

# **ECA & SRSCRO Perspective**

## **Session 88 – Panel US DOE Tier 1 Procurement Activities and Strategy Update**

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**Presented by  
Rick McLeod  
President/CEO, SRSCRO**

# DOE Contract Re-bids

**DOE is on the leading edge of a period of unprecedented contract competition.**

- **Hanford**
  - Hanford Occupational Medical Services
  - Richland Acquisitions Post Fiscal Year 2018
  - Hanford Mission Essential Services Contract (HMESC)
  - 222-S Laboratory Contract (222-S LAB)
  - Hanford Tank Closure Contract
  - Central Plateau Cleanup Contract (CPCC)
- **EM**
  - EM Consolidated Technical Support Services
  - EM End State Contracting Model (ESCM)
- **EM - Idaho**
  - Idaho Cleanup Project (ICP)
- **EM - Nationwide**
  - Nationwide Deactivation, Decommissioning, and Removal (DD&R)
- **Nevada**
  - EM Nevada Environmental Program Services (EPS)
- **Oak Ridge**
  - Characterization, Deactivation/Demolition, and Remediation Services of Low-Risk/Low-Complexity Facilities and Sites
  - Oak Ridge Reservation Cleanup
- **Paducah/Portsmouth**
  - Portsmouth Gaseous Diffusion Plant (GDP) Decontamination and Decommissioning (D&D)
  - Portsmouth Paducah Project Office (PPPO) Technical Services Acquisition
- **Savannah River**
  - Savannah River Site Liquid Waste
  - Savannah River Site Operations Post Fiscal Year 2018
  - Savannah River Site Paramilitary Security Services
- **West Valley**
  - West Valley Phase 1B D&D and Soil Remediation



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# ECA Perspective

- The Energy Communities Alliance (ECA) is the organization of local governments that are adjacent to or impacted by DOE and NNSA activities. Our board members include elected officials and administrators from local governments impacted by DOE and our members include community reuse organizations and other local community agencies and organizations adjacent to DOE facilities.
- The combination of new contracts and expiring contracts will present a tremendous challenge for DOE, its contractors, and the communities that host DOE/NNSA sites.
  - cleanup milestones are coming due
  - lack of investment in infrastructure and maintenance across the complex over
  - mandatory defense cuts known as sequestration could return
- The Department and the communities that host DOE sites, are best served when there is strong competition among highly qualified companies seeking to implement the most innovative and efficient strategies for success on this work.
- It is critical that the Department of Energy put in place acquisition policies that foster competition, drive performance, align with the goals of host communities and support a healthy and sustainable subcontracting base for the long-term.
- The successful and safe operation of Department of Energy (DOE) sites is of paramount importance to the adjacent communities.



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# Sensible DOE Acquisition Reform

**CHANGING COURSE: THE CASE FOR SENSIBLE DOE ACQUISITION REFORM -**  
<http://www.energyca.org/publications>

## Key Points

- Appropriately Balance the Risk in Contracts
- Rely on Proven Contract Types That Encourage Competition
- Incentivize Small Business Opportunities and Healthy Subcontracting
- View the Host Communities as the Ultimate “Customer”

# Sensible DOE Acquisition Reform

## Specific Recommendations

**Use contract structures that are based on the highly incentivized contract model that was successful at River Corridor, Rocky Flats, Mound, and Fernald rather than cost caps, fixed price, LPTA or other high risk/low reward contract structures that are overly complex and have no track record of success**

- a. Appropriately balance risk and place a high priority on mission completion versus punitive penalties
- b. DOE behaviors need to match/support the contract structure
- c. Contractors need sufficient flexibility and discretionary authority to deal with issues in a timely and efficient manner
- d. Although many of the people have retired that worked on the past successful contract structures, DOE needs to ensure that it learns from the past successes and builds capacity to deal with potential high volume of contracts in the procurement system.

**Actively engage with appropriate host community representatives during the planning phase of each acquisition.**

- a. Contracts should include community engagement requirements.
- b. An emphasis should be placed on longer-term contracts (i.e. five years versus three years with two one-year options).
- c. Include *community* cleanup priorities clearly in the contact scope.



