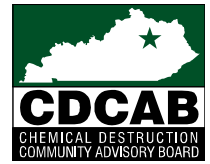




Chemical Demilitarization Citizens' Advisory Commission  
Chemical Destruction Community Advisory Board  
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Richmond, KY 40475  
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Doug Hindman  
Chair

Reagan Taylor  
Craig Williams  
Co-Chairs

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**Kentucky Chemical Demilitarization Citizens' Advisory Commission (CAC) and  
Chemical Destruction Community Advisory Board (CDCAB) Meeting  
Summary of Action Items and Discussions  
Dec. 14, 2016  
Eastern Kentucky University (EKU)  
Richmond, Kentucky**

**Attendees**

**CAC:** Doug Hindman, Tim Hubbard (for Tony Hatton), Harry Moberly and Craig Williams

**CDCAB:** Robert Blythe, Jeff Brubaker, Joe Fryman (for U.S. Rep. Andy Barr's office), Rick Goetz (for Ron Hink), Lt. Col. Scott Gould, Doug Hindman, Mike Hogg, Tim Hubbard (for Tony Hatton), Leslie Kaylor, Mark Klaas, Brian Makinen, Harry Moberly, George Shuplinkov (for Col. Norbert Fochs), Reagan Taylor, Craig Williams and Ethan Witt (for U.S. Sen. Mitch McConnell's office)

**Media Attendees:**

*The Richmond Register:* Bill Robinson

*Lexington Herald-Leader:* Greg Kocher (briefly, at beginning of the meeting)

**Meeting Synopsis**

The meeting provided information on the following:

- Blue Grass Chemical Agent-Destruction Pilot Plant (BGCAPP) Update
- BGCAPP Schedule and Affordability Challenges
- Organisation for the Prohibition of Chemical Weapons (OPCW) Conference of the States Parties Review

**Meeting Summary Structure**

This meeting summary is not intended to be a verbatim record of conversations; instead, it will provide an overview of the discussions and action items of government representatives and various members of the CAC and CDCAB. Key action items identified

in the meeting and a synopsis of the major questions and comments discussed during the various updates are noted below. Copies of slides and handouts presented during the meeting can be obtained from the Blue Grass Chemical Stockpile Outreach Office (ORO) at (859) 626-8944 or bgoutreach@iem.com.

### **Action Items**

None.

### **Outline of Key Issues and Discussions**

#### ***Welcome and Introductions – Sarah Parke, Manager, ORO***

Parke welcomed the attendees, reviewed the meeting agenda and noted there were no action items generated from the Sept. 14, 2016, CAC/CDCAB meeting.

#### ***Opening Remarks – Doug Hindman, Chair, CAC, Reagan Taylor and Craig Williams, Co-Chairs, CDCAB***

Hindman said he was glad to see everyone again and he welcomed the updates. He said he feels like things are taking two steps forward and one back, but at least there is forward movement. Taylor said he was glad to be at the meeting. Williams noted regrets sent by David Benge, Darcy Maupin, Tara Long and Terry House and said April Webb was in Washington, D.C., and could not make the meeting.

### **Key Updates**

#### ***BGCAPP Project Update – Jeff Brubaker, Site Project Manager (SPM), BGCAPP, and Rick Goetz, Deputy Project Manager, Bechtel Parsons Blue Grass (BPBG)***

***Slides of this presentation may be obtained by contacting the ORO at (859) 626-8944 or bgoutreach@iem.com.***

Brubaker began by presenting the year-in-review video. Brubaker and Goetz then provided highlights from the four seasons of 2016. Brubaker showed an aerial photograph and highlighted additional work done since it was taken. He noted construction on the Waste Transfer Station, paving of the southern portion of access road and construction of two roads to the west, known as munitions roads, which go directly into the Chemical Limited Area (CLA) for haul routes. Goetz discussed safety and provided project safety metrics. He then spoke on the economic impact of the project. Goetz discussed the supercritical water oxidation (SCWO) weld repairs and noted the long-lead time valves are the only items remaining. He said the site has received the first

two valves and has only 22 welds remaining to complete installation. Brubaker gave a look ahead over the next six months and said testing will continue, stating testing and balancing of the ventilation system will receive a lot of priority in 2017. He said the second area of focus is Blue Grass-specific equipment, mostly installed from 2010-2012. Brubaker noted the project is currently working on responses to questions and comments received from the Kentucky Department for Environmental Protection (KDEP) on the Research, Development and Demonstration (RD&D) permit for the main facility. The project will deliver responses shortly and should receive the RD&D Revision 6 permit in 2017. He said rocket motor disposal planning is ongoing, and he expects that work to conclude in the next couple of months. The project should be presenting a comprehensive plan and discussion of rocket motors at the March or June CAC/CDCAB meeting.

Craig Williams asked if there were any new developments between BPBG and the company that performed the unacceptable welds. Goetz said a tentative agreement has been reached with the involved companies, but as the process is still ongoing with the government, he is unable to discuss details.

