Procurement & Contract Management Update

J. E. Surash, P.E.
Deputy Assistant Secretary
Acquisition and Contract Management
Waste Management
March 2, 2011
Key Strategies

- Establish an internal quality assurance process
- Improve and expand the use of independent reviews
- Strengthen the integration of acquisition and project management
- Complete restructuring of the EM cleanup portfolio into capital projects and operations
- Become a stronger owner
- Develop EM’s ability to perform Independent Government Cost Estimates and Reviews
- Provide training in contract and project management
- Make effective use of small and minority owned businesses
**Key Success Indicators**

- Complete 90% of capital asset projects within 10% of original cost & schedule baseline.
- Maintain at least 95 to 98 percent (meets/exceeds) of project performance data reporting in IPABS/PARS II error free.
- Approve contract performance baselines within 180 days from contractor’s final accepted submission.
- Finalize 80% of change orders within 180 days.
- Negotiate contract changes in advance of Acq. Exec. approval of baseline changes.
- Manage life-cycle costs within 5% of EM current EM program portfolio using FY 2011 Budget and Planning Guidance.
- Implement partnering agreements for at least five major contracts.
- Ensure 85% of contracting series workforce has appropriate certification.
- Ensure 90% of projects have FPDs certified at the appropriate level assigned to projects no later than CD-3.
- Achieve EM overall prime contract small business goal of 5%.
The EM Acquisition Center (EMAC) was established to streamline the procurement process, reduce acquisition lead times and promote consistency in EM acquisition actions.

- Reliable acquisition forecasts & schedule execution
- Culture and organization built to maintain, grow, and share acquisition knowledge
- Accessible, managed repository of examples, guidelines, and leading practices
- Repeatable and efficient acquisition processes with consistent level of quality
Approach:

- EM-wide survey to key Federal and contractor staff to identify specific contract management issues and barriers
- Two targeted workshops completed:
  - March 3 for key contractor executives
  - March 4 for key EM contract managers

Three Major Findings:

- Lack of consistency across the complex; each RFP is a singular event.
- Adversarial relationships across both sides of the fence.
- Contract true-up, requires major reform.
In collaboration with industry; streamline, standardize, and replicate across the EM community a streamlined RFP process.

Recent Initiatives:

- A common framework of consistency for submitting proposals
- Reduced level of detail required for cost proposals
- Expanded communication with industry
- Pricing structure to support contract management and maximize ordering flexibility
- Standardized formats for submission of Key Personnel data
- Standardized approach to collection and review of Past Performance Information
Increase interactions with internal and external stakeholders

- Contractor must be successful for the EM program to be successful
- Established Guidelines for Partnering-based Contract Management
- EM Policy is to establish partnering agreements on all contracts
- Conduct Partnering Workshops
- Develop a Partnering Clause for inclusion in EM contracts
- Execute Partnering Agreements
Finding #3 – Address Contract “True-Ups”

Revisit, revamp and clarify the true-up phase of the post-award process:

- HQ team visits SRS – May 24th; RL and ORP – July 26th; and PPPO – December 13th
- Day 1 with Site Federal Team
- Day 2 joined by contractor
**Recent Contract Awards**

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho Advanced Mixed Waste Treatment Project*</td>
<td>03/10</td>
<td>$592M</td>
</tr>
<tr>
<td>Oak Ridge Hot Cell Deactivation, Demolition and Disposition</td>
<td>03/10</td>
<td>$50M</td>
</tr>
<tr>
<td>Oak Ridge Building K-33 Demolition</td>
<td>04/10</td>
<td>$51M</td>
</tr>
<tr>
<td>Paducah Remediation</td>
<td>04/10</td>
<td>$285M</td>
</tr>
<tr>
<td>Low Level Waste/Mixed Low Level Waste Treatment</td>
<td>06/10</td>
<td>$24M</td>
</tr>
<tr>
<td>Carlsbad Technical Assistance</td>
<td>07/10</td>
<td>$30M</td>
</tr>
<tr>
<td>Portsmouth Decontamination and Decommissioning</td>
<td>08/10</td>
<td>$2.1B</td>
</tr>
<tr>
<td>Indefinite Delivery/Indefinite Quantity Set Aside</td>
<td>09/10</td>
<td>$926M</td>
</tr>
<tr>
<td>Depleted Uranium Hexafluoride Operations</td>
<td>12/10</td>
<td>$428M</td>
</tr>
<tr>
<td>Indefinite Delivery/Indefinite Quantity Unrestricted</td>
<td>12/10</td>
<td>$907M</td>
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</tbody>
</table>

