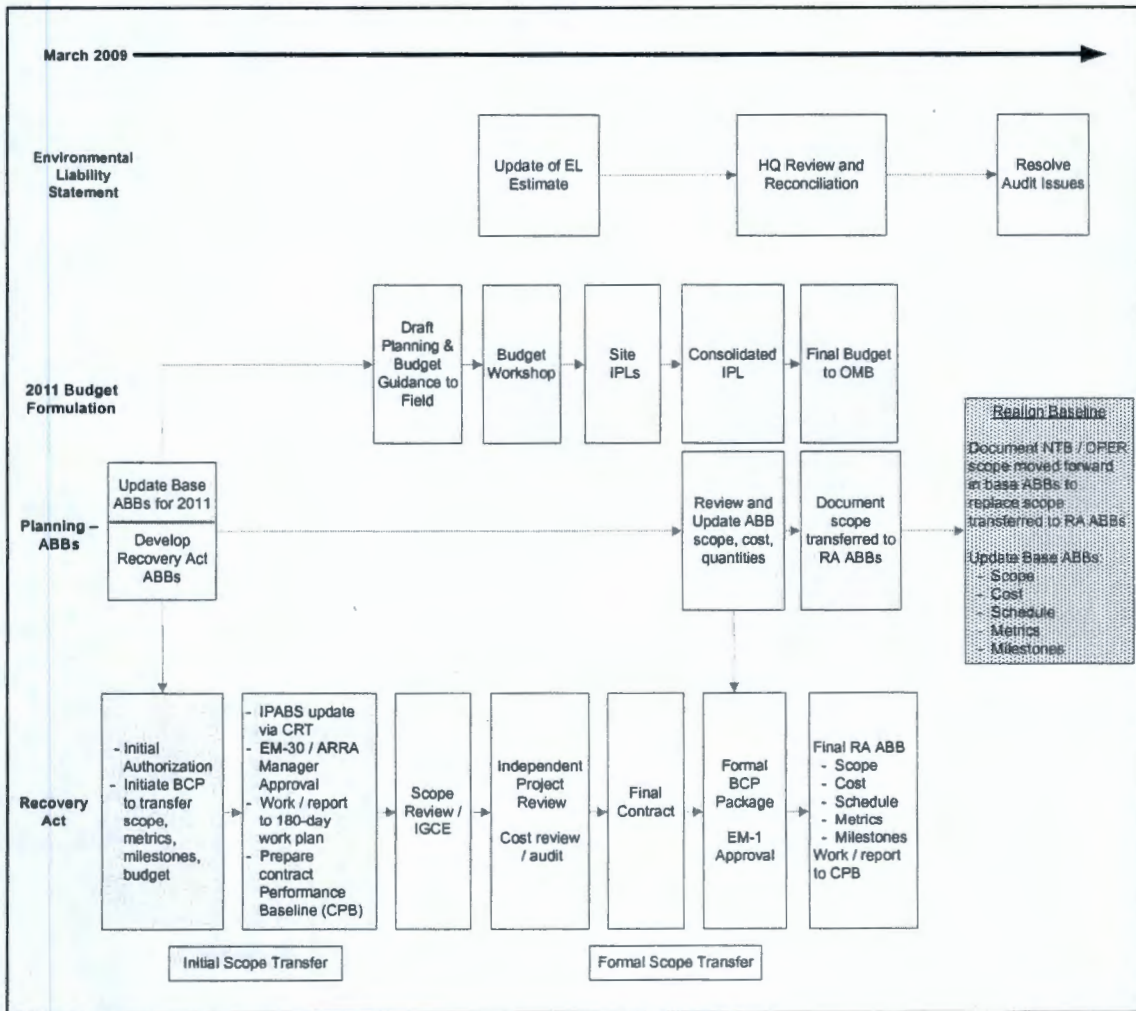
Table 4 - EM FTE Allocations

Field Office	FY 2009 Omnibus	FY 2010 Request	FY 2011 Target	FY 2012 Target	FY2013 Target	FY 2014 Target	FY 2015 Target
Carlsbad	46	50	50	50	50	50	50
Idaho	70	70	70	70	70	70	70
Oak Ridge	82	82	82	82	82	82	82
NNSA Sites	34	28	28	23	23	23	23
Nevada	25	25	25	25	25	25	25
Paducah/Portsmouth	48	48	48	48	48	48	48
Richland	271	275	275	271	271	271	271
River Protection	141	145	145	143	143	143	143
Savannah River	336	345	345	345	345	345	345
Small Sites	33	25	25	25	25	25	25
Field Total	1,086	1,093	1,093	1,082	1,082	1,082	1,082
Headquarters	357	351	351	346	346	346	346
Consolidated Business Center	181	190	190	187	187	187	187
EM CDP	55	40	40	35	35	35	35
Total, EM	1,679	1,674	1,674	1,650	1,650	1,650	1,650

## Analytical Building Block Development

Figure 1 provides an overview of budgeting and planning activities and their relationship to parallel Recovery Act project implementation activities. Guidance governing the initial transfer of scope from the EM base program to Recovery Act projects was issued April 7, 2009. This guidance follows the same principles for ensuring rigorous, transparent and traceable documentation of scope to be accomplished in base program versus Recovery Act projects.

Figure 1.



## ***Analytical Building Blocks—EM's Core Analysis and Reporting Level***

Scope definition and management at the Analytical Building Block (ABB) level is a core element of:

- Scope management from the base EM program to the Recovery Act
- Re-sequencing and re-baselining of base program scope to fill voids created by transfer of scope to Recovery Act
- EM Corporate WBS and Enterprise Architecture systems currently under development
- Budget formulation/Integrated Priority List development
- Analysis of alternative priorities and funding scenarios
- Execution of a single efficient and well integrated program in FY 2012 and beyond

**Following approval of Recovery Act baselines, sites must realign their base programs to account for voids left by the transfer of scope from the base program to Recovery Act.**

This realignment will be accomplished via the standard BCP process, supplemented with ABB-level seeded scope templates as was done with the initial scope transfer to Recovery Act projects. Additionally, ABB quantity profiles will be updated, as before consistent with corporate performance metrics (see Attachment 3). The timing of this realignment and any required further guidance will be provided under separate cover.

