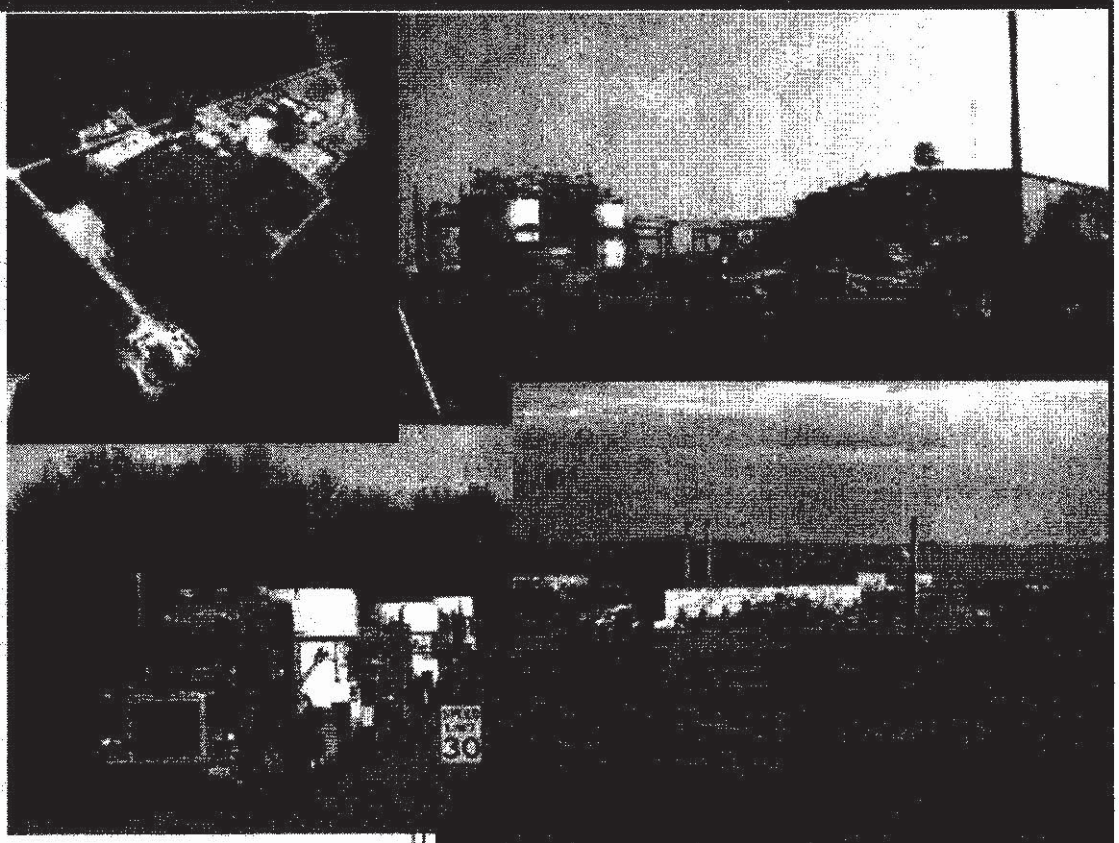
Attachment D: Office of Environmental Management FY 2011 Performance Agreement with the Assistant Secretary

FY 2011

Annual Performance Agreement with the Assistant Secretary



U.S. Department of Energy
Office of Environmental Management

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Office of Environmental Management
Performance Agreement with the Assistant Secretary

Overview

The Office of Environmental Management (EM) is working to complete the safe cleanup of the environmental legacy brought about from five decades of nuclear weapons development and government-sponsored nuclear energy research. For FY 2011, EM's commitments advance the program and management goals, priorities, and expectations of Assistant Secretary Inés Triay and move us toward a more efficient and effective organization. We have begun the difficult task of developing and implementing a new business model that reflects a management philosophy of empowering the Field with the authorities and resources necessary to successfully execute the EM Program mission. This business model also supports EM leadership's vision of creating an enduring management model that normalizes and enhances EM's ability to function as a high-performing organization. The expectation is that EM will perform at such a high level that the Government Accountability Office removes it from the list of high-risk organizations. This new business model will be a major step forward in achieving this goal.

Building on Our Success

Since the start of the EM organization in the late 1980s, we have accomplished much for the Nation in fulfilling our cleanup mission. In FY 2011, we will continue to build on our progress by improving our safety performance; realigning the Headquarters/Field authorities and resources; improving project performance; achieving excellence in leadership; and establishing strategic options for the EM portfolio.

