



Department of Energy
National Nuclear Security Administration
Savannah River Site
P.O. Box A
Aiken, South Carolina 29802



December 1, 2011

Mr. Dennis J. Donati
Vice President, NNSA Programs
Savannah River Nuclear Solutions
Aiken, South Carolina 29808

Dear Mr. Donati:

Subject: Savannah River Nuclear Solutions (SRNS) Performance Feedback Summary

Enclosed is the NNSA Site Engineering and Project Integration Division (SE&PID) feedback on SRNS performance for the Year End 2011. Section I provides feedback on performance covered under PBI SRNS2010NNP Contract Output #6. Section II provides feedback on other highlights and issues of significance to the SE&PID organization.

The action taken herein is considered to be within the scope of the existing contract and does not authorize the contractor to incur any additional costs (either direct or indirect) or delay delivery to the Government. If the Contractor considers that carrying out this action will increase contract costs or delay any delivery, the Contractor shall promptly notify the Contracting Officer orally, confirming and explaining the notification in writing within ten (10) working days. Following submission of the written notice of impacts, the Contractor shall await further direction from the Contracting Officer.

Please direct any questions to me at 803-952-3460.

Sincerely,

William D. Clark, Director
Site Engineering & Project Integration Division

NA-12-014

Enclosure:
SRNS Performance Review Summary

cc w/encl:

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**NNSA/OFFICE OF FISSILE MATERIALS DISPOSITION
SITE ENGINEERING AND PROJECT INTEGRATION DIVISION (NA-262) SRS
SRNS Performance Review Summary – Year End 2011**

I. PERFORMANCE BASED INCENTIVE

PBI SRNS2011NNP, Contract Output #6: Execute SRNS assigned work related to NNP Pu Disposition Infrastructure and associated work activities by providing cost-effective support for those activities common to the nonproliferation program and projects.

Completion Criteria:

1. Prepare and maintain the MOX Feed Gap Analysis Study to the target PDC funding by October 30, 2010.
 - **Status:** Completed. Effort to update feed study to align with PDC CD-1 target funding was overcome by evolving conditions and then by the business case evaluating reduced program requirements for PDC. Since completing the business case, NNSA has further directed an additional alternatives study. SRNS continues to provide excellent support to these other initiatives, including necessary objectivity.
2. Prepare a Needs Assessment for a multi-purpose building line item project by March 31, 2011, to support the FY2013 budget process.
 - **Status:** Completed. Needs Assessment was completed on time by SRNS. This PBI has been paid.
3. Prepare a review quality draft of an updated Pu Disposition Program Execution Plan within 60 days of receiving written guidance from NNSA on content and major programmatic assumptions. For planning purposes, assume delivery of the product in the 4th quarter of FY2011. The plan must be consistent with and integrated with other site strategic and system plans.
 - **Status:** Completed. SRNS provided a draft Program Execution Plan for NNSA based on the current status of the program. NNSA continues to provide guidance and input to SRNS on the content of the PEP.
4. Update, analyze, and issue the Pu Disposition Integrated Program Schedule not less than quarterly.
 - **Status:** Completed. SRNS has issued a quarterly update, as requested. Since no new schedule information for the PDC alternative is available at this time, the schedule