

ECA Press Release: June 4, 2015



Changing Course: The Case for Sensible Acquisition Reform at DOE

New Energy Communities Alliance Document Outlines Recommendations to Improve DOE's Contracting Process, Encourage Competition and Increase Community Engagement

The Energy Communities Alliance (ECA) today released [*Changing Course: The Case for Sensible Acquisition Reform at DOE*](#)

The successful and safe operation of Department of Energy (DOE) sites is of paramount importance to the adjacent communities. Virtually all of the major prime contracts in DOE's Office of Environmental Management (DOE-EM) and NNSA's portfolios are set to expire between 2016 and 2019 (if not extended), setting up an unprecedented period of contract re-competition over the next four years. DOE 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.

In order to best position DOE for the next round of contract competitions, a number of important changes are needed in DOE's approach to acquisition planning, DOE should:

1. **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

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successes and builds capacity to deal with potential high volume of contracts in the procurement system.

2. **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.
3. **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
4. **Contracts should incentivize development, deployment and eventual transfer of new technologies.**
5. **Acquisition planning should originate at the site level and site participation should continue through Source Evaluation Board membership, with DOE headquarters support.**

DOE's effort to shift more risk to contractors through fixed-price and cost-capped contracts, fee claw-back and other measures has resulted in significantly decreased competition for recent DOE contracts and, more importantly, has been a severe impediment to the completion of work on several existing contracts. At the same time, community and site-level input into contracting strategy is diminishing and subcontractors whose vitality is critical to local economies are seeing a similar decrease in their roles and opportunities. Although many companies have supportive corporate programs for community engagement, in today's Low Price Technically Acceptable (LPTA) contracting environment these behaviors are not recognized nor encouraged.

These trends are not in the best interests of the DOE or its host communities. ECA has proposed a process to address these concerns and move DOE towards contracts that will accomplish DOE's goals.

ECA is the non-profit organization of local governments which host, or are adjacent to DOE sites.

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ECA Vice-Chair, Mayor Steve Young of Kennewick, WA who led ECA's committee said that "we want to work with DOE to ensure that the contracts work for DOE, the community and the Nation."

ECA Chair Chuck Smith, Councilmember, Aiken County, SC said the "ultimate success of—these new contracts is vital to the overall nuclear security and nuclear waste cleanup mission in the United States, the health and viability of the communities that host these sites, the strength of the future workforce and the sustainability of businesses—both small and large—that take on these unique tasks."

A full copy of *Changing Course: The Case for Sensible Acquisition Reform at DOE* can be found on our website www.energyca.org. For further information contact Kara Colton, Director at ECA at 703-864-3520 or kara.colton@energyca.org.

<http://www.energyca.org/PDF/AcquisitionReform.pdf>

Changing Course: The Case for Sensible Acquisition Reform at DOE is the work of a committee that is written from the experience of local governments that host defense nuclear facilities, which have been and will be most impacted by any policies regarding nuclear waste cleanup and management. ECA's leadership consists of mayors, councilmembers, commissioners, chairpersons, judges, city and county managers, Community Reuse Organization executives and board members, economic development professionals, and others. We developed of this paper and provided input into the realities of dealing with DOE's contracting since the early 1990s, including the benefits and challenges.