



U.S. DEPARTMENT OF
ENERGY

OFFICE OF
**ENVIRONMENTAL
MANAGEMENT**

Upcoming Procurement Opportunities and Acquisition Process Changes

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**Waste Management Symposia
February 27, 2013**

EM Improvements to Acquisition and Project Management

- Restructured portfolio into smaller, better-defined capital asset projects and operations activities to enhance management
- Improved front-end planning and cost estimating
 - Approx. 90% of design must be completed before baseline approval
- Required budgeted contingency and minimum 80% confidence for performance baselines for capital asset projects
- Expanded the use of FAR Part 15 (non-M&O) contracts and awarded smaller, more-focused contracts
- Tied contractor fee strategies to final outcomes and improved documentation of contractor performance
- Increased independent peer reviews enabling timely resolution of engineering and technology issues
- Established cost estimating center of excellence and improved independent government cost estimation
- Obtained expertise and support from industry, academia, other government agencies to provide assistance to projects
- Improved accuracy and consistency of project reporting and data

GAO High Risk List Report February 2013

- DOE has continued to take many steps to address contract and project management weaknesses, including:
 - Demonstrating strong commitment and top leadership support
 - Developing a corrective action plan that identifies effective solutions
 - Demonstrating progress toward implementing corrective measures
- DOE has made progress toward implementing corrective measures for “non-major” projects with values less than \$750 M
 - Need sustained attention to adequately setting and documenting performance baselines
- To recognize progress, GAO is further narrowing its focus of this high-risk designation to major projects with values of \$750 M or greater

GAO High Risk List

What Remains to be Done

- DOE must continue to sustain leadership commitment and progress implementing corrective measures and also ensure the successful implementation of its corrective action plan
- Additional actions are needed to meet the remaining criteria:
 - DOE needs to commit sufficient people and resources to resolve its contract management problems
 - DOE must monitor and independently validate the effectiveness and sustainability of its corrective measures. Specifically, DOE must ensure:
 - Corrective measures result in sustained improvements to the achievement of cost, schedule, and scope targets
 - Federal managers are receiving and validating accurate and reliable information from contractors to make decisions and to hold them and the department accountable for performance.

Strategic Initiatives for Continuing Improvement

Initiative	Action Taken
Ensure Federal Project Directors (FPDs) certified at appropriate level	>90% of FPDs obtained appropriate work experience, education and training
Contractors have appropriate Earned Value Management System (EVMS) certification	100% of Contractors EVMS certified (Capital) 78% (Total)
Conduct project status reviews	35 Project Peer Reviews completed in FY2012; 24 scheduled in FY2013
Manage contract and project changes	Implementing change control using DOE Guide 413.3-20, Change Control Management, as the EM requirement
Award more prime contracts to small businesses	Established a goal of 5% for FY2012; 10% stretch goal
Approve initial contract performance baselines with work aligned with the contract	Established 5 sites as prototypes for FY2012
Ensure contracting series workforce has appropriate certification	97% of contracting workforce has appropriate certification
Implement partnering agreements for contracts	Established partnering agreements for 3 addn'l contracts

