

INTEGRATED FACILITIES DISPOSITION PROJECT (IFDP) WORKSHOP RESULTS
EXECUTIVE SUMMARY
MARCH 10, 2008

A. Workshop Purpose

The Energy, Technology, and Business Association (ETEBA) led a two-day workshop January 30-31, 2008, at ORAU's Pollard Auditorium in Oak Ridge to help provide ideas for contracting and management strategies for the Integrated Facilities Disposition Project (IFDP). The event was co-sponsored by UT-Battelle and B&W Y-12. The intent of the workshop was to gather industry experts and leaders to provide input on various contracting strategies that might be used to accomplish the IFDP work. Four major contracting alternatives were considered and participants provided their thoughts on the pros and cons of each approach, as well as ideas for innovations that might help any of the four alternatives more effective.

B. IFDP Work Scope

The IFDP scope includes the demolition of more than 200 old nuclear facilities and 5 million square feet of space at the Oak Ridge National Laboratory (ORNL) and the Y-12 nuclear weapons plant. The project could cost as much as \$8 billion, take up to 15 - 20 years to complete, and provide jobs - directly and indirectly - for thousands of workers. In addition, the project would reduce risk to current ongoing missions and make way for new modern facilities to enhance the productivity and effectiveness of future national research missions at ORNL and defense missions at Y-12. The project planning is complicated by the fact that cleanup activities must take place next to ongoing operations and ensure the safety of thousands of workers going about their daily jobs. Much of the work will also take place in a high-security environment, especially the demolitions being planned within the high security area at Y-12.

The IFDP is tentatively scheduled to begin around 2010, as the cleanup work at the East Tennessee Technology Park comes to a completion in the 2011 timeframe. DOE is hoping to maintain the current level of cleanup funding in Oak Ridge throughout the life of the IFDP. Congressman Zach Wamp (R-TN) addressed the crowd stating that while "it's going to be very, very hard" to get the funding for the IFDP, "it is a major priority" and he is "totally committed to it."

C. Workshop Approach

The workshop was attended by 240 industry participants. Congressman Zach Wamp (TN) spoke at the conference about the importance of the IFDP cleanup to the ongoing and future missions of ORNL and Y-12. UT-Battelle and B&W Y-12 provided overviews of the IFDP work scope; then industry participants broke into small group sessions to evaluate four different contracting and management strategies for the project: 1) a single integrating contractor to coordinate work at both Y-12 and ORNL and award subcontracts; 2) a separate integrating contractor for each site; 3) use of current management contractors at the sites to direct the cleanup efforts and oversee subcontracts; and 4) multiple contracts directly with DOE, with federal officials directing the work.

General findings for each of the four contracting strategies were presented during a closing session on the second day of the workshop. J.T. Howell, DOE project leader for the IFDP, was on hand to listen to the summary presentations which discussed advantages and disadvantages of each of the four contracting approaches, as well as some innovative ideas to consider under each strategy. Howell said that the workshop results come at a timely point in the planning process as his team finalizes the Critical Decision-1 (CD-1) package which he anticipates sending to DOE headquarters by the end of March for review and approval.

CD-1 approval will confirm the alternative selection and cost range for the project and mark the completion of the project Definition Phase. This phase uses a systems methodology that integrates requirements analysis, risk identification and analysis, acquisition strategies, and concept exploration to evolve a cost-effective, preferred solution to meet the mission need. Approval of CD-1 also provides the authorization to begin the project Execution Phase. Additionally, long-lead procurements may be approved during this phase, provided National Environmental Policy Act documentation is prepared, where applicable.

D. Workshop Results

1. Groups 1 & 2 – Single Integrating Contractor

Top 5 Advantages

- Creates economies of scale.
- Provides a single point of accountability with DOE and the regulators.
- Is less of a burden to DOE contracting and project management staff.
- Makes sequencing, cost, and integration easier.
- Provides more effective workforce leveling.

Top 5 Disadvantages

- Provides availability/retention of cleared workers through fluctuations.
- Requires interfacing with M&O (relative to alternative 3, M&O Contractor's Approach).
- Could duplicate infrastructure.
- Priorities may differ from site priorities.
- Provides a situation of single failure mode with just one contractor.

Ideas for Increased Effectiveness

- Take MEPP out of the picture, set clear requirements for workforce transition.
- Involve unions early to negotiate a streamlined transition approach.
- Streamline the security clearance process with ability to hold/transfer security clearances.

2. Groups 3 & 4 – Two Single-site, Integrating Contracts

Top 5 Advantages

- ORNL & Y-12 are two very different sites with unique requirements. Each integrator can focus on that site's issues, for example: security requirements at Y-12; different contaminants at the two sites, thus different technologies are needed for clean-up.
- Different cleanup criteria driven by different future land uses.
- Increases pool of "smart people" to solve technical issues & share lessons learned.
- Increases subcontracting opportunities, especially for Small Businesses (ability to handle a smaller scope).
- Fosters competition between sites, thus increasing motivation to perform.

Top 5 Disadvantages

- Both sites would be competing for fixed resources (i.e. labor, road, landfill, etc.).
- Could lose economies of scale for goods & services needed at both sites.
- Requires more DOE staff to manage (vs. single M&I or existing M&O).
- Lost opportunity to prioritize work, level staff and subcontracts across both sites.

Ideas for Increased Effectiveness

- Expect 80% "of the work" to be subcontracted subject to FAR make/buy analysis w/M&I focused on managing the subcontractors while integrating activities.
- Establish a mandatory Contractor Interface Team to prioritize scope and schedule.