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# Sensible DOE Acquisition Reform

## Specific Recommendations

**Include the subcontracting and small business plans in the evaluation criteria and emphasize use of local and small businesses in the scoring.**

- a. Staff augmentation should not be a dominant practice.**
  - b. Subcontracting plan should address the type of work to be subcontracted out, not just the quantity.**
  - c. Build in contract mechanisms that discourage prime contractors from self-performing previously subcontracted work during the term of the contract.**
  - d. Allow accounting of small business utilization by non-M&O prime contractors to further encourage the utilization of local businesses**
- Contracts should incentivize development, deployment and eventual transfer of new technologies.
  - Acquisition planning should originate at the site level and site participation should continue through Source Evaluation Board membership, with DOE headquarters support.



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# ROLE OF THE CONTRACTOR

## – Before Contract Award

- Become familiar with the local community including the following:
  - Local government structure
  - Local industries
  - Local small businesses
  - Economic Development/Community Reuse Organizations
  - Tourism Bureau
  - K/12 education
  - College/University
- Identify workforce availability and demands
- Identify economic strengths and challenges within the community



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# ROLE OF THE COMMUNITY— Before Contract Award

- Be prepared to help potential contractors understand local government, tourism, education, industry, workforce and economics
- If possible, bring all organizations together, establish a listing of points of contact with contact information and distribute to all organizations so that a company can obtain a copy regardless of who they first communicate with
- Be consistent in your communication regardless who the contractor is communicating with
- Have a data package available to give to those contractors that provides pertinent information like that from the previous slide.



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# ROLE OF THE CONTRACTOR – After Contract Award

- Meet with local government representatives including but not limited to:
  - City
  - County
  - Ports or other Districts
  - K/12 Superintendent
  - College and/or University CEO
  - CRO
  - Tourism
  - Chamber of Commerce
- Develop an effective communication process for the term of the contract
- Identify needs for near-term and the out-years
- Prioritize needs aligned to company budget constraints
- Develop DRAFT Community Commitment Plan and share with community points of contact



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# What Is In It For the Contractor?

- An improved community where employees want to live and raise a family
- An education system to be proud of
- Local charities where the needs of others are met and you can be proud to show your company name
- Building critical political and community support for the bad times as well as the good times
- Building a partnership with local businesses and suppliers where the growth of the community begins
- Meeting DOE and local community expectations for a strong partnership



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# What Is In It For the Community?

- Continuous improvement of the community through partnership with the contractor that ensures a higher quality of life
- Continuous improvement of education system for now and into the future
- Economic stability and diversity through investment in existing businesses thereby drawing new industry and businesses to the area
- Target community investments in ways that contribute to recruitment and retention of talent to meet future community needs
- Building a strong partnership with DOE and its contractors that recognizes the importance of the community



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# SRS Contract Re-Bids

## SAVANNAH RIVER SITE LIQUID WASTE

- The liquid waste services include but are not limited to: operations of existing radioactive liquid waste facilities for storage, treatment, stabilization, and disposal of waste; waste removal from tanks and tank closures; construction of additional saltstone disposal units; operation of the Salt Waste Processing Facility after facility commissioning, startup, and one year of operation; and liquid waste program and regulatory support.

## SAVANNAH RIVER SITE OPERATIONS POST FISCAL YEAR 2018

- The services to be acquired will be performed at SRS, a 310 square mile (198,344 acres) site that is located in the sand-hills region of South Carolina. SRS encompasses parts of Aiken, Barnwell and Allendale counties and is bordered on the west by the Savannah River and Georgia. SRS was constructed during the early 1950s to produce basic materials used in fabrication of nuclear weapons, primarily tritium and plutonium-239, in support of our nation's defense programs.

## SAVANNAH RIVER SITE PARAMILITARY SECURITY SERVICES

- The services to be acquired will be performed primarily at SRS, a 310 square mile site that is located in the sand-hills region of South Carolina. SRS encompasses parts of Aiken, Barnwell, and Allendale counties and is bordered on the west by the Savannah River and Georgia. SRS was constructed during the early 1950s to produce basic materials used in fabrication of nuclear weapons, primarily tritium and plutonium-239, in support of our nation's defense programs. The current SRS Paramilitary Security Services contract expires during October 2019.



