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To: undisclosed-recipients::
Sent: Wed, Sep 17, 2014 2:18 pm
Subject: DOE-SR Update ... Salt Waste Processing Facility Revised Total Project Cost Baseline

This provides an update on the latest developments regarding the Salt Waste Processing Facility (SWPF), a complex, first-of-a-kind radioactive waste treatment facility that is critical to salt waste disposition at the Savannah River Site (SRS) and the last component needed in the site's liquid waste system.

Construction on SWPF is currently about 75% complete. U.S Department of Energy-Savannah River (DOE) and its contractor, Parsons, continue to construct SWPF in a manner that protects workers and will ultimately provide an efficient approach to process salt waste, which is the bulk of the 37 million gallons of tank waste requiring treatment at SRS.

DOE has approved a revised total project cost baseline of \$2.3 billion for completion of construction and commissioning of SWPF – an increase of \$982.5 million over the baseline set in 2009.

The areas contributing to the project cost increase are design and testing; construction; commissioning; and other project costs, such as support to DOE and site services.

Construction is currently projected to be ahead of the target completion date of December 2016. Completion of commissioning is targeted for December 2018, with a contingency completion date of January 2021 for potential schedule impacts.

The revised baseline largely results from significant delays in the SWPF project related to the manufacture and delivery of 10 large processing vessels that were initially not of sufficient quality, requiring a new vendor to be obtained. Vessels meeting specifications were later delivered, but this issue caused a re-sequencing of construction activities and a project delay of more than two years that resulted in a new contract milestone of Dec. 31, 2016 for completion of construction.

As a result of the delays, DOE modified the contract with Parsons in June 2013 with a \$1.286 million construction cost increase that capped the government's payment for "to-go" construction costs at \$540 million. This cap also was noted in DOE's Congressional Budget Request for fiscal year 2015. The contract was renegotiated and modified in June 2013 to reflect this change.

The Department places significant emphasis on completing major capital projects within established baselines for scope, cost, and schedule by aligning contract incentives with taxpayer interests, and improving the structure and management of the Department's contracts by ensuring contractors are held accountable for their actions. This revised baseline aligns with those principles.

All technical issues related to the SWPF design have been resolved. A recent independent construction project review identified no major issues to indicate the current construction schedule cannot be met. That review team's analysis validated EM's schedule to complete commissioning and recommended moving forward with the newly revised baseline.

If you have any questions about SRS, you can always call or email me.

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