Williams asked if the munitions roads had been "punched through" into the CLA. Brubaker said yes, that the Blue Grass Chemical Activity put in a waiver/exception request and temporary fencing was installed the length of the two roads. Williams asked if BGCAPP was considered part of the CLA yet. Brubaker said that would not happen until about 12-18 months ahead of operations.

Williams asked if any decision had been made on the location of the rocket motor disposal. Brubaker said no, but the same options are still on the table. Technological and cost/schedule evaluation has been made, but no decision has been reached. Williams asked if a decision has been made on dismantling additional rockets for further testing. Brubaker said that process has been paused.

Williams asked if the project received its money back for the faulty SCWO valves. Goetz said the project will not pay for the valves until they are all received.

***BGCAPP Schedule and Affordability Challenges – Jeff Brubaker, SPM, BGCAPP, and Rick Goetz, Deputy Project Manager, BPBG***

***Slides of this presentation may be obtained by contacting the ORO at (859) 626-8944 or [bgoutreach@iem.com](mailto:bgoutreach@iem.com).***

Brubaker noted the previous stakeholder messages and direct contact made with CAC/CDCAB chairs and other notables regarding availability of fiscal year (FY) 2017 project funding. He said in September, program officials were looking across the Program Executive Office, Assembled Chemical Weapons Alternatives (PEO ACWA) and trying to get arms around unspent FY 2016 funds that would be able to be carried over for use in FY 2017. To execute this project, carryover funds as well as funds programmed through

the Congressional Appropriation and Budgeting process were needed. The officials looked at present and projected expenditure rates for the Blue Grass and Pueblo projects, and it became apparent there was a disconnect between requirements and available funding. He said some of that was caused by a decision made about a year ago, where PEO ACWA made a decision to re-phase funding out of FY 2017 and asked for those funds to be spread from FY 2018-2021. The reason for this decision was at the time PEO ACWA had approximately \$400 million of unspent prior-year monies and the Department of Defense (DOD) was being persistent about the red, or failing, grade that PEO ACWA was receiving in terms of spending money. The issue was the program had fallen out of phase in terms of the schedule that had been used back in 2011, to build the first five budget years. To rectify that situation, the decision was reached to reduce the FY 2017 budget request by \$224 million, across both Blue Grass and Pueblo projects. That \$224 million was not lost, but shifted out into the FY 2018-2021 period. This meant the program would have a very tight year in 2017 with only approximately \$380 million of new funds instead of more than \$600 million. Officials took a look at what was left in the carryover from FY 2016 and recognized that the unplanned FY 2016 expenses to finish main plant construction, complete the weld replacements, etc., had significantly eroded the carryover funds, sometimes referred to as the project's risk pool. When that was compared to the planned expenditure rates BPBG was forecasting for Blue Grass, it became apparent the program could not fund all the requirements. Six scenarios were prepared to brief Under Secretary of Defense (Acquisition, Technology and Logistics) Frank Kendall, the senior approval authority. On Nov. 10, Kendall confirmed the decision to change the order of operations at Blue Grass and stop work on the Explosive Destruction Technology (EDT) project, thereby moving those monies into main plant systemization. Brubaker said an ongoing formal re-planning effort will result in a revised working schedule that should be complete by end of January. He does not yet know what it will project, but has a feeling it will show GB operations commencing early to mid-FY 2020, with EDT being completed about three years later, at the end of nerve agent destruction. Brubaker noted there are a lot of items to be considered in the re-plan. First and foremost are current funding limitations, which are \$236 million for the entire 12 months of this fiscal year and \$264 million for the next fiscal year. He said while the program is forecasting an increase in funds for next year, it is certainly not in the mid-\$300 million range, which will not allow the maximum amount of progress to occur. He did say DOD is looking at potential sources of money for FY 2018, but that is often a long, drawn-out process. He will be able to give a more complete answer in March. Brubaker said he is still looking at 2020 for the start of GB destruction with the completion of the destruction of both nerve agents three years later.

Williams asked if there was a direct correlation between funding and schedule under current circumstances. Brubaker said yes, there is certainly a relationship. He said the project is focused on three areas right now: the cascading ventilation system, Blue Grass-specific equipment and off-gas treatment systems, and is basically deferring work on SCWO, machines that separate the munitions, agent reactors and EDT until after 2017.

Williams asked if there had been consideration of post-GB operations co-processing of mustard with nerve agent. Brubaker said there are a two options. One option is to use the six to seven months of conversion time between GB and VX operations to complete about half of the mustard destruction. The other is to concurrently process VX and mustard in their two respective plants. Both options, specifically the latter, would require senior-level Army, DOD and KDEP approval.

Williams asked if one of the primary hesitations was the monitoring system that would have to be able to detect several agents at same time. Brubaker said it is something that has not been done before, but space and equipment are available. BPBG Science and Technology Site Manager Mark Needham said there are two Depot Area Air Monitoring System (DAAMS) stations in each perimeter monitoring station right now. He said it could be done, with VX and GB collected in one of the DAAMS and mustard collected in the other.

