

United States Government

Department of Energy

memorandum

DATE: MAR 5 2002

REPLY TO
ATTN OF: EM-40

SUBJECT: Environmental Management Team Review of Bechtel Jacobs Contract at Oak Ridge

TO: Jim Decker, Acting Principal Deputy Director
Office of Science

The Environmental Management Team has completed the review of the Bechtel Jacobs contract at Oak Ridge. The results (attached) indicate that the contract is an adequate mechanism to ensure work scope is identified and expectations for completing work in compliance with the core functions and principles of Integrated Safety Management are communicated, however, improvements in contract execution are warranted. Activities in four major action areas are necessary to address the review teams findings:

- 1) Complete all actions to crosswalk the work smart standards set to the orders of interest to the Defense Nuclear Facilities Safety Board, and make necessary contract modifications to incorporate missing requirements. (Office of Science)
- 2) Perform a verification of the site processes utilized to complete the work smart standards set crosswalk. (Environmental Management)
- 3) Modify the contract to immediately change the contract to allow all personnel to suspend work in imminent hazard conditions (with particular recognition of the role of the facility representative) and develop a contract management plan that addresses the weaknesses in contract execution. (Oak Ridge Operations Office directed by Office of Science)
- 4) Convene a team to evaluate and recommend a decision on the appropriate contract mechanism for this scope of work in the future. (Environmental Management)

Questions related to the review should be directed to Michael Weis of my staff at 301-903-7102 or if you prefer a briefing will be provided.



Jessie Hill Roberson
Assistant Secretary for
Environmental Management

Attachments

cc:

M. Weis, EM-40
J. Fiore, EM-30
P. Golan, EM-3
S. Johnson, EM-5
R. Butler, EM-4
J. Roberts, SC-1
L. Dever, DOE-OR

REVIEW TEAM

Michael J. Weis	Associate Deputy Assistant Secretary for Project Completion, DOE HQ
Howard B. Gnann	Deputy Assistant Manager for Material and Facility Stabilization, Savannah River, SC
Walter B. Scott	Senior Technical Advisor, Office of River Protection , WA
Matthew S. McCormick	Richland Operations Office, WA
John J. Mocknick	Program Manager, River Protection Office, DOE

CONTRACT AREA FOCUS

Incentives and Work Definition	Michael Weis
Operations, Research	John Mocknick
Work Authorization and Incentives and Contract Modification Analysis	Howard Gnann
Hazard Requirements for Contract Control	Walter Scott
DOE Policy and Directives	Matthew McCormick

SUMMARY STATEMENTS

- The Contract serves as an appropriate mechanism for DOE to establish clear expectations for contractor's cost, scope, schedule, performance, and also that all activities are to be performed in compliance with ISM (See Attachment III)
- The Contract allows the Department to unilaterally make any changes necessary to adjust expectations
- The Contract should be strengthened in DOE 's authority to suspend work and description of core competencies of contractor
- The Operations Office appears to be addressing previously identified Work Smart Standards and Safety Basis Documentation issues through comprehensive reviews.
- Contract execution lacks rigor and formality and is a significant weakness within the Operations Office

RECOMMENDATIONS FOR FOLLOW-UP

Action Area #1

- A) The Office of Science should develop specific commitments and dates for reconstituting the Work Smart Standards Set and completing evaluation of appropriate safety basis documentation for each activity
- B) The Office of Science should review and revise Authorization Agreements to ensure that documents included in the Authorization Basis are consistent and clearly identified

Action Area #2

- A) The Environment Management Team will, upon the Office of Science completing Action Area #1, perform a verification of the site processes utilized to complete the work smart standards set crosswalk

Action Area #3

Immediate

- A) The Office of Science should direct Oak Ridge Operations to immediately modify the contract to impart authority for anyone to suspend work in dangerous situations, particularly emphasizing the unique role of facility representatives
- B) The Office of Science should direct Oak Ridge Operations to develop and implement a DOE Oversight Plan until the contractor Work Smart Standards and Safety Basis issues are resolved.

Longer Term

- A) The Office of Science should direct Oak Ridge Operations Office (ORO) to develop a Contract Management Plan and Configuration Control Process to:
 - 1) better define what constitutes a contract cost, schedule & scope change
 - 2) develop a contract deliverable list with DOE and Contractor responsible organizations and staff and processes to ensure contract requirements are being met
 - 3) develop a timetable for acceptance/rejection of deliverables
 - 4) clearly define HCA, CO, and COR responsibilities
 - 5) integrate performance incentive development activities across the organization
 - 6) develop processes that ensure that standard changes and safety bases requirements are linked to baseline and funding changes
- C) The Office of Science should direct ORO to develop a contractual mechanism to document completion of WSS revisions and establish contractual agreement of requirements
- C) The Office of Science should direct ORO include a review of contract implementation in future ISM verifications
- D) The Office of Science should ensure that recommendations given by review teams such as DNFSB, HQ, Internal Review Teams, etc. are validated through the proper technical analysis and justification before they are incorporated as a contract modification

Action Area #4

- A) The Assistant Manger for Environmental Management shall convene a team to evaluate and recommend a decision on the appropriate contract mechanism for this scope of work in the future.

