

Status Report: Acquisition and Project Management Review

August 15, 2006

Submitted by: Mr. James Ajello and Mr. Dennis Ferrigno

Background:

The Environmental Management Advisory Board is in the process of providing Jack Surash, Deputy Assistant Secretary for Acquisition and Project Management (EM-50), records of past EMAB recommendations and commentary. Mr. Ajello and Mr. Ferrigno believe that the records will be helpful to Mr. Surash and his staff.

EMAB has identified the following actionable items:

- Provide Mr. Surash with EMAB committee files for review
- Have Mr. Ferrigno contact Mr. Surash to arrange a meeting for discussion of said materials
- Have Mr. Ajello and Mr. Ferrigno meet with Mr. Surash periodically to discuss project management and contract issues, as per request of EM-1.

Status:

Ms. Terri Lamb, Executive Director of EMAB, forwarded metrics materials and working-draft documents from fiscal year (FY) 2003 to Mr. Surash for review. Also, previous EMAB reports and working papers have been forwarded as well, to provide a background on the alignment of metrics and performance, as impacted by contracting and acquisition. Specifically, this material focused on Congressional gold chart performance versus cost and schedule metrics used by the majority of EM performance based contracts (PBCs).

Mr. Ferrigno met with Mr. Surash during a phone call on April 20, 2006, and in person on July 18, 2006, and with Ms. Kay Rash of EM-51 on June 28, 2006 to discuss thoughts and concerns regarding acquisition and strategy for increased performance.

Contract financing options have been discussed for small business contracting with regards to larger projects; specifically, the DOE Mission Support prime contract. Challenges surrounding this issue involve the concern over small businesses' ability to provide the cash guarantees to run payroll and lines of credit. Kay Rash is the lead on researching this topic and will report her findings to Mr. Surash.

Following the August 23-24, 2006 EMAB Public Meeting, the Acquisition Subcommittee will reflect and provide Mr. Surash and Assistant Secretary James Rispoli with their observations and insights in accordance with the EMAB charter.

Summary of Findings:

- Specific site challenges may warrant a specialty base contract methodology as opposed to a maintenance and operations philosophy.
 - The propriety of developing a strategy to capitalize on specialty alignment was also discussed, as exemplified in the separation of the Savannah River Site contracts of Mission Support and Liquid Waste Treatment.
 - EMAB encourages focus on, and alignment with, specialty contract capability, when appropriate.
- Performance Based Contracting sites need to manage the contract, not the contractor, and not drive the contractor on a management and operating basis.
- Changes in management should be rigorous to protect both the contractor and the government.
 - Contractors should live up to their commitments and DOE should hold them accountable to deliverables and performance timeliness within the proposed budget.
 - Likewise, DOE should stick to the baseline unless the application of a value added practice resulting in increased performance, greater safety, and lower cost prevent this.
- EM should review private industry practices related to closure sites and after analysis and evaluation of the practices' applicability, adopt appropriate contract strategies for their own closure sites
 - Specifically, EM should explore Guaranteed Site Closure insurance vehicles (guaranteed closure contracts with warranty and indemnity)
- It would be beneficial to the contractor community for EM to publish an overall acquisition strategy, without compromising confidential or procurement-sensitive information, thereby issuing advanced notice.