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# SRSCRO Vision – Rebid Objectives

- Long-Term Economic Vitality
- Emphasize Economic Development
- Emphasize Workforce Pipeline & Education
- Identify Need for Change
- SRNL Becomes Multi-Program Lab with long-term future
- Better Chance at New Missions and Private Sector Investment
- Better mobilize of cleared workforce between projects and provide some employment stability



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# SRSCRO Vision Contract Requirements

- Use of DOE Facilities and Land Transfer
- Regional Education Outreach Programs
- Regional Purchasing Programs – Business Alliances
- Assistance to Community Service Organizations
- Assistance to SRSCRO Asset Transition Program
- Percentage of Work which may be Self-performed vs Subcontracted
- Apply existing Laboratory assets in the execution of local and regional economic development support



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# DOE Contract Evaluations

- The Contractor shall describe its understanding and approach to manage the following Contractor Human Resource activities by addressing workforce attrition in particular the recruitment, training, and retention of anticipated new hires for workforce needs and DOE will evaluate the offeror's approach.
- An indication of commitment to residency in the 5-county area.
- Provide previous examples of Community Commitment Plans and Diversity Programs and demonstrate experience working directly with local communities.



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# SRSCRO Community Commitment Plan Guideline

It is expected that a Community Commitment Plan (CCP) involves both financial incentives and in-kind contributions toward targeted programs and the establishment of contractor sponsored business start-ups and spin-offs for job creation in the 5-county area surrounding the Savannah River Site (SRS).

An area-wide advisory or steering council/committee of community leaders should be part of any CCP to provide guidance and help direct resources to benefit the maximum area needs.

Corporate citizenship donations like United Way and other local non-profit organizations or memberships in community organizations like Chamber of Commerce or strategic partnerships with professional and scientific organizations are generally expected as part of normal business operations and should not be part of any CCP but are in addition to anticipated programs under a CCP.

Expected financial incentives is **at least 5%** of the award fee each year and financial incentives should be targeted toward the maximum benefit to the local five-county area

Community support should be directed in these three broad targeted areas. This list is not intended to preclude other constructive community activities from being included in any CCP.

- **Economic Development and Workforce Enhancement**
- **Outreach and Education Enrichment**
- **Community Development**



# New SRS Landlord & Structure

- “Working Group” evaluating several options of future landlord – tenant relationships for SRS
  - NNSA takes landlord responsibility of SRS and SRNS retaining current and future mission responsibilities for tritium operations, Pu pit production and surplus plutonium disposition
    - EM becomes a tenant responsible for waste management and environmental restoration
  - EM retains landlord responsibilities and management of SRNL
    - NNSA places separate contract(s) for ongoing/future missions retaining missions at SRS
    - NNSA manages tritium operations and considers relocation when recapitalization is necessary

# SRSCRO Vision New Landlord for SRS

- Establish a landlord of the Savannah River Site (SRS) that will have a long-term vision for SRS that includes and encourages new missions for the site and maintains the site's value to the local region as an economic engine.

# End State Contracting Model (ESCM)

- In concert with the DOE Secretary's initiative on Contract Reform, the DOE Office of Environmental Management (EM) is changing its contracting strategy to reinvigorate the focus on completing cleanup and reducing environmental risk.
- Offerors will propose risk-based "End States" that accelerate risk reduction and reduce Environmental Liabilities (financial) while doing work safely.
- An End State is defined as the specified situation at the successful completion of an environmental cleanup activity which reduces EM's risk and Environmental Liability.
- ESCM is envisioned as a single award Indefinite Delivery/Indefinite Quantity (IDIQ) contract for each acquisition with the ability to issue both Cost-Reimbursement (CR) and Firm-Fixed-Price (FFP) Task Orders (TO).



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# ESCM Concerns

- Short term task orders may not be the best mechanism for long-term cleanup success and enduring partnerships with the community.
- Causes changeover in employment (impacting workers and benefits).
- No significant investment in the community (since a contractor may only be there for a year or two and they won't have enough funds to support the programs)
- Contractor must comply with all current, applicable, regulatory requirements, such as Tri-Party Agreement (TPA) milestones and Records of Decision (ROD), pending approval of any proposed changes.
- Attracting and retaining workforce will be problematic and transient



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