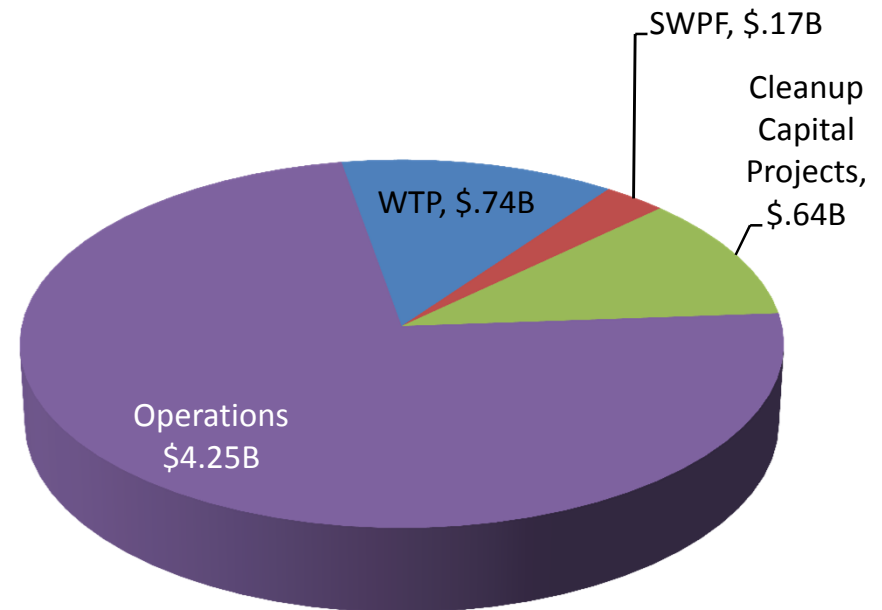
Improvement Initiatives Piloted by ARRA

- Acquisition Strategy: "Chunking" existing projects into smaller, well defined, scope with duration of 3-years or less
- Full funding at 80% confidence level for short duration work
- Created ARRA Integrated Project Teams – Certified Contracting Officer, Financial Officer, Fed Proj Director, Proj Manager
- Managed under ARRA Framework using a DOE O 413 tailored, streamlined approach
- Established measurable Key Performance Parameters for Capital scope and Key Performance Metrics/Scope for Operations
- Established transparent, streamlined reporting, review, approval structure
- Held mandatory monthly performance reviews focused on issues
- Created/reviewed monthly, updatable ARRA Risk Register for each project/operations activity
- Withheld Contractor Fee until validated baselines were in place

EM Capital Asset Project Portfolio Overview

- **Line Item Construction Projects**
(post-CD-3)
 - Waste Treatment and Immobilization Project (WTP) - \$12.26B TPC
 - Salt Waste Processing Facility (SWPF) - \$1.34B TPC
- **13 EM Cleanup Projects**
(post CD-3) – \$4.51B combined TPC
- **8 Active Pre CD-2 Projects**
 - Cost Range: \$11.50B - \$31.10B

FY 2012 Total Funding \$5.80B
Project Funding \$1.50B



EM Operations Activity Portfolio Overview

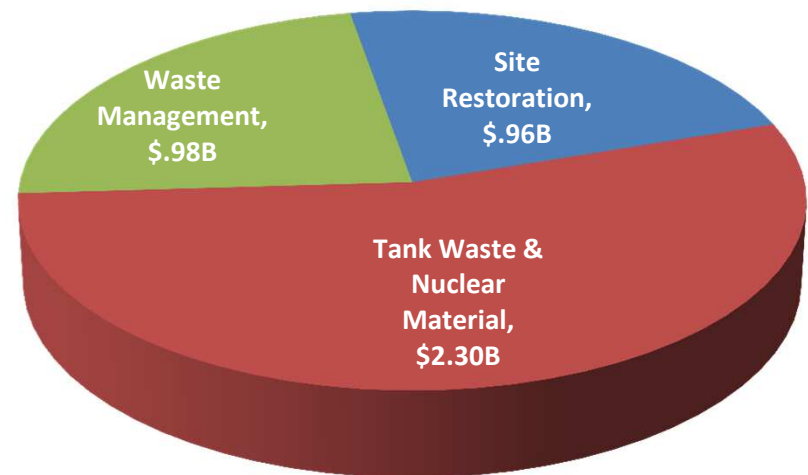
FY 2012 Total Funding \$5.80B
Operations Funding \$4.25B

Nearly 150 unique operations activities

- 18 sites
- 10 states

\$4.25B combined cost

- **Site Restoration (23%)**
 - Soil and groundwater remediation
 - Excess facilities deactivation and decommissioning
- **Tank Waste & Nuclear Material (54%)**
 - Tank waste projects and operations
 - Spent (used) nuclear fuel storage, receipt, and disposition
 - Special nuclear material consolidation, processing, and disposition
- **Waste Management (23%)**
 - Transuranic waste shipments and disposition
 - Mixed/low-level waste disposition



