



**U.S. Department of Energy
Hanford Site**

17-HAB-0001

OCT 28 2016

Mr. Steve Hudson, Chair
Hanford Advisory Board
Enviroissues Hanford Project Office
713 Jadwin Ave., Suite 4
Richland, Washington 99352

Dear Mr. Hudson:

**HANFORD ADVISORY BOARD (HAB) JUNE 9, 2016, CONSENSUS ADVICE #289,
MASTER ACQUISITION PLAN**

Thank you for your June 9, 2016, letter providing advice related to future major Hanford Site acquisitions. Having observed the process that resulted in this advice the U.S. Department of Energy Richland Operations Office (RL) and Office of River Protection (ORP) are aware of the amount of time and effort that was required to achieve consensus. We appreciate the level of dedication shown by the committee members, board members, and in particular, the issue manager. Sharing the concepts and ideas contained in your advice contributes significantly to the acquisition planning and decision-making process.

DOE is currently developing its acquisition strategy for these contracts. Because the acquisition strategy has not been finalized and a solicitation has not been publically issued, we are unable to commit to any particular approach, and therefore, somewhat limited in the amount of specific communication we can provide in our responses. Nevertheless, we want to take this opportunity to provide as much information as we can at this time. For convenience, the HAB advice is listed in italics with the DOE response following.

Number of Contractors Advice:

The Board advises DOE to:

- *Complete the river corridor re-baselining done by the river corridor contractor into the central plateau prime contract.*

DOE Response: DOE agrees. In fact, this is a matter more relevant to the administration of DOE's current contract than to future acquisitions. The turnover of all work from the River Corridor Contract to the Plateau Remediation Contract (PRC) is complete. The PRC baseline is being updated accordingly.

- *Combine the infrastructure work scope and the remaining work scope from the river corridor contractor into the central plateau prime contractor.*
- *Bid the tank farm operations work scope as a separate prime contract.*
- *Emphasize the importance of integrating the scope between the two prime contractors and the scope of the tank farm remediation and the vitrification facilities. (HAB Advice #182)*

DOE Response: DOE understands that fewer contracts may potentially have certain advantages. DOE will consider these advantages in determining the optimum number of contracts for which it will solicit offers. Further, DOE understands that the specific contracting structure noted in your advice could achieve some of these advantages. However, there are also potential advantages to increasing the overall number of contracts. DOE's analysis will include consideration of these potential advantages as part of its final determination on the optimum number of contracts for which to solicit offers.

- *Keep occupational medical services work scope and several small contracts as independent contracts.*

DOE Response: DOE recognizes that separating the occupational medical services contract from other prime contracts has potential advantages regarding independence. DOE will consider this advice when deciding the final contract structure for occupational medical services.

Contract Duration Advice:

The Board advises DOE to:

- *Bid the contracts as an initial five years with performance based renewal options.*

DOE Response: DOE understands that longer contract durations, with extensions based on excellent performance, are potentially advantageous as noted in the HAB's advice. DOE will consider these potential advantages in determining the duration of contracts. However, it must be noted that, in some instances, there are advantages to contracts shorter in duration. These considerations will also be included in the DOE analysis to make a final determination regarding the duration of contracts.

- *Request DOE-HQ to develop an integrated plan to stagger the number of major prime contracts across the DOE Environmental Management complex.*

DOE Response: DOE will consider this advice when planning future contracting activities.

- *Utilize the Board's prior advice to increase independent reviews and contractor oversight consistent with the Government Accountability Office recommendations.*

DOE Response: DOE will consider this advice, and the HAB's prior advice, when planning future contractor oversight activities.

Contract Type Advice:

The Board advises DOE to:

- *Develop the Request for Proposal (RFP) for Hanford prime contracts as CPIF contracts utilizing well-defined performance milestones. As part of the incentive performance milestones, utilize the "super stretch" incentive measures. The baselines for these stretch incentives should be validated project costs and schedules as referenced in HAB Advice #182.*

DOE Response: DOE recognizes the importance of utilizing a contracting structure for its cleanup contractors that appropriately challenges contractors to safely complete cleanup cost effective, expedited, and fully compliant with applicable laws and regulators. DOE further recognizes the need to structure its cleanup contracts in a manner that appropriately accommodates the inherent uncertainties involved with technically complex cleanup.

- *Ensure that DOE is sufficiently staffed with personnel including registered professional engineers, certified project managers, and certified personnel who meet or exceed contractor qualifications to improve DOE contract management capabilities (HAB Advice #182).*

DOE Response: DOE will continue to assess and augment the capabilities, competencies, and certifications of federal employees to ensure successful oversight of contractor cleanup activities.