### ***Grouping EM Scope into Analytical Building Blocks***

Initial development and subsequent update of the list of EM ABB's has been accomplished according to the guidelines described in this section. ABBs are separate stand-alone activities within a PBS, consisting of activities with similar work scopes, schedules and disposition paths. Each ABB must meet the following criteria:

- Reflect how work is done at the site consistent with the site baseline
- Have a life cycle cost profile, with dollars divided between *costs associated with maintaining the existing facility status and cost required to make progress*
- Have a life cycle quantity profile reflecting progress achieved
- Construction projects in excess of \$10 million must be separated in their own ABB
- Facility construction and operation activities within the same PBS should have separate ABBs, following designation as a line item project
- Technology Development and Deployment (TD&D) activities funded by field PBSs must be separated into their own ABB
- **Do not report management reserve separately.** Management reserve should be allocated across ABBs as it does not represent distinct scope or separate funding available for re-prioritization.

An **ABB** is a discrete, site-specific component of existing EM scope that can realistically be managed, assessed, budgeted, executed, reprioritized and communicated as a whole.

ABBs will represent level 4 of the Corporate WBS structure and must have all the components of a WBS element.

Within the constraints of the ABB definition and criteria listed above, there is flexibility in how the EM scope at a site can be divided into ABBs. Specific rationale for doing so is highly site dependent and should be based on:

- Distinct geographic areas of the site
- Site management structure
- High stakeholder visibility
- Difficulty of execution
- Project phase (e.g., operations versus construction)
- Contractual constraints

### ***Assigning Analytical Building Blocks to Program Mission Categories***

EM has established 12 Program Mission Categories in which cost and quantity information will be gathered and used to communicate programmatic goals, alternatives, and achievements. A Program Mission Category represents key mission elements of the EM program. Each ABB can only be assigned to one Program Mission Category. Several ABBs will roll up into a single Program Mission Category and several Program Mission Categories will then roll up to a PBS (see Attachment 2). In the event an ABB cannot be fully attributed to a single Program Mission Category, select the Program Mission Category that the majority of ABB funding supports.