EM Cleanup Project Success

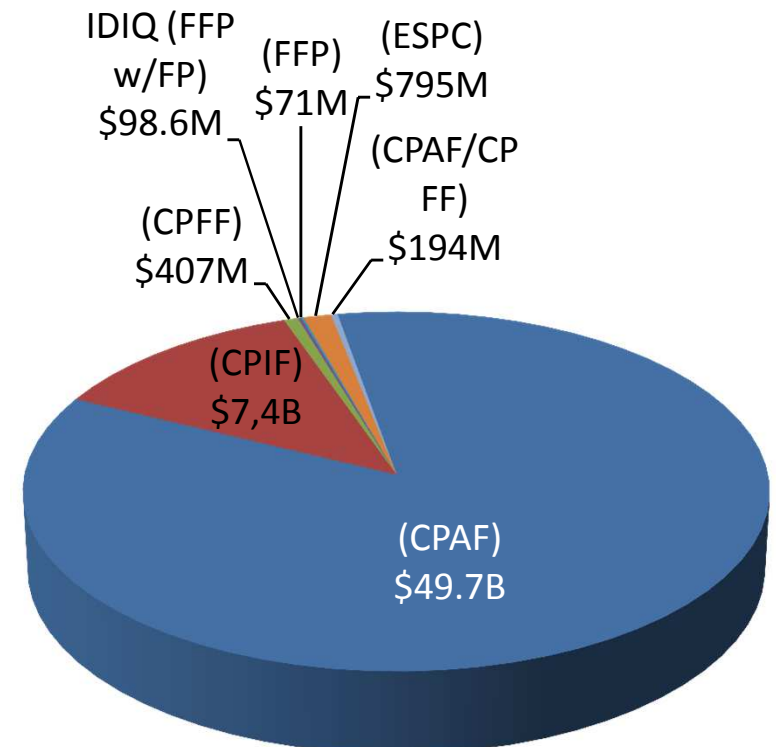
Fiscal Years	Cleanup Projects Completed (3 year rolling total)	Cost Success	Schedule Success	Combined Original Approved TPC	Combined Actual Cost at Completion
2010-2012	51	46 (90%)	49 (96%)	\$4,125 M	\$3,108 M (25% less)

EM met the Departmental metrics for cleanup capital project success:

- EM completed 51 cleanup projects (35 for ARRA) in the FY 2010-2012 period
- 46 of 51 (90%) cleanup projects met the DOE cost success metric - within 110% of original approved CD-2 cost
- Actual costs at completion of \$3,108M compared to \$4,125M original approved TPC (25% under TPC)
- 49 of 51 (96%) also met the DOE schedule metric for project completion

EM Contracts Portfolio

Contract Type	Total Number	Total Dollar Value
Cost Plus Award Fee (CPAF)	20	\$49.7B
Cost Plus Incentive Fee (CPIF)	4	\$7.4B
ESPC Fixed Price Delivery Order	1	\$795M
Cost Plus Fixed Fee (CPFF)	1	\$407M
Cost Plus Award Fee / Cost Plus Fixed Fee (CPAF/CPFF)	1	\$194M
CPAF/Fixed Unit Price	1	\$123M
Hybrid Firm-Fixed-Price w/Fixed Price IDIQ/Award Fee (FFP w/FP- IDIQ)	1	\$98.6M
Firm Fixed Price (FFP)	1	\$71M



EM Major Contract Types

Major Procurement Update

Recent Awards

	Award	Value
• Hanford Occupational Medical Services (RL)	06/12	\$ 99M
• Waste Isolation Pilot Plant (WIPP)	04/12	\$ 1.3B

Upcoming Awards

• Low Level Waste Mixed Low Level Waste	January - March
• Portsmouth Environmental Technical Services*	January - March

Upcoming Procurements

- Paducah Deactivation of Gaseous Diffusion Plant
- Laboratory Services, Richland, Washington
- Energy Technology Engineering Center
- Oakridge Transuranic Waste Processing Facility

* Small Business Award

Major Procurement Update

Contract Extended

- Idaho Cleanup Project

Thru Date

9/15

Recent Options Exercised

- Oakridge Transuranic Waste Processing Facility
- Management & Operations (SRS)