Reagan Taylor asked where funding differences had been made up. Brubaker said a number of adjustments have been made, like eliminating most FY 2017 scheduled equipment and material acquisitions, and personnel actions. Personnel actions include 260 temporary workers that will be off the project by February and approximately 75 permanent workers directly impacted through reassignment or lay-off. Taylor asked for a dollar-figure impact and Brubaker said he did not know specifically yet, but estimated several million dollars. Williams asked if the personnel actions included government and contractor personnel. Brubaker said only contractor at this point, as the government staff is a very small workforce compared to the contractor's, but he is certainly open to looking at it if things get tight. He said the project absolutely cannot overspend the amount available to it.

Williams said it appeared to him that the schedule had not been significantly shifted to the right and that increased funding in out-year budgets might be available. He asked if confidence was still high that the project will still be in line with the Defense Acquisition Board's current overarching schedule. Brubaker said from a long-term perspective, yes. He noted the loss of momentum of the start of mustard-agent operations, which he was looking at as a stepping stone to main plant operations as there were many common support elements between the two.

Williams asked if the Static Detonation Chamber could be used for at least part of the rocket-motor disposal task now that the mustard campaign will not occur as planned. Brubaker said it has not yet been determined, as portions of infrastructure at the EDT site are not complete due to the stopped construction. More facilities work and systemization would be needed to get to that point.

Goetz gave an update on EDT lay-up and said the focus was to secure it, protect government property and to get it into a situation where it could be efficiently restarted when called upon. Personnel ran cold-component testing, cleaned up the site and will do proper preventive maintenance such as freeze and fire protection. In response to questions, Goetz said all processing equipment is in place, but items like permanent

lighting, monitoring equipment and Control Room programming activities and interfacing are still needed. He said the project will need an approximately 18-month window to restart due to the need to have equipment and people ready. Goetz said a re-plan is in the works and is due to Brubaker by the end of January. He said the project is trying to archive knowledge and move key people to the main plant as the main risk is the loss of continuity of knowledge.

Harry Moberly asked if the welds were the cause of the unplanned expenses. Brubaker said they were a \$15 million component of the \$55 million assessed as necessary to complete construction activities that went beyond FY 2015, most of which has now been completed. The exception to that is security and fencing, which is not normally installed until about 12-18 months before start-up.

Moberly asked if the FY 2017 slowdown was due to the unplanned expenses or money reallocation. Brubaker said it was a combination of both: a series of unplanned events and consequences. He said the risk pool was significantly reduced by overspending at Blue Grass and Pueblo and noted several technological and facility challenges at each facility. Brubaker said the large capital expenses were unplanned a year ago when the decision was made to forego the \$224 million for FY 2017 and move the funding into FY 2018-2021. He said it was thought the program could manage with carryover funds and the \$381 million requested by PEO ACWA in 2017, but that amount has since been determined not sufficient. Doug Hindman asked if once the money was let go, if it was not again available. Brubaker said it was very difficult to get it back and it has been made more difficult with a budget still not passed for FY 2017, as there is still a continuing resolution through April. Without a true budget, DOD can't approve any internal reprogramming actions, a potential source of new funds, he said.

***OPCW Conference of the States Parties Review – Craig Williams, Co-Chair, CDCAB***

***Slides of this presentation may be obtained by contacting the ORO at (859) 626-8944 or [bgoutreach@iem.com](mailto:bgoutreach@iem.com).***

Williams recapped his visit to The Hague for this event. He showed photographs from the event and gave some background on the event and the attending countries. He said he spoke in front of the delegation twice and described the Blue Grass destruction processes and provided project information to the attendees. Williams said the treaty personnel were very interested in the Blue Grass fulfillment of treaty requirements. He noted the upcoming visit of the OPCW Executive Council in April. Williams said the Syrian situation was a strong topic of discussion at the event and gave information on that topic. There were a couple questions related to that topic from the group.

Moberly asked about possible DOD changes that might affect the Blue Grass project. Williams said if appointed positions change, then yes. He said Assistant Secretary Kendall's position is appointed, while Dr. Arthur Hopkins' position is not. He said there

was language in a new bill to eliminate Kendall's position, but upon push-back, it was decided to not only keep his job but create another one with a portion of his responsibilities. He noted some vulnerability, but it remains to be seen how it will work out.

***Closing Remarks – Doug Hindman, Chair, CAC, and Reagan Taylor and Craig Williams, Co-Chairs, CDCAB***

None of the chairs had closing remarks.

***Next CAC and CDCAB Meeting***

The next meeting is scheduled for Wednesday, March 8, 2017, at 1:30 p.m. at the ECU Carl D. Perkins Building, Rooms A and B.

In closing, Parke discussed the new PEO ACWA website redesign. She said the site will be mobile-friendly, have larger text and photos and will provide more focus on videos and curated news.

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