### ***Analytical Building Block Costs***

In aggregate, the ABBs for a given site must capture the entire EM scope and equal the PBS life-cycle cost totals in the sites' current Baseline. All ABBs must be linked to an existing PBS. An ABB cannot roll up into more than one PBS. ABB costs are divided into two categories within each ABB -- "*Maintenance of Existing Facility Status*" and/or "*Making Progress*".

"*Maintenance of Existing Facility Status*" costs are the costs of maintaining the site and facilities in their current state—maintaining the status quo—without making progress. "*Making Progress*" costs are costs specifically required to advance EMs Program Mission Categories 4 through 12. Note that in some instances the increment between "*Maintenance of Existing Facility Status*" Costs and "*Making Progress*" costs could be quite small. All costs for TD&D and construction are considered "*Making Progress*."

#### **Maintenance of Existing Facility Status Costs**

encompass activities required to control existing material, waste, and facilities in a safe, stable condition; to maintain facilities in their current state of operational readiness; and to maintain site infrastructure and the overall current state of the site without advancing the mission.

***Making Progress Costs*** encompass activities under Program Mission Categories 4 through 12 attributable to advancing the mission as measured by an increase in at least one associated progress quantity.

## Corporate Work Breakdown Structure and Primavera Enterprise Project

The Office of Strategic Planning and Analysis (EM-32) is implementing a corporate work breakdown structure (CWBS). The CWBS will allow EM to standardize the structure used to categorize like scopes of work across the EM Complex, facilitate analytical building block and comparative analyses, simplify budget preparation, and standardize the Primavera Enterprise architecture.

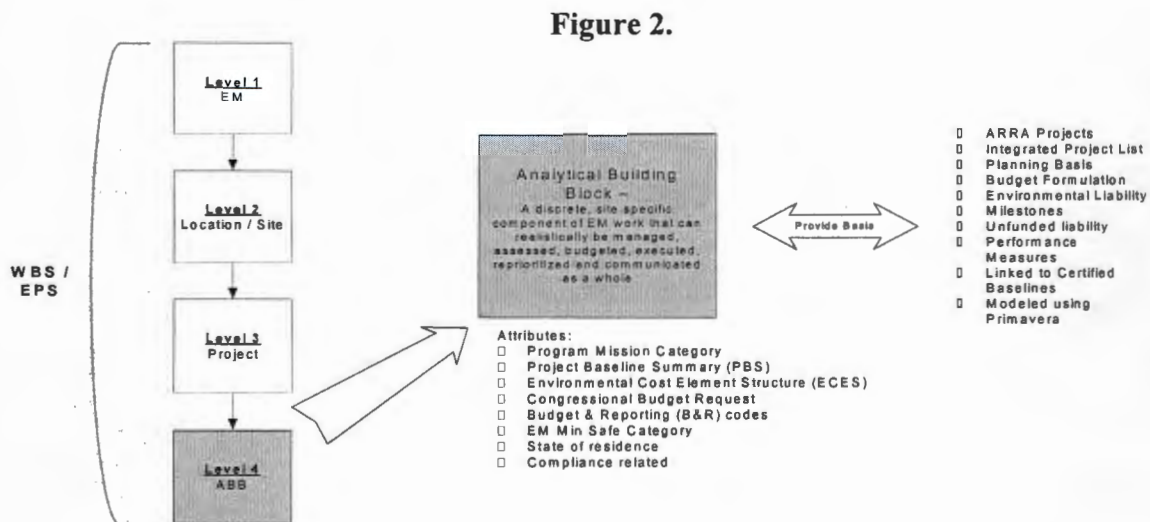
The CWBS contains four levels described below:

- Level 1 – Office of Environmental Management;
- Level 2 – Site Level;
- Level 3 – Project Level;
- Level 4 – Site-Specific Analytical Building Blocks

The Level 3 projects should be a logical rollup of project-specific ABBs and align with the Environmental Management Program Mission Categories. Level 4 functions as the interface between the site-specific and contractor work breakdown structures and the CWBS. The ABBs identified at Level 4 will also provide the interface with the Primavera Enterprise architecture.

