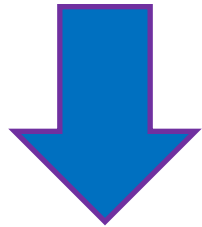




U.S. DEPARTMENT OF  
**ENERGY**

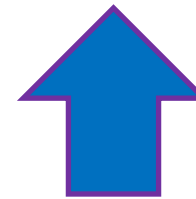
OFFICE OF  
**ENVIRONMENTAL  
MANAGEMENT**



**Contract  
Management**



**Project  
Management**



## **“Two Sides of the Same Coin”**

**J. E. Surash, P. E.**

Deputy Assistant Secretary

Acquisition and Project Management

March 3, 2014

Contract Management



Project Management

## Team Effort

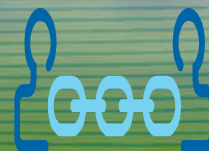
- **Major EM Contract Success Requires a Team**

- DOE and the prime contractors are a Team
- The goal is successful safe site cleanup
- We depend on each other to achieve the goal
- If we work together we can get the job done

- **Establish Partnering**

- Finalize Partnering Framework during transition
- After initial partnering session, finalize partnering agreement
- Refer to “California Transportation Partnering” website for an effective partnering program

Contract Management



Project Management

## Good Start

- Taking certain actions during the Transition Period are key in getting a good start on the contract
- Integration of day-to-day CM and PM functions is vital to achievement of EM mission success
- The succeeding slides present a brief scenario to illustrate the respective CM and PM roles and their critical interdependence

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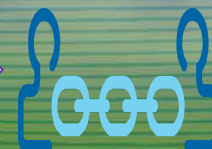


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## Contract Award

- **Major Site Cleanup Contracts are Competitively Awarded**
  - Total contract durations range from 5 to 10 years
  - Multi-year cost-type (not budget-based) contracts with award and/or incentive fees
  - Defined work scope based on projected completion status of incumbent at projected award date as defined in the RFP
  - Contract provision may require “True-up” – assess material differences between projected and actual work status at time of transition to new contractor
- **SCENARIO: Competitive contract - awarded at winning offeror’s proposed price of \$1.0B – cost and fee**

Contract Management

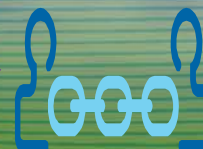


Project Management

Transition  
Period

Communicate the Contract

- **At the appropriate time after contractor debriefs, it is critical for all parties to know the new contractor's team and technical approach**
  - Parties will only know the current approach to the work and not what the awarded contractor proposed
  - Need to get the word out to federal staff, incumbent workforce, regulators, community, etc
  - The Federal Project Directors, Operations Activity Managers, Contracting Officers, and the Integrated Project Team need to have copies of the contractor's technical and cost proposal, with business sensitive information appropriately handled
  - Contractor should have a series of meetings with the workforce, regulators, and community to introduce team and brief on approach



## Transition Period

## Contract Changes - General

- Unilateral Modification
  - For work which needs to start immediately
  - Contracting Officer (CO) issues signed SF-30 with:
    - The scope – red-line of affected contract sections
    - A not-to-exceed cost and time limit
    - Definitization Schedule (6-step Contract Change Process)
- Bilateral Modification
  - For work to be started only after modification is finalized
  - CO issues Change Proposal Request:
    - The scope – red-line of affected contract sections
    - A date to submit a cost proposal

Prepare for Contract True-Up



## Transition Period

# WBS Realignment Modification

- **Step #1: If the contract's defined scope specifies a WBS, and the contractor wants to change the WBS , then the first contract modification permits the contractor to realign WBS**
  - Should only be done for a compelling rationale
  - There is no change to contract scope, cost, or schedule
  - Will be done for the full contract period
  - The integrity of the proposed cost needs to be maintained as well as the individual scope risks
  - The WBS revision must be completed to establish the revised basis for the contract costs and prior to the True-up Mod
- **SCENARIO: Contract price remains at \$1.0B (cost + fee)**