- *Maintain a strong oversight on health and safety. Require loss of fee for any project in which the contractor either violates environmental or health standards that result in a serious risk to health or the environment or when the contractor is found to have retaliated against any employee raising safety, health, environmental, or fraud concerns (HAB Advice #182 and #200).*

DOE Response: DOE will continue to maintain strong oversight of contractor performance in the area of health and safety, including penalizing weak performance.

Contract Scope Advice:

The Board advises DOE to:

- *Ensure that completion of the contract work scope meets the TPA commitments.*

DOE Response: DOE will solicit offers for contracts to perform cleanup activities in a manner consistent with Tri-Party Agreement (TPA) commitments. The contracts will provide for full TPA compliance.

- *Require contractor bids to have a small business execution plan, which describes how they will contract with small business. This plan should include the approach to mentor small businesses and assurances that a substantial portion of the small business subcontracts are multi-year. Prime contractor progress payments and award fees should only be authorized when all small business contract payments are current.*

DOE Response: DOE is aware of the benefits of small business contracts, as well as the challenges. DOE is therefore considering a variety of numerous potential improvements to the way small businesses are utilized at Hanford.

- *Include in the RFP an emphasis to utilize the current work force and current labor agreements in the contract transition work scope.*

DOE Response: DOE will consider the advice related to the utilization of the current work force for future contracts and will ensure the appropriate labor law clauses are incorporated into the Request for Proposal (RFP).

- *Encourage long term employee demographic planning including:*
 - *Ensure continued training and development for employees.*
 - *Investment in education at local colleges to train the future workers.*
 - *Succession planning that focuses on entry-level employee recruitment and development both in contractors and subcontractors.*

DOE Response: DOE will discuss this recommendation with contractors following award of contracts and during the contract transition phase.

- *Stipulate contractors to provide a bid that reflects management innovation, a business model that provides technical advancements to cleanup processes, sustaining of current benefits to existing workers, and a positive impact on the community.*

DOE Response: DOE recognizes the value of innovation and the need to ensure that all applicable labor standards requirements are included in the contracts for which offers are solicited. Accordingly, DOE will consider this advice when developing requests for proposals.

Community Commitment Clause Advice:

The Board advises DOE to:

- *Include a community commitment feature in the upcoming RFP with a small, yet meaningful, credit (e.g. three to five percent, on the evaluation criteria).*
- *Include meaningful contract allowable costs for the support of education and training of the future work force.*

DOE Response: Improving the relationship between the communities and DOE and its contractors is a goal of DOE. This was emphasized as recently as the 2016 Environmental Management (EM) National Cleanup Workshop held in September. DOE will consider this advice when structuring related contract requirements.

Contractor Selection Process Advice:

The Board advises DOE to:

- *Ensure that acquisition planning and key decisions about the contract, and the leadership of the Source Selection Board reside at the site level.*

DOE Response: The source selection personnel will include predominantly site expertise with DOE-Headquarters participation to ensure compliance with EM policy and support within the national cleanup effort.

- *Ensure that the evaluation criteria and weighting factors in the RFP reflect the site work scope priorities, the quality of the teaming companies and their commitment to key personnel, worker safety, and community support.*

DOE Response: DOE agrees that alignment of site work scope priorities, the quality of the teaming companies and their commitment to key personnel, worker safety, and community support are important selection factors and will consider them in determining final evaluation criteria.

- *Test not only technical expertise but also leadership and safety culture values as part of the scenarios used in the oral evaluation.*

DOE Response: If performed, oral evaluations will evaluate capabilities that are substantially relevant to a contractor team's ability successfully perform Hanford Site cleanup work.

- *Require a minimum three-year duration of key personnel.*

DOE Response: DOE agrees that continuity and commitment of key personnel is an important element of safe and compliant cleanup. DOE will consider this advice in establishing contract requirements regarding key personnel.

- *Conduct a formal evaluation of any new key personnel that transition into the contract during its duration to ensure that they have excellent project skills and leadership characteristics that recognize the importance of safety.*

DOE Response: DOE agrees that seamless transition of highly qualified key personnel throughout the duration of the contract is an important element of cleanup success. DOE will continue to make determinations regarding proposed key personnel replacements in accordance with contract requirements.

Transition Advice:

- *The Board advises DOE to require a fixed price project plan with a well-defined scope for transition. It should emphasize the need for transitioning the current work force and for integrating safety and quality assurance processes.*

DOE Response: Through discussions with industry, local elected officials, the HAB, and others, DOE received a wide range of compelling opinions regarding transition duration and cost structuring. DOE will consider this advice in our final determination of contract transition structure.

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Thank you again for your advice. We will welcome your comments on the draft RFPs, planned for release in 2017 and 2018. If you have any questions, you may contact Kris Holmes, RL, at (509) 376-5803, or Yvonne Levardi, ORP, (509) 376-8625.



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