ORO PERSONNEL INTERVIEWED BY TEAM

Program Manager	POC	Contact #	Interview Date
Leah Dever	ORO Manager/HCA	865-576-4444	02/14/02
Robert Folker	Deputy ORO Manager for Business Affairs	865-241-8077	02/14/02
Lori Fritz	Deputy Assistant Manager for EM/COR	865-576-0742	02/14/02
Bob Sleeman	Group Leader, Environmental Services Group	865-576-0715	02/13/02
Marlena Clark	DOE Contracting Officer	865-576-0759	02/14/02
Melyssa Noe	Work Smart Systems/Change Control	865-241-3315	02/13/02
Carl Everatt	Authorization Basis Expert - On Detail From SRS	888-361-2701	02/12/02
Jay Mullis	Facility Representative -- Authorization Safety Basis	865-241-3706	02/13/03
Wayne Albaugh	Team Leader, Directive Management Group	865-576-0974	02/13/02
Karen Houser	Group Leader, Program Integration Team - WBS/ Performance Agreements	865-576-8957	02/13/02
Rick Ferguson	BJC -- Planning and Controls	865-241-1148	02/14/02

DOCUMENTS REVIEWED BY TEAM

Numerous documents for team review were collated into 11 Reference Books. In addition several miscellaneous documents were requested and also evaluated.

BOOK 1

Bechtel Jacobs Company LLC Summary or List of orders in Work Smart Standards:

- Letter from R.C. Sleeman to P.F. Clay, dated January 28, 2002, *Analysis of Orders of Interest to the Defense Nuclear Facilities Safety Board*
- Environmental Management and Enrichment Facilities Operations Work Smart Standards
- Engineering Design and Construction Work Smart Standards for Environmental Safety, and Health
- UF₆ Cylinder Program Work Smart Standards
- Appendix E Baseline List of Required Compliance Documents
- DOE Order of Interest to DNFSB That Are Not Currently in Bechtel Jacobs Contract
- Letter from John T. Conway to Robert Gordon Card, dated October 15, 2001, regarding the Department of Energy's Oak Ridge Operations Office review of the implementation of Bechtel Jacobs Company's Integrated Safety Management System

BOOK 2

Complete Set of Work Smart Standards and SRIDS in Bechtel Jacobs Company LLC Prime Contract:

- Letter from R.C. Sleeman to P.F. Clay, dated January 28, 2002, *Analysis of Orders of Interest to the Defense Nuclear Facilities Safety Board*
- Contract Requirement Change Notice #13
- Environmental Management and Enrichment Facilities Operations Work Smart Standards
- Engineering Design and Construction Work Smart Standards for Environmental Safety, and Health
- UF₆ Cylinder Program Work Smart Standards
- Emergency Management Standards/Requirements Identification Document
- Occurrence Reporting Standards/Requirements Identification Document
- Crosswalk of Directives of Interest to the DNFSB

BOOK 3

Bechtel Jacobs Company LLC Exhibit G – Proforma, Exhibit E – Technical Specifications and Exhibit E – Technical Specifications for Safety Authorization Basis Documents:

- Exhibit G – Subcontract Proforma – Environmental, Safety & Health Requirements Flowdown as a part of Subcontracts
- Exhibit E – Technical Specifications
- Exhibit E – Technical Specification for Safety Authorization Basis Document

BOOK 4

Bechtel Jacobs Company LLC ES&H Expectations

- Environmental Safety and Health Expectations for Fiscal Year 2002
- Environmental Safety and Health Metrics for Fiscal Year 2002

BOOK 5

Bechtel Jacobs Company LLC Management Description and Organization Chart

BOOK 6

DOE Management and Integrating Fixed Price Subcontracting Lessons Learned Study – Final Report

BOOK 7

Integrated Safety Management System Supplement

BOOK 8

Integrated Safety Management System Description

BOOK 9

Bechtel Jacobs Company LLC Quality Assurance Program Plan for Environmental Management and Enrichment Facilities at Oak Ridge, Tennessee, Portsmouth, Ohio, and Paducah, Kentucky

BOOK 10

U.S. Department of Energy, Oak Ridge Operations, Environmental Management, Management & Integration Contract, DE-AC05-98OR22700, Bechtel Jacobs Company, December 18, 1997

BOOK 11 (miscellaneous)

- Life Cycle Baseline Plan for FY 2002 (WBS)
- Performance Agreements for FY 2002 (PBI's)
- FY 2002 Work Authorization Letter to Mr. Paul Clay, BJC from Bob Sleeman, COR, ORO
- Memorandum designating Lori Fritz as COR for BJC Contract
- Memorandum designating Robert Seeman as COR for BJC Contract
- ORO O 250, Standards Management – Chapters 1 thru 8
- ORO Change Control Board Charter, EM-2.1 – Rev. 2
- ORO O 420 Chapter XI – Order on Development, Approval and Maintenance of Authorization Agreements
- ORO M 411.1-1D – Manual of Safety Management Functions, Responsibilities, and Authorities, Level II, for Oak Ridge Operations, October 31, 2000
- DOE Order O 541.1A – Appointment of CO's and COR's
- DAE Chung Report, February 1, 2002
- Bechtel Jacobs Company Diversity Plan
- Bechtel Jacobs Company Comprehensive Management Plan, June 1998
- Bechtel Jacobs Company Phase-In Report, June 1998 (Transition Plan)