## Transition Period

## Contract True-up Modification

- **Step #2: Contract True-up reconciles contract scope to actual progress made by incumbent**
  - Quantity changes/revisions within general scope of contract as awarded
  - Definitizes “plugged” costs for the initial contract period (if needed)
  - Cost, schedule, and scope can change “modestly”
- **Modification issued per contract “True-up” and “Changes” clauses**
  - Contractor prepares “proposal” (See FAR 15 Table 15-2) for the “changes” and “map” to level of detail in the RFP cost proposal by WBS
- **Contractor can request revisions if “material differences” are determined in a timely manner and provided to CO**
- **SCENARIO: Modification increases contract price to \$1.1B (cost + fee)**



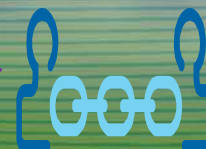


## Transition Period

# Work Scope Modification

- **Step #3: Reconciles contract scope and conditions with changes since final RFP was issued**
  - Issues were not sufficient to trigger an RFP amendment prior to making award
  - Example issues: labor rate revisions, environmental regulatory milestone changes, adjusted pension payments, funding profile, etc.
  - Contractor prepares “proposal” for only the “changes”
- **Modification issued per authority of contract “Changes” clause**
- SCENARIO: Modification increases contract price to \$1.2B (cost + fee)

Contract Management



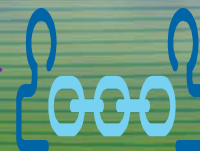
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Transition  
Period

Interim Baseline

- **Defines/applies to work scope to be performed for first 12-15 months (includes the first full fiscal year)**
  - Incorporates impact of contract modifications due to: WBS Realignment, Contract True-up and/or Contract Work-scope
  - Permits timely preparation by the contractor of the initial PMB
  - Permits the contractor's EVMS to be validated based on three months of performance using the initial PMB
  - Can probably utilize the baseline submitted as part of the proposal responding to the RFP
- **SCENARIO: Contract unaffected by this Project Management event**

Contract Management



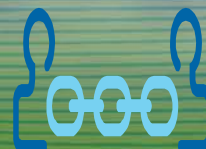
Project Management

Post -Transition  
Period

Contract Baseline

- **Defines/applies to work scope for the entire contract**
  - Definitizes any “changes” which were addressed for the initial contract period
  - Definitizes “plugged” costs, plus “new” work
  - Contractor prepares “proposal” for only the “changes”
- **Modification issued per authority of contract “Changes” clause**
- **SCENARIO: Contract cost, fee, schedule, and project baseline elements revised IAW negotiation**

Contract Management

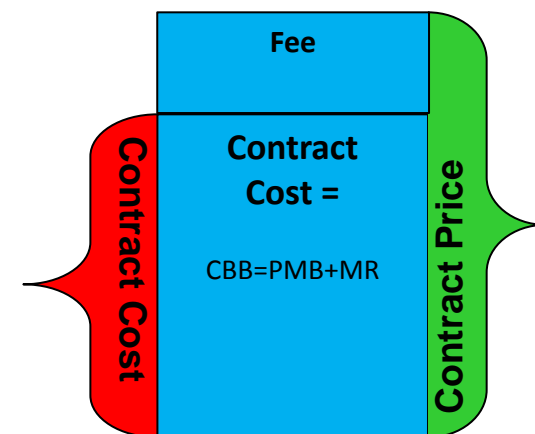


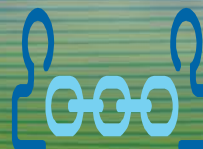
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Post -Transition Period

## Contract Baseline

- **Contractor establishes Management Reserve (MR)**
  - MR a company policy/practice
  - MR should be supported by analysis of contractor owned risks
  - MR is managed by contractor (tracked from their EVMS)
  - DOE will assess MR utilization & adequacy
  - Contract Budget Base (CBB) + fee = contract price
  - No change to overall contract scope, cost, schedule
- **SCENARIO: Contract unaffected by this Project Management event**





# Contract and Project Baselines