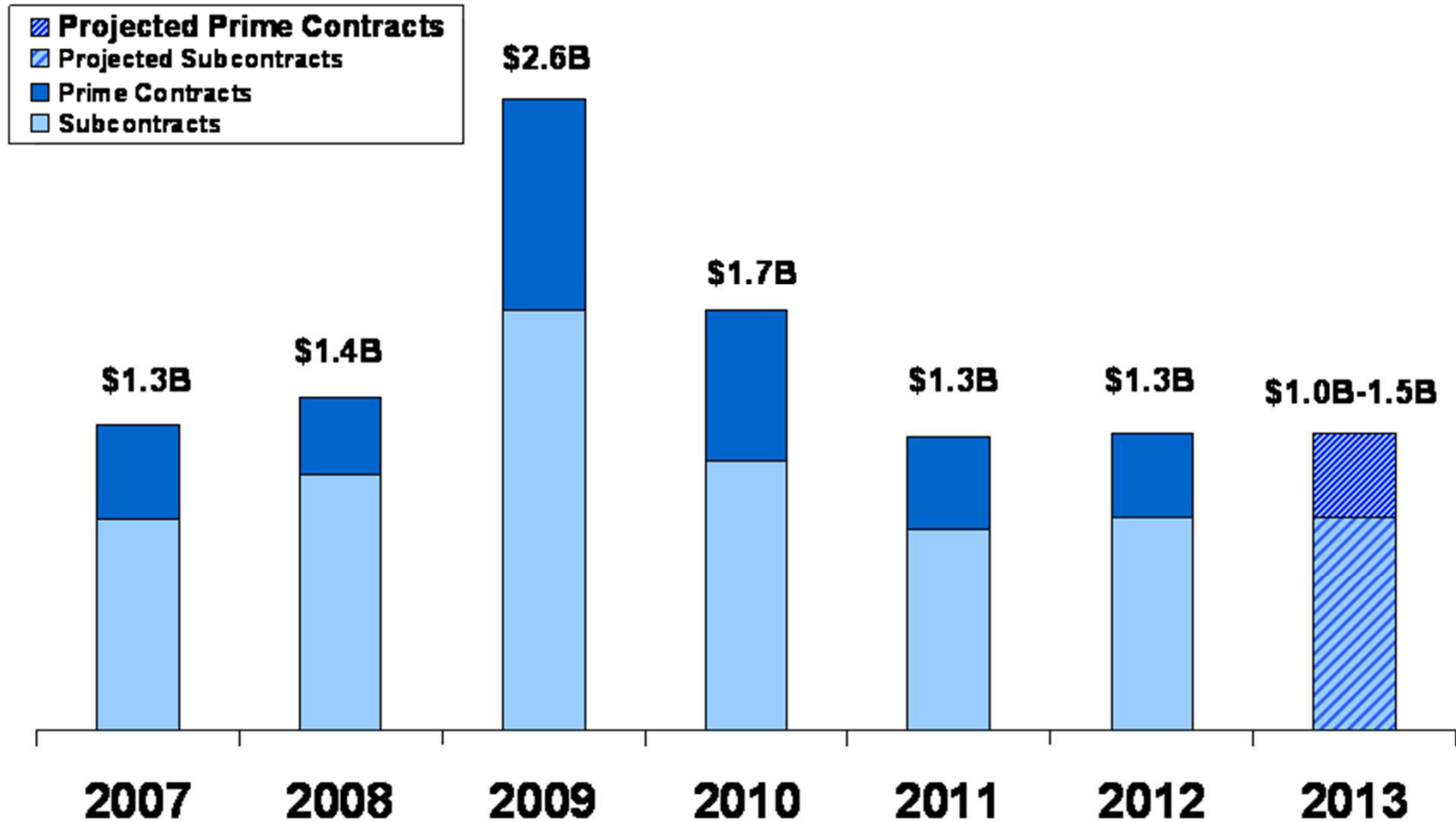
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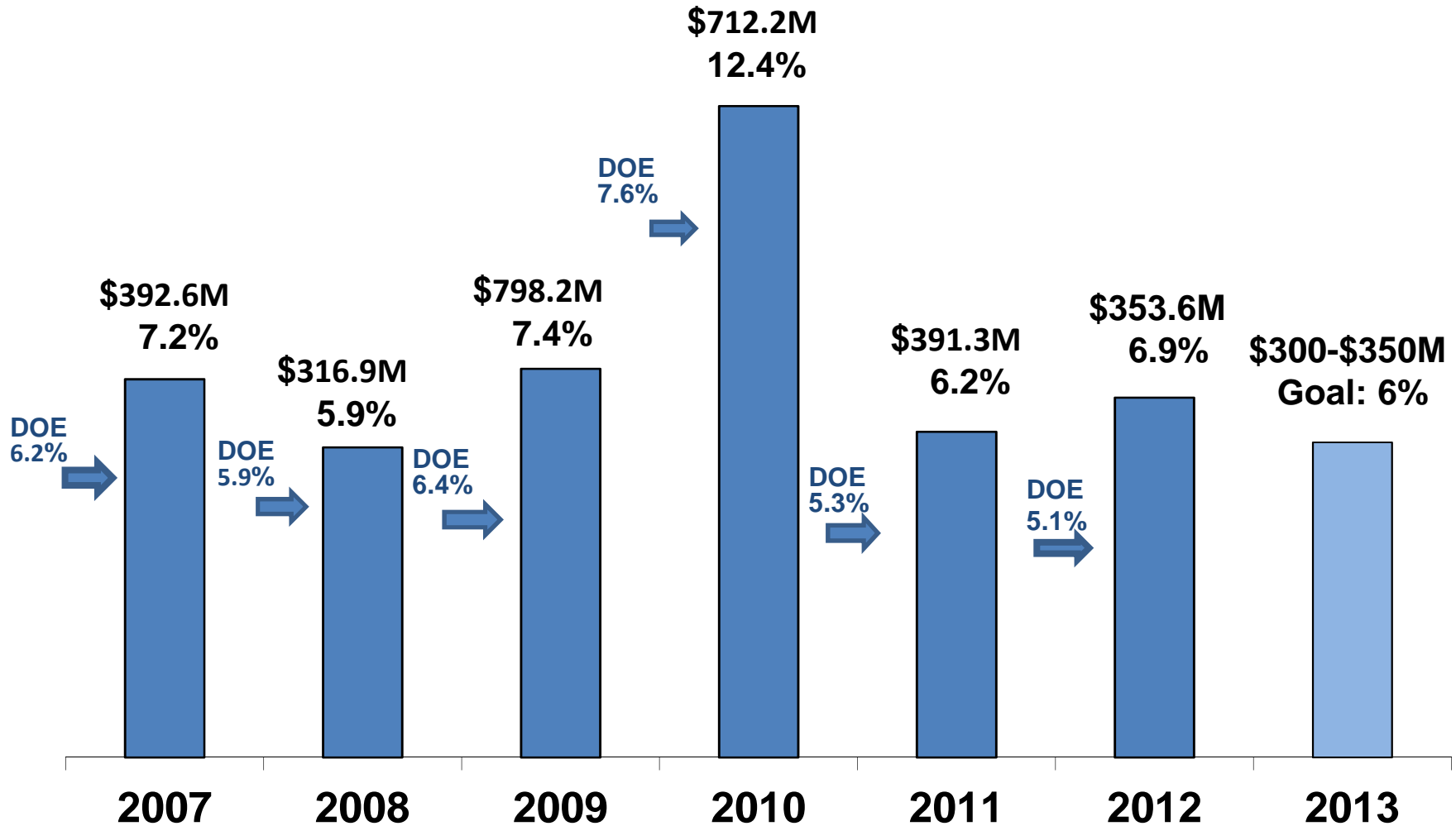
Upcoming Options Decisions

- Tank Operations Contract
- Laboratory Services, Richland, Washington
- Plateau Remediation
- Mission Support Contract
- Advanced Mixed Waste Treatment Project
- U233 Down Blending
- Liquid Waste
- Savannah River Security

EM Total Small Business Funding



Small Business Prime Contract Funding Trends



- Fees Earned by EM Major Contractors:
<http://www.em.doe.gov/Pages/EMContractorPayments.aspx>
- Listing of EM Major Contracts:
http://www.em.doe.gov/pdfs/EM%20Major%20Contracts_Public%20Web%20PageUpdate_12-30-10.pdf
- DOE Acquisition Forecast:
<http://hqlinc.doe.gov/Forecast>
- EMCBC Major Procurements Website:
<http://www.emcbc.doe.gov/doingbusiness.php>
- EM Public Website:
<http://www.em.doe.gov/Pages/EMHome.aspx>