- Must consider transition of S&M staff from M&O to continue S&M on D&D facilities awaiting funding.
- Recommend PBI Contract form that will allow for time-based phasing as DOE's establishes higher levels of confidence in baseline.
- Provide contract Terms and Conditions that include risk parameters that flow down.
- Allow proposal assumptions to be negotiated/incorporated into the subcontract (risk sharing and ability to refine inadequate SOW).
- Move pension planning, etc. to a central location within DOE (e.g., LM Office).
- Consider DOE direct A/E/C contract for new facilities.
- Utilize critical resource contract direct with DOE to minimize logistic challenges (e.g., onsite landfill services)

3. Groups 5 & 6 – Existing M&Os

Top 5 Advantages

- Possess in-depth knowledge of sites, missions, and interfaces, including existing relationships with DNFSB & regulators.
- Able to sequence IFDP scope around ongoing operations.
- Provide a single point of accountability to control interfaces and resolve conflicts.
- Easier/faster for DOE to add EM scope to existing M&O contracts.
- Familiar with site, thus requiring less transition time - positioned to handle union issues and can use existing pension plans for an easier workforce transition.

Top 5 Disadvantages

- Nuclear cleanup is not a core competency of existing contractors - Clean-up personnel resources do not currently exist.
- Primary missions will take precedence over cleanup mission.
- M&O contracting model is not the ideal contracting vehicle for EM scope (i.e. Could be more expensive and add layering of fees and overhead).
- No integration/sharing between the 2 M&O contractors (resources, plans, practices, procedures, and lessons learned).
- Risk of less commitment for Congress and DOE to fund IFDP.

Ideas for Increased Effectiveness

- Incentivize M&O contract to get IFDP work done cost effectively and on time.
- Require incentive goals to be flowed down to subs.
- Establish mechanism to share resources, lessons learned, commodity providers such as BOAs, ID/IQ.
- Use DOE (integrated project team) to provide IFDP integration between M&Os.
- Redefine mission to include IFDP to preclude self performance or mission precedence.

4. Groups 7 & 8 – Multiple DOE contracts

Multiple DOE Contractors – A Plausible Framework

- A/E/CM & oversight contractor to assist DOE – possibly broad in scope to include centralized functions such as security, project controls, H&S oversight, nuclear safety, radcon, QA
- Multiple IDIQ master contracts with pre-qualified firms/teams – individual work packages (vertically integrated scope) for a facility/footprint; guaranteed minimum utilization; projects rotated or assigned based on performance, not individually competed, or pay for proposals; separate set of contract award for each site (ORNL & Y-12) with some percentage for small businesses; flexibility to add team members post award
- Functional contracts with single award for each site (ORNL and Y-12), with some percentage for small businesses
- Separate IDIQ contracts for utilities and infrastructure reconfiguration projects

Top 5 Advantages

- Provides flexibility to optimize contract type & contractor selection (including use of the site M&O) to unique project scope, requirements and constraints.
- DOE has no commercial conflict of interest as Integrator, and can exercise direct control of work prioritization.
- Gives opportunity to maximize DOE's Small Business contracting at the prime level through both discrete projects and cross-cutting functional support contracts.
- Freedom to optimize S&M work allocation, and the flexibility to align it with labor jurisdictions.
- Leverages/continues program integration and institutional knowledge of the Federal workforce.

Top 5 Disadvantages

- Requires substantial increase in Federal staffing, both for procurement and contract administration and for technical planning and oversight.
- DOE must have resources to assume a greater Integration role with multiple prime contractors, including the M&O's.
- Presents a challenge in integration of multiple D&D and other prime contractors with site operations.
- Multiple project contractors could be dealing with Nuclear Safety Authorization Basis in performance of S&M scope and hand-off to D&D contractors.
- Integration challenge of having multiple project contractors with Waste T&D operations (logistics, WAC attainment & accountability).

Ideas for Increased Effectiveness

- Develop contracts that are detailed and well-defined.
- Complete upfront scope definition (characterization, hazard identification) for the development of procurement packages.
- Align contract scopes with labor union jurisdiction.
- Tailor contracting approach to the unique aspects of the two sites.
- Adopt best practices from DoD environmental restoration procurement models (e.g. AFCEE).
- Make greater utilization of EM support, including the EM Consolidated Business Center.
- Consider using a third-party procurement agent.

5. Cross-Cutting Ideas for Increased Effectiveness – Regardless of contracting approach

- Establish appropriate IFDP performance goals. Provide incentives for meeting goals and penalties for not meeting goals.
- Identify site and M&O contractor interfaces before issuing RFPs.
- Require meaningful subcontracting with broad applications. Set high subcontracting goals and tie performance to fee.
- Include contract incentives for small business subcontracting and identify NAIC codes early on.
- Characterize waste and make structural evaluations as early as possible in the life-cycle (pre-RFP) to better define work scope and reduce performance risk by the contractor. Some characterization can not be done in advance and will need to be bundled with the work scope.
- Build a by-pass around ORNL central campus to facilitate ongoing science operations.
- Engage regulators early in process. Establish interim clean-up levels with regulators – to the point of having final RODs.
- Apply more in-situ technology.
- Have a dedicated shipping portal for waste treatment, packaging, and transportation.
- Require staff development/retention programs.
- Reduce protected area or create islands of security.
- Apply standard nuclear industry practices.

E. Appendices

1. Session De-brief Presentations – one for each of the four contracting alternatives
2. Raw Material generated during each of the eight breakout sessions