Improving Our Processes

With the new business model, we are improving the measures for these commitments. They are more specific, quantified, and meaningful for managers, employees, and stakeholders. This agreement is the commitment by the Environmental Management leadership team to turn resources into results. We will continually improve EM as we create an organization that works better and costs less.

EM's primary responsibility is the safe cleanup of the environmental legacy. It is the purpose for which Congress established the EM Program. Programmatic success will be measured by *what* is accomplished, i.e., the number of sites restored, quantities of material treated and disposed of, amounts of soil and groundwater remediated, etc. However, overall success will also be measured by *how* the program is managed, i.e., through critical management goals such as safety performance, project and contract management, and excellence in business management practices and leadership.

Mission

To safely transform the environmental legacy into assets available for the Nation's future by completing quality cleanup work on schedule and within cost, delivering demonstrated value to the American taxpayer.

Vision

To be viewed as one of the best managed government programs and the employer of choice in the Federal Government.

Principles and Values

In February 2010, Secretary of Energy Chu issued seven management principles to guide the Department of Energy in fulfilling its mission and in its daily operations. The Office of Environmental Management has fully embraced these principles.

1. Our mission is vital and urgent.
2. Science and technology lie at the heart of our mission.
3. We will treat our people as our greatest asset.
4. We will pursue our mission in a manner that is safe, secure, legally and ethically sound, and fiscally responsible.
5. We will manage risk in fulfilling our mission.
6. We will apply validated standards and rigorous peer review.
7. We will succeed only through teamwork and continuous improvement.

In addition to the Department's Management Principles, the Office of Environmental Management has developed a set of core values that serve as the "rules of the road" on our journey to excellence.

1. We care about our mission, have a sense of urgency in the pursuit of our goals and a desire for quality in our work.
2. We demonstrate accountability by taking ownership, meeting our commitments, and admitting our mistakes.
3. We acknowledge and reward individual and team successes.
4. We talk directly and honestly to each other to resolve conflict in a timely and respectful manner.
5. We communicate clearly and concisely and check for understanding.
6. We ask for help when we need it and we look for ways to help each other succeed.
7. We have a questioning attitude and pursue issues until a decision is made.

Program-Related Commitments

EM continues to pursue its cleanup objectives within the overall framework of achieving the greatest risk reduction benefit per radioactive content and overlaying regulatory compliance commitments and best business practices to maximize cleanup progress. To support this approach EM has prioritized its cleanup activities:

- Essential activities to maintain a safe, secure, and compliant posture in the EM complex
- Radioactive tank waste stabilization, treatment, and disposal
- Spent nuclear fuel (SNF) storage, receipt, and disposition
- Special nuclear material (SNM) consolidation, stabilization, and disposition
- Transuranic (TRU) and mixed/low-level waste (M/LLW) disposition
- Groundwater and soil remediation
- Excess facilities deactivation and decommissioning (D&D)

Under each of our Program Goals, EM has established strategies that address our most significant goals. Under each strategy, and consistent with our budget for FY 2011, we have established "measures of success." In this FY 2011 Agreement, we have set forth a total of 21 program-related strategies and 15 measures of success.

The following Program Goals, strategies and metrics are our commitments for FY 2011 as we strive to raise the level of our overall performance. In several instances our metrics go beyond the levels defined in our individual performance plans and are intended to stretch the organization and develop a team commitment to EM's strategic goals. Where indicated, a few of the particularly demanding metrics are expressed as ranges with the intent to bound meeting versus exceeding expectations.

Goal 1. Complete the three major tank waste treatment construction projects within the approved baselines.

- Work with the Federal staff, contractors, and union representatives to ensure that the projects have the necessary tools (such as technology resources, innovative tools to maintain motivation, and a strong owner's presence) to succeed in the most efficient manner.
- Partner with national laboratories, industry, academia, and the Corps of Engineers to ensure the best scientific and engineering resources are used, so that the technologies selected for development and deployment and the design and construction approaches used will help reduce risk, lower cost, and accelerate project completion.
- Establish an integrated design/engineering testing and commissioning framework across the EM complex to support project teams and enhance technical decision-making.
- Use the Code of Record concept to only make project changes that are essential to project success.
- Use Construction Project Reviews (CPRs) to identify and assist in resolution of key project issues related to scope, cost, schedule, project risk management, and technical approach.

- Ensure the contract fee is aligned with completion of each capital asset.