EM-32 is continuing the development of the Primavera Enterprise architecture and it is the Office of Environmental Management's policy that Federal and contractor systems as well as contracting mechanisms support complex-wide use of the Primavera Enterprise application. EM has chosen P6 as the corporate scheduling tool and will provide the infrastructure to support P6 as an Enterprise application. This infrastructure will be ready for deployment in August 2010 at which time sites will begin providing schedule information to Headquarters at the ABB level.

Figure 2 below summarizes the Corporate WBS and illustrates the central role of ABBs.



**FY 2011 EM Consolidated Budget Calendar**  
(schedule may require modification once CFO guidance is received)

<b>Activity</b>	<b>Time Frame</b>
CFO issued Field Budget Call	March 12
Budget and Planning Workshop	May 18 - 20
IPABS-IS IPL module instructions provided to field	May 27
Integrated Priority list (IPL) module open in IPABS-IS	May 27
Program Direction Data Collection Tool distributed to field	May 27
EM Guidance issued to Field	June 1
Field Offices to develop detailed IPLs in IPABS-IS IPL Module	May 27 - June 12
Field Office to complete Program Direction Data Requirements	May 27 - June 12
S&S Crosscut requirements provided to field	May 26
S&S exhibits due to HQ	June 12
Field budget schedules for Agency IT Investment Portfolio - Exhibit 53 submitted to HQ PSO and IM-20	TBD
EM-1 and EM-2 complete review of preliminary EM Summary IPL and site funding allocations; EM issues preliminary decisions with IPL to field in preparation for EM Corporate Review Board	Mid June
EM Convenes Corporate Review Board with Field Management to discuss preliminary EM-Wide IPL; Summary IPL finalized; Detailed IPL developed based on briefings / decisions	Mid June
EM Submission of Corporate Program Review Documents (IPL) to CFO; CFO issues OMB Budget Call and Formats	Mid-Late June
CFO initiates Review and Decisions Process; CFO A-Team provides recommendations to EM; EM Briefs S-1 & S-2; EM IPABS open for Field Budget Narrative Updates to Match EM Corporate IPL submission	July
Budget Narrative Updates completed in IPABS-IS	July
Draft S-1 Decisions and Appeal Process	July
CEO Issues final Program Decision Memorandum (PDM)	July/August
OMB Budget Developed based on PDM Decisions	August
EM submits Draft OMB Submission to CFO for review	August
CFO Review / Resolve Outstanding Issues / CFO comments back to PSOs	August
Final Budget Submitted to OMB	September

