

## NNSA PUSHING COOPERATION TO REDUCE RISKS ON UPF, CMRR-NF

The National Nuclear Security Administration is encouraging the contractors working on the agency's two major construction projects to work together to address common issues, and the agency is seeking to tie Fiscal Year 2011 contract incentives to the effort. According to a Sept. 3 Defense Nuclear Facilities Safety Board report, which was only made public recently after passing a classification review, NNSA has directed the Y-12 and Los Alamos site offices to develop performance-based incentives for FY2011 that would reduce "known project risks" for the Uranium Processing Facility at Y-12 and the Chemistry and Metallurgy Research Replacement-Nuclear Facility at Los Alamos National Laboratory.

The incentives, which would be included in the annual Performance Evaluation Plan for B&W Y-12 and Los Alamos National Security, LLC, have not been released, but NNSA spokeswoman Jennifer Wagner suggested that some common procurements could help level out the risks involved in purchasing some commodities, and she singled out reinforcing bar as one example. "NNSA often aligns contract incentives to achieve common goals," Wagner said. "In this instance, given that NNSA has two large construction projects in development concurrently, common strategies are being encouraged to address a suite of traditional market and execution risks." She said the common procurement of reinforcing bar for both facilities could "reduce the cost risk of market fluctuations and the schedule risk of timeliness and availability when needed. Common measures also promote integration in planning, work sequencing, vendor qualification, etc." In its report, the DNFSB said the incentives would be designed to "give stakeholders increased confidence in timely project execution within cost and schedule constraints."

### A Construction Management Compromise?

The cooperative approach appears to track with the NNSA's interest in consolidating the agency's construction

work under one umbrella contract vehicle, though momentum for that contract has cooled in recent months as site contractors have pushed to exclude major construction projects like UPF and CMRR-NF from the contract. The agency announced plans to create a construction management contract in late March, but after an industry day in April, there has been scant communication with industry, and it's unclear when—or if—a statement of work for the contract will be released. The incentives, however, appear to provide both evidence for and against such a contract. On the one hand, the NNSA is clearly interested in increasing cooperation on its major construction projects—one of the main goals of the construction management contract—but it also could be an indicator that the agency is pushing to achieve that cooperation through its existing contracts.

### Costly Concerns

Cost and schedule issues for the facilities remain a major concern for NNSA officials. The UPF is currently estimated to cost between \$1.4 and \$3.5 billion, and Fiscal Year 2011 budget documents indicate that the price tag for CMRR-NF is likely to soar past \$4 billion, but most officials believe that the cost of the facilities will be substantially higher. Sen. Bob Corker (R-Tenn.) suggested earlier this year that the cost of UPF is likely to land between \$4 and \$5 billion, and Congressional aides currently believe the combined cost of the facilities could reach \$11 billion. Both facilities are expected to be completed in 2020 and operational by 2022, and are key to efforts to modernize the nation's weapons complex—as well as Senate ratification of the New Strategic Arms Reduction Treaty with Russia. Senate Republicans have pushed the Administration for adequate funding to modernize the weapons complex and arsenal, and while the Administration earlier this year committed \$80 billion over the next decade for the effort, Vice President Joseph Biden acknowledged last month that more resources would be needed for the modernization effort and promised to update the Administration's plans later this fall.

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Likewise, Y-12 officials said last week that the cost range for UPF would also be updated later this fall, but the actual baseline won't be completed until the facility's design is 90 percent done, which Y-12 Site Office spokesman Steven Wyatt said is projected to occur in the spring of 2013. Wyatt said in the three years since the UPF cost range was established, "we have continued to bring clarity to this critical national security priority, including requirements, assumptions, design maturity, and project schedule. These changes will ultimately affect the cost range."

### **'Independent Eyes' Looking at Projects**

The NNSA's latest push to control costs is part of a continuing effort to try to decrease the price tag of the multi-billion-dollar facilities as it wrestles with how to build the facilities and what requirements will be included in the projects. Don Cook, the agency's Deputy Administrator for Defense Programs, this summer initiated a review of the facilities' requirements by the Department of Energy's Office of Cost Analysis and the Pentagon's Cost Analysis Improvement Group, representing "independent eyes" to look at the projects, Cook said. Cook said in an August interview that those reviews were expected to be completed last month, but the NNSA has not released any information about the reports. At the time, Cook suggested that he didn't expect drastic changes to the projects. "As far as cutting something way back, I don't think that is likely to occur, because we designed these things not to be capacity-driven in the first place but to give us a basic capability that had some adjustability in capacity but not a lot," Cook said. "We're not too far away from that." A review last year by former Defense Programs chief Everet Beckner of UPF found that the facility was mostly sized appropriately for the nation's needs.

However, there is some evidence that site contractors are looking for ways at decreasing the facility's requirements. According to Bill Reis, the defense programs chief at the Y-12 National Security Complex, the accelerated pace of dismantlement at the facility is designed, in part, to limit the capabilities that need to be replicated in UPF. "We're designing this facility with an expectation that we have dismantled a significant number of those [warhead] components prior to moving into that facility so that we don't have to build in a capability that is not necessary," Reis said. "In other words, if there are some components that we can get taken apart before we put in that facility then there's equipment we don't have to build into that facility." He added: "If we don't have as much to do, that's a good thing."

—Todd Jacobson

## **'NEW START' NEGOTIATOR VOICES HIGH HOPES FOR TREATY PROSPECTS**

Seeming confident that the concerns of many Republican Senators have been addressed, Rose Gottemoeller, the chief U.S. negotiator on the New Strategic Arms Reduction Treaty with Russia, said last week that she is hoping for an overwhelming show of support for the arms control pact when the Senate votes on the ratification of the treaty later this year. "We are hoping that we will have the same kind of vote which was the vote for the [original] START treaty, 95-0," she told reporters last week in New York on the sidelines of the United Nations General Assembly First Committee meeting. "We're looking for that kind of vote this time around as well."

The Senate Foreign Relations Committee approved a resolution of ratification for the treaty, 14-4, on Sept. 16, but the full Senate isn't expected to vote on the treaty until a post-election lame-duck session. Gottemoeller said the Administration was seeking "this vote as soon as possible." Because the treaty needs to be ratified by two-thirds of the Senate, at least eight Republicans along with 59 Democrats are needed for the treaty to enter into force. Russia's Duma also must ratify the treaty, and it is expected to act after the Senate.

In reductions to be made over the next seven years, the treaty would cap the size of the U.S. and Russian strategic deployed stockpiles at 1,550, down from the 1,700-2,200 range allowed by the Moscow Treaty, and would limit the number of deployed and reserve strategic delivery vehicles to 800 with a maximum of 700 missile launchers and bombers allowed to be deployed at one time. It would also reestablish verification and transparency measures that have been lacking since the START Treaty expired Dec. 5. The treaty will last 10 years.

### **'Building a Corvette in a Model-T Factory'**

The ratification process hasn't been easy, and though three Republicans supported the treaty in committee (Sens. Richard Lugar (R-Ind.), Bob Corker (R-Tenn.), and Johnny Isakson (R-Ga.)), many Republicans remain undecided about how they'll vote for the treaty. Much of the uncertainty comes from concerns about modernization of the National Nuclear Security Administration's weapons complex and nuclear arsenal. Thus far, the Administration has committed \$80 billion over the next decade for the agency's weapons program, but many Republicans believe that's not enough—a point Vice President Joseph Biden conceded last month—and are waiting on the Administration to update its pledge. Sen. Jon Kyl (R-Ariz.) has led the Senate GOP charge on modernization and most observers