Success will be measured by:

FY 2011 Metric 1.1: *Project cost and schedule performance indices between 0.9 and 1.15.*

FY 2011 Metric 1.2: *Ninety (90) percent of CPRs are performed as scheduled and demonstrate continuous improvement in the severity and impact of CPR recommendations.*

FY 2011 Metric 1.3: *Ninety (90) percent of Corrective Actions associated with recommendations identified in CPRs are finished within six months of the completion of each CPR.*

FY 2011 Metric 1.4: *Interim success parameters, including schedule milestone metrics for each project, are developed by 12/30/10, and are evaluated monthly and used to predict project success.*

Goal 2. Reduce the life-cycle costs and accelerate the cleanup of the Cold War environmental legacy.

- Develop an R&D roadmap for the development and application of advanced modeling and simulation tools to accelerate progress on EM challenges in 2011.
- Engage the Department's basic and applied research capabilities to develop novel methods for addressing high-level waste that can accelerate progress and reduce costs of this multi-decadal program.
- Prioritize the technology development and deployment (TDD), base, and applicable Recovery Act funds to best achieve this goal.
- Integrate and manage the TDD investment and insert technologies at appropriate maturity.
- Continue to use the National Academy of Sciences, Environmental Management Advisory Board, EM Technical Experts Group, and the expertise of EM Federal staff to inform us on how best to achieve reductions in the life-cycle cost for the tank waste mission.
- Provide Blue Ribbon Commission (BRC) information and cost benefits based on current plans and potential improvements.
- Use appropriate system planning models to demonstrate the benefit of deploying state-of-the-art technologies and/or more effective strategies in order to reduce the life-cycle cost of the tank waste cleanup mission.

Success will be measured by:

FY 2011 Metric 2.1: *The Enhanced Tank Waste Strategic Investment Portfolio (ETW-SIP) is developed by 9/30/11, consistent with EM's long-term vision to accelerate the cleanup schedule by six years at Savannah River Site (SRS), reducing environmental liability/life-cycle costs by $3 billion at SRS.*

FY 2011 Metric 2.2: *The Enhanced Tank Waste Strategic Investment Portfolio (ETW-SIP) is developed by 9/30/11, consistent with EM's long-term vision to accelerate the cleanup schedule by seven years at Hanford, reducing environmental liability/life-cycle costs by $16 billion at Hanford.*

FY 2011 Metric 2.3: *Ensuring budget planning such that both Hanford and SRS baselines reflect the new transformational technologies required to support the ETW-SIP by 9/30/11.*

FY 2011 Metric 2.4: *Ensuring that requirements and appropriate baseline planning at Hanford and SRS are complete by 6/30/11 to support the ETW-SIP using new transformational technologies.*

FY 2011 Metric 2.5: *By 9/30/11, developing and utilizing EM's strategic planning tools to identify the benefits of deploying state-of-the-art technologies and/or more effective strategies to reduce the life-cycle cost of the tank waste cleanup mission.*

Goal 3. Complete disposition of 90 percent of legacy TRU waste by the end of 2015.

- Centralize the characterization of small quantity sites' TRU waste in Idaho.
- Expand and enhance Central Characterization Program capabilities.
- Utilize shielded canisters to accelerate transportation and disposal of RH TRU wastes.
- Process and dispose of Large Box TRU, utilizing the TRUPACT-III.
- Align contract incentives at Waste Isolation Pilot Plant (WIPP) and TRU generator sites to support specific legacy TRU disposition targets each year.

Success will be measured by:

FY 2011 Metric 3.1: *Attaining a disposition rate of 6,000 to 8,000 cubic meters (meets/exceeds, respectively) of TRU waste across the EM complex by 9/30/11.*

FY 2011 Metric 3.2: *Completing the disposition of TRU waste from six to eight (meets/exceeds, respectively) of the eight small quantity sites identified in the Carlsbad Field Office (CBFO) TRU Waste Acceleration Plan by 9/30/11.*

FY 2011 Metric 3.3: *Meeting 90 percent of legacy TRU disposition related site regulatory milestones by 9/30/11.*

Goal 4. Reduce the EM legacy footprint by 40 percent by the end of 2011, leading to approximately 90 percent reduction by 2015.

- Utilize $6 billion from the American Recovery and Reinvestment Act.
- Work with regulators and stakeholders to ensure compliance and timely implementation of required cleanup actions.

