

#37 US DOE Acquisition and Project Management – “The Past 5 Years in Review”



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ETTP Project Overview



Contract Information

- Size - \$2.4 Billion
- JV Partners
 - AECOM (Primary)
 - CH2M HILL Constructors, Inc.
{Pre-selected SB partner Restoration Services, Inc (RSI)}
- Contract Duration and Specifics
 - August 1, 2011, through July 31, 2016
 - 4 Option Contract Line Items which could extend contract to July 31, 2020

ETTP Contract Scope of Work and Primary Mission/Role at Site

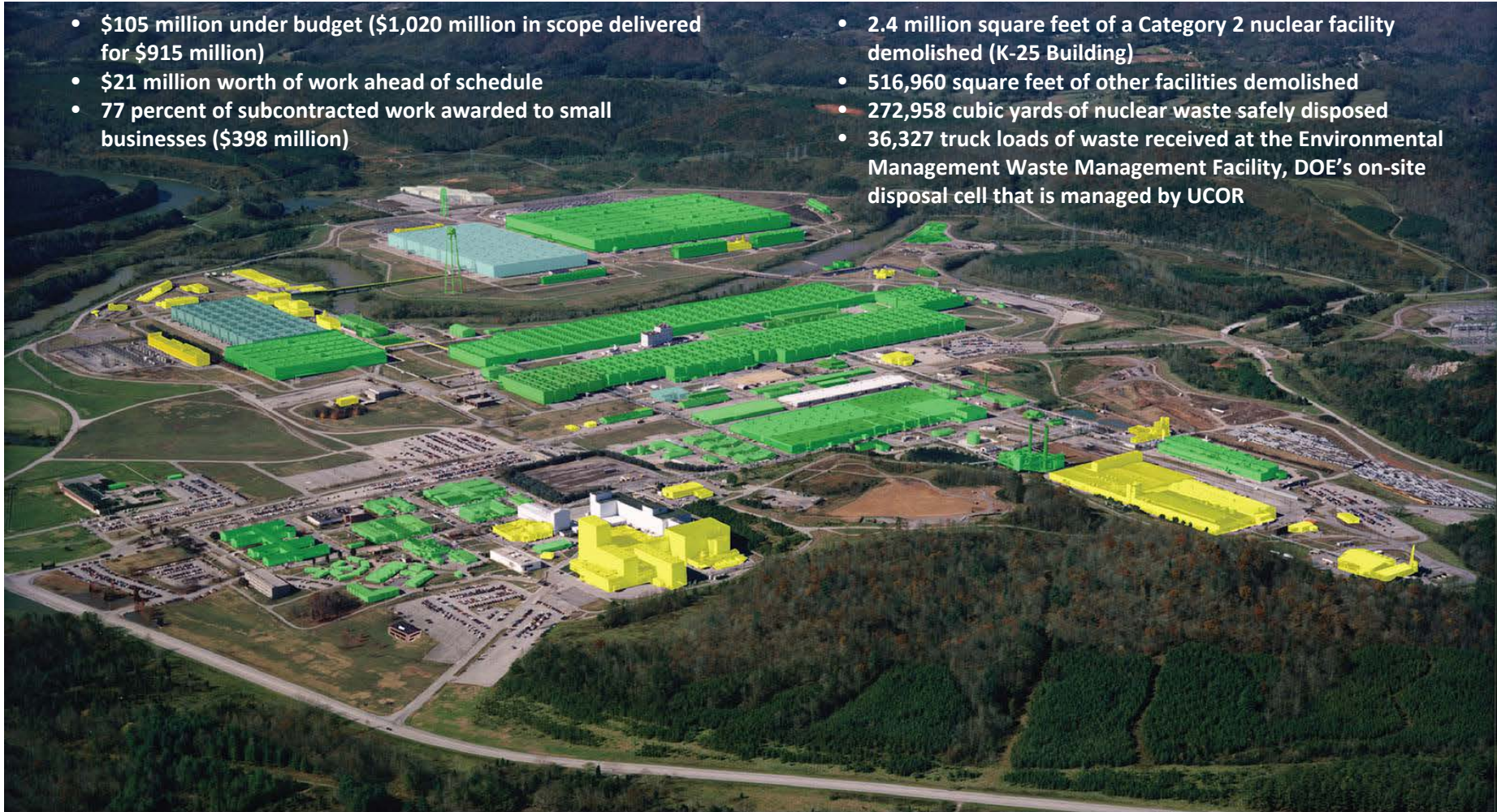
- Decontamination & Demolition (D&D) of the major facilities at the East Tennessee Technology Park (ETTP)
 - K-25 and K-27 Uranium Enrichment Plants
 - Other facilities such as the Centrifuge, TSCA Incinerator, and K-1037 Barrier Plant
- Environmental remediation of contaminated soils
- Significant waste management activities – disposal of radioactive waste both onsite and offsite
- Perform surveillance, maintenance and operations activities at DOE EM owned facilities at ETTP, Oak Ridge National Laboratory, and Y-12 National Security Complex
- Management and operation of Environmental Management Waste Management Facility (EMWMF) and Oak Ridge Reservation (ORR) landfills