*Contract Award protested*
Scope of Work

- Environmental Remediation
- Decontamination and Decommissioning (asbestos, hazardous material abatement)
- Demolition and disposition including the East Wing of the K-25 process building, K-27 Gaseous Diffusion Process Building

Estimated Value

$900M-$1.4B, 5-year base, 4-year option

<table>
<thead>
<tr>
<th>Request for Proposals</th>
<th>Industry Proposal Due</th>
<th>Award</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 8, 2010</td>
<td>September 21, 2010</td>
<td>Apr-May-June 2011</td>
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</tbody>
</table>
West Valley Demonstration Project

Scope of Work

- Build High Level Waste canister storage facility
- Facility Removal
- Contaminated Soil removal
- Maintain Tank Waste Farm
- Shipment and disposal of LLW, MLLW, and TRU waste

Estimated Value

$50M-$1B, 7 years

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<th>Request for Proposals</th>
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<tbody>
<tr>
<td>October 13, 2010</td>
<td>December 28, 2010</td>
<td>Jul-Aug-Sep 2011</td>
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</table>
**Moab Remedial Action**

**Scope of Work**

- Relocate the Moab tailings and associated wastes to the Crescent Junction site
- Reclaim the Moab Site to the appropriate standards, including ground water, and remediate any vicinity properties
- Restore the Moab Site to a condition appropriate for the future land use as determined by DOE, NRC, and state and local governments

**Small Business Set-Aside**

**Estimated Value**

$50M-$1B, 5-years

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Scope of Work

- Environmental Remediation Services
- Radioactive Waste Management (WM) Services
- Facility Deactivation, Decommissioning, Decontamination, and Demolition (D&D) services
- Regulatory Services
  (Number of Contracts TBD)

Estimated Value

$2-$3B, number of years TBD

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<td>Apr-May-Jun 2011</td>
<td>Apr-May-Jun 2011</td>
<td>Apr-May-June 2012</td>
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</table>
**Carlsbad Carrier Services**

**Scope of Work**

- Provide transportation services to support WIPP for Remote-Handled and Contact-Handled TRU waste and other wastes
- Participate in training exercises to demonstrate readiness for responding to transportation emergencies
- Provide public awareness support at public meetings, conferences and for training programs

**Small Business Set-Aside**

**Estimated Value**

$50M-$1B

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<tbody>
<tr>
<td>Jan-Feb-Mar 2011</td>
<td>Apr-May-June 2011</td>
<td>Jan-Feb-Mar 2012</td>
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</tbody>
</table>
Carlsbad Operations Contract

Scope of Work

- Characterization of TRU waste for shipment
- Retrieve, remediation, and disposal of TRU waste
- Placement of TRU waste
- Records maintenance
- Operate and maintain Waste Isolation Pilot Plant

Estimated Value

$1.5-$2.0B, 5-year base, 5-year option

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<td>Jul-Aug-Sep 2011</td>
<td>Apr-May-June 2012</td>
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EM Environmental Management

safety • performance • cleanup • closure
Scope of Work

- Integral component of the site safety management system
- Fitness-for-duty evaluations, first aid services, drug screening, medical qualifications and monitoring
- Emergency preparedness planning
- Support epidemiological studies and programs such as the Chronic Beryllium Disease Prevention and Energy Employees Occupational Illness Compensation Program

Small Business Set-Aside

Estimated Value

$50M-$1B

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Hanford Occupational Medical Services

EM Environmental Management

www.em.doe.gov
EM Total Small Business Funding

- **Subcontracts**
- **Prime Contracts**
- **Projected**

<table>
<thead>
<tr>
<th>Year</th>
<th>Subcontracts</th>
<th>Prime Contracts</th>
<th>Projected</th>
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<tbody>
<tr>
<td>2005</td>
<td>$1.0B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>$1.2B</td>
<td></td>
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<tr>
<td>2007</td>
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<td>2008</td>
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</tr>
<tr>
<td>2009</td>
<td>$2.6B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>$2.6B</td>
<td></td>
<td>$1.5B-$1.7B</td>
</tr>
<tr>
<td>2011</td>
<td></td>
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Helpful Websites

- Fee Earned on EM Major Contracts:
  http://www.em.doe.gov/Pages/EMContractorPayments.aspx

- Project Management Earned Value Management:
  http://www.em.doe.gov/pages/Projects.aspx

- Listing of EM Major Contracts:

- DOE Acquisition Forecast:
  http://hqlnc.doe.gov/Forecast

- EMCBC Major Procurements Website:
  http://www.emcbc.doe.gov/doingbusiness.php

- Capital Projects Status  Cost Performance Index (CPI)/Schedule Performance Index (SPI) – Coming Soon