- Focus on completion of EM activities (transuranic waste, low-level waste, soil and groundwater, and D&D) resulting in reduced environmental risks to the community.

Success will be measured by:

FY 2011 Metric 4.1: *Reducing the active EM footprint from 931 to approximately 560 square miles by 9/30/11.*

FY 2011 Metric 4.2: *Delivering on 90 to 100 percent (meets/exceeds, respectively) of EM's compliance commitments (acceleration of 46 milestones by 9/30/11).*

FY 2011 Metric 4.3: *Accelerating the legacy cleanup at Brookhaven National Laboratory (BNL), SLAC National Accelerator Laboratory (SLAC), and Separations Process Research Unit (SPRU) to allow completion by 9/30/11.*

Management-Related Commitments

EM continues to pursue its commitment to becoming a high-performing organization guided by its vision of excellence, core values, its Roadmap to Excellence, and the implementation of its new business model. To support this approach, EM has identified the following Management Goals, strategies, and metrics for our FY 2011 contract.

Under each of our Management Goals, EM has established strategies that address our most significant goals. Under each strategy, and consistent with our budget for FY 2011, we have established "measures of success." In this FY 2011 Agreement, we have set forth a total of 16 Management-related strategies and 18 measures of success.

Goal 5. Improve safety, security and quality assurance towards a goal of zero accidents, incidents, and defects.

- Ensure that EM sites and projects integrate safety, security and quality, and evaluate performance indicators that measure these functions, throughout the applicable life-cycle including procurement, design, engineering, construction, commissioning, operation, deactivation/decommissioning, and environmental restoration.
- Use sound science and engineering along with developing a proactive relationship with the Defense Nuclear Facilities Safety Board (DNFSB) to expeditiously resolve Board concerns and issues.
- Ensure EM Headquarters and Field elements continue to identify and deploy strategies and approaches that guarantee strong safety and security cultures are in place, such as Human Performance Improvement, performance and vulnerability assessments, and enhancement of the self-assessment process, focusing improvement efforts on areas of poorest performance.
- Employ a risk-based decision-making process for operation and decommissioning of EM facilities.

Success will be measured by:

FY 2011 Metric 5.1: *Maintaining an average Total Recordable Case rate of <1.3 and a Days Away from Work, Restricted Work or Transfer case rate of <0.6 – 0.7 (exceeds/meets, respectively).*

FY 2011 Metric 5.2: *Attain and maintain zero cases where poor quality assurance practices by vendors, subcontractors, and prime contractors results in the installation of defective equipment or software within EM nuclear facilities.*

FY 2011 Metric 5.3: *Attain a level of zero to 20 percent overdue action items (exceeds/meets, respectively) resulting from DNFSB letters or recommendations, as identified in the DOE Safety Issues Management System by 9/30/11.*

FY 2011 Metric 5.4: *Developing a concise statement by 9/30/11 that defines EM's vision that can be used to improve the effectiveness and focus of EM's annual ISM validation.*

FY 2011 Metric 5.5: *Developing an interim EM risk informed decision-making policy, and associated requirements and guidance by 9/30/11.*

Goal 6. Improve contract and project management with the objective of delivering results on time, and within cost.

- Use the EM Contract and Project Management Corrective Action Plan as a starting point and create an internal quality assurance process that will lead to successful and sustained execution of EM contract and project management improvements.
- Improve and expand the use of independent contract and project reviews, construction project reviews, peer reviews, and external independent reviews to keep contracts and projects aligned and on track. Conduct verification and validation reviews to ensure that performance data is credible and reliable.
- Strengthen the integration of acquisition and project management processes so that contract statements of work and deliverables are based on clear project requirements, robust front-end planning and risk analysis, ensuring that nuclear safety requirements are addressed early, and changes to contract and project baseline and the contract are managed through strict and timely change control processes.
- Complete restructuring of the EM cleanup projects into smaller, more definitive capital projects and non-capital operations activities. Adhere to DOE Order 413.3A for planning and execution of capital assets and follow the same discipline for managing the non-capital asset operations activities, e.g., establishing approval authorities, performance goals and metrics, project director designation, and change control procedures.
- Become a stronger owner by holding contractors accountable and pursue partnering relationships to create win-win scenarios, where both the Federal staff and contractor staff understand and respect the rules of engagement and build better business relationships. Also, build stronger relationships with oversight organizations to improve communications and demonstrate transparency and accountability in EM's contract and project management.