UCOR Contract D&D Scope Remaining

- \$105 million under budget (\$1,020 million in scope delivered for \$915 million)
- \$21 million worth of work ahead of schedule
- 77 percent of subcontracted work awarded to small businesses (\$398 million)


- 2.4 million square feet of a Category 2 nuclear facility demolished (K-25 Building)
- 516,960 square feet of other facilities demolished
- 272,958 cubic yards of nuclear waste safely disposed
- 36,327 truck loads of waste received at the Environmental Management Waste Management Facility, DOE's on-site disposal cell that is managed by UCOR



 = Completed

 = Demolition starts 2014

 = Demolition starts 2015

 = To be demolished

Achieving Two Sides of the Coin – contract and project management alignment

Transition and True up

- Material Differences (MDs)
 - Mobilize due diligence teams and establish MD review board & process
 - Periodic partnering meeting with customer
 - Status progress of walk downs
 - Discuss potential changes and reach agreement
 - Determine which MDs are de minimis
 - Schedule “chunking” process and manage definitization as a project
- Streamline Negotiations
 - Federal Acquisition Regulation (FAR) 15.404-4(c)6 - Contracting Officer may use the basic contract’s profit or fee rate for relatively small dollar value changes
 - Managing challenges – appointment of ombudsmen from customer and contractor
 - Stay above the fray
 - Help avoid hard feelings and impasses



Setting the Stage

Year One

- Enterprise Commitment to Project Integration
 - Backbone organization for project support services
 - Project Controls Group
 - Contract Management
 - Project Management Office
 - Each group works closely together to get project off on right foot
 - Multiple critical deliverables during first year of contract
- Performance Measurement Baseline (PMB) Validation
 - Delivery of interim PMB during transition period – allows progress to be measure starting day one through implementation of PMB
 - Delivery of PMB within 6 months of start of contract operations
 - Facilitate review by customer for expedited validation
 - Validation within 3 months of submission



Setting the Stage

Year One

- Earned Value Management System (EVMS) Certification
 - Reach back to successful projects for best policies & procedures
 - Utilize black/white hat reviews
 - Requires commitment from entire company, not just Project Integration group
- Establishment of Integrated Priority List (IPL)/Buyback Scope
 - Once baseline and contract are aligned partner with customer to ensure priorities are communicated
 - May require multiple meetings as funding is always in flux/priorities may change
- Implementation of Project and Business Management System
 - Establishment of systems during transition is imperative
 - Requires commitment from Senior Management Team
 - Review system annually for updates based on industry best practices



Building What You Sold

Project Execution

- **Project Delivery**
 - Provide customer briefing of technical proposal
 - Annual performance scorecards of proposal promises
- **Performance Management and Assurance**
 - **Contract**
 - Partnering between Contracting Officer and Contract Management
 - Weekly status of contractual items
 - Safety stats, issues, initiatives, etc.
 - Contract Change Proposals (CCP)/Requests for Equitable Adjustment (REA)
 - Government-furnished services/items
 - Monthly Reporting of alignment between Total Estimated Contract Cost (TECC) and Contract Budget Base (CBB)
 - **Project**
 - Monthly Performance Reporting – useful concise information which support customer decision process
 - **Funds**
 - Establishment of Funds Management Committee
 - Funding for project controlled through Project Direction Notice (PDN)
 - Annual Funding Scorecard
 - Demonstrates control of project costs
 - Use funding generated from cost savings for IPL/Buyback



Building What You Sold

Project Execution

- Developing and Maintaining Relationships and Teams – Partnering
 - Framework established during transition
 - Senior Management commitment required
 - Periodic facilitated meetings – focus may change as team matures/changes
 - Essential for success
- Adapting to Change Conditions and Ensuring Alignment
 - Integrated Project Team (IPT) needs to be cognizant of contract changes
 - Contract changes come before baseline changes [Authorized Unpriced Work (AUW) or directed change]
 - Management Reserve is not used to cover a contract change



Taking the Next Step - exercising the contract options

Contract Delivery and Long-term Management

- Staying committed to alignment
 - Now ingrained into entire process, including exercising of option Contract Line Item Numbers (CLINs)
- Importance of Sequencing and Timing
 - Contractor provides change control proposals (CCPs) for known change conditions (similar to MDs during transition)
 - Changes are definitized first into Option CLINs
 - CLINs with updated pricing are exercised via contract modification
 - Baseline Change Request (BCR) follow contract
- Performance-based Assignment
 - IPT must demonstrate progress executing base period cleanup scope
 - Option continues to fulfill an existing requirement
 - Risks are adequately identified and potentially mitigated



Two sides of the coin

Ultra-Marathon, not a sprint

- Transition
 - Do not underestimate importance to alignment and true up
- Alignment
 - Easy concept challenging in practice
- Partnerships
 - Foundational to delivering two sides of the coin
- Building What You Sold
 - Defines commitment level of the prime contractor
- Delivering the Value
 - Why we were selected