<b>Mission Categories and Associated Metrics</b>					
<b>Category</b>	<b>Progress Quantity</b>	<b>Unit of Measure</b>	<b>Corporate Metric?</b>	<b>Group</b>	
1	Site Infrastructure/Support/Program Management			<b>Infrastructure</b>	
2	Safeguards & Security	Number of material access areas eliminated	Number of areas		Yes
3	Stakeholder Support				
4	Technology Development & Deployment				
5	Tank Waste Management	Liquid waste eliminated	Millions of gallons	Yes	<b>Tank Waste</b>
		Liquid tanks closed	Number of tanks	Yes	
		Canisters of HLW packaged for final disposition	Number of canisters	Yes	
6	SNF Management	SNF packaged for final disposition	MTHM	Yes	<b>Spent Nuclear Fuel</b>
7	TRU Waste Management	RH TRU removed from inventory	Cubic meters	Yes	<b>TRU Waste</b>
		CH TRU removed from inventory	Cubic meters	Yes	
		Buried waste retrieved	Cubic meters	No	
8	Excess Nuclear Material Management	Containers of enriched uranium ready for long-term storage	Number of containers	Yes	<b>Surplus Nuclear Material</b>
		Depleted/other uranium packaged for disposition	MT	Yes	
9	MLLW & LLW Management	MLLW disposed	Cubic meters disposed	Yes (combined)	<b>LLW &amp; MLLW</b>
		LLW disposed	Cubic meters disposed		
10	Soil Remediation	Number of release sites remediated	Number of release sites	Yes	<b>Facility D&amp;D, Soil &amp; Groundwater</b>
11	Groundwater Remediation	Groundwater Remedy Identified	Specific groundwater remedy accepted by regulators	No	
12	Facility D&D	Number of nuclear facilities completed	Number of facilities	Yes	
		Number of radioactive facilities completed	Number of facilities	Yes	
		Number of industrial facilities completed	Number of facilities	Yes	

## Glossary

Term	Definition
ABB	A discrete, site-specific component of existing EM scope that can realistically be managed, assessed, budgeted, executed, reprioritized and communicated as a whole.
Making Progress Cost	Annual cost in current dollars of all activities under Mission Categories 4 through 12 that advance the mission
Maintenance of Existing Facility Status Cost	Annual cost in current dollars of surveillance, maintenance and support activities required to control existing material, waste, and facilities in a safe, stable condition. Also includes the balance of activities required to maintain the facility without advancing the mission. No remediation, stabilization, or disposal activities are included.
Program Mission Category	Represents a key mission element. Will allow roll up of individual building blocks within and across sites into one of the major EM Program Mission Categories against which progress and cost are measured and communicated.
Mission Category 1	<b>Site Infrastructure/Support/Program Management</b> —category for capturing site-wide or other activities/costs that cannot be assigned to one of the other mission categories
Mission Category 2	<b>Safeguards &amp; Security</b> —category includes safeguards & security costs paid for by EM – usually separated into its own PBS (i.e., PBS-0020)
Mission Category 3	<b>Stakeholder Support</b> —category for capturing costs associated with community support, regulatory support, advisory boards, grant support, etc.
Mission Category 4	<b>Technology Development &amp; Deployment</b> —category includes all development activities supporting advancement of Mission Categories 5 through 12
Mission Category 5	<b>Tank Waste Management</b> —category includes storage, S&M, tank/transfer system upgrades, tank transfers, tank retrievals, construction of treatment facilities, operations of treatment facilities, interim storage of final waste forms, disposition planning, final disposition
Mission Category 6	<b>SNF Management</b> —category includes Spent Nuclear Fuel transfers from wet to dry storage, other packaging, consolidation, disposition planning, final disposition
Mission Category 7	<b>TRU Waste Management</b> —category includes waste retrieval from retrievable storage, storage, S&M, prescreening, repackaging, container remediation, treatment, characterization, loading, and shipping of contact and remote handled transuranic waste
Mission Category 8	<b>Excess Nuclear Material Management</b> —category includes storage, S&M, deactivation, treatment, stabilization, packaging, and consolidation of nuclear materials.
Mission Category 9	<b>MLLW&amp; LLW Management</b> —category includes storage, disposition planning, treatment, packaging, transportation, and disposal of Mixed Low-Level Waste and Low-Level Waste
Mission Category 10	<b>Soil Remediation</b> —category includes characterization, investigations, interim removal actions, and remedial activities (removals, packaging, shipments, treatment, capping)
Mission Category 11	<b>Groundwater Remediation</b> —category includes investigations, characterization, treatment, and monitoring
Mission Category 12	<b>Facility D&amp;D</b> —category includes S&M, decontamination, decommissioning, and demolition of excess facilities
Progress Quantity	Annual quantitative measure(s) of progress. More than one measure may apply to a given ABB. Annual estimated quantities reflect the progress anticipated based on the making progress component of the cost estimate.