- Develop EM-specific cost estimating policy, guidance, historical cost databases, and expertise to improve our ability to perform Independent Government Cost Estimates as well as Independent Cost Reviews and validation of contractor-generated cost estimates.
- Invest in personnel development by providing training and career development in contract and project management.

Success will be measured by:

FY 2011 Metric 6.1: *Completing 90 percent of capital asset projects (initiated after the DOE Root Cause Analysis report was issued) within 10 percent of original cost and schedule performance baselines unless otherwise impacted by a directed change by 9/30/11.*

FY 2011 Metric 6.2: *Maintaining at least 95 to 98 percent (meets/exceeds, respectively) of project performance data reporting in IPABS/PARS II error free by 9/30/11.*

FY 2011 Metric 6.3: *Approving 80 percent of contract performance baselines within 180 days from contractor's final accepted submission.*

FY 2011 Metric 6.4: *Finalizing 80 percent of change orders within 180 days.*

FY 2011 Metric 6.5: *Negotiating 90 percent of project changes that require contract modifications in advance of Acquisition Executive approval by 9/30/11.*

FY 2011 Metric 6.6: *Managing life-cycle costs within five percent of current EM program portfolio using FY 2011 Budget and Planning Guidance by 9/30/11.*

FY 2011 Metric 6.7: *Implementing partnering agreements for at least five major contracts by 9/30/11.*

FY 2011 Metric 6.8: *Ensuring 85 percent of contracting series workforce has appropriate certification.*

FY 2011 Metric 6.9: *Ensuring 90 percent of projects have Federal Project Directors certified at the appropriate level assigned to projects no later than Critical Decision 3.*

FY 2011 Metric 6.10: *Achieving EM overall prime contract small business goal of five percent.*

Goal 7. Achieve excellence in management and leadership, making EM one of the best places to work in the Federal Government.

- Benchmark best-in-class agencies (the Nuclear Regulatory Commission ranked number one in this year's Partnership for Public Service [PPS] survey) and develop improvement plans in the areas of leadership, planning, performance tracking, work/business processes, customer service/relations, and accountability.
- Utilize the Federal Employee Viewpoint Survey (EVS), the PPS Survey, and follow-up targeted surveys such as 360-degree evaluations to address those attributes of management and leadership that EM must direct particular attention to if it is to become best-in-class in the Federal Government.
- Create an EM Continuous Improvement Program that incorporates all lessons learned from previous oversight reports to improve the efficiency and effectiveness of EM operations.
- Establish sustainability goal targets for Field Offices and projects.
- Support DOE corporate management improvement initiatives.

Success will be measured by:

FY 2011 Metric 7.1: *Developing and implementing a Continuous Improvement Program by 3/31/11 and measuring performance through monthly reviews.*

FY 2011 Metric 7.2: *Implementing 75 percent of recommendations of the Employee Viewpoint Survey Working Group and soliciting feedback by 9/01/11.*

FY 2011 Metric 7.3: *Conducting benchmarking with best-in-class agencies by 3rd Quarter FY 2011, and performing a gap analysis and developing recommended actions to close gaps by 9/30/11.*

Measurement and Monitoring of Performance

To maintain focus, a sense of urgency, and to have a real impact on performance, there will be periodic reviews of progress, discussion of difficulties encountered, and agreement on appropriate actions. These reviews will be held between the Assistant Secretary and/or her designees and EM's management leadership. Any specific reporting requirements will be developed jointly with the EM managers.

Assistant Secretary Support

In order to accomplish the goals herein described, it is the Assistant Secretary's objective to provide visible, high profile support by:

- Ensuring that the necessary resources are in place to promote the success of these goals;
- Communicating goal achievement and progress periodically through EM Updates, EMFEDCAST and other media;
- Championing each X-Team's efforts to implement their action plans;

- Formally recognizing superior efforts in achieving goals through incentive awards; and,
- Communicating, negotiating and mitigating responses and issues with senior Department and private sector officials.

Terms of Agreement

This agreement is intended to improve the internal management of the U.S. Department of Energy's Office of Environmental Management and is not intended to and does not create any right, benefit, trust or responsibility, substantive or procedural, enforceable by law or equity by any party against the U.S. Department of Energy, its agencies, its officers, or any person. This agreement will remain in effect until modified. It is expected that it will be updated annually to reflect significant changes in budget, policy, personnel or other factors that may affect the accomplishment of objectives. This agreement represents our joint commitment to an EM that works better, costs less, and fulfills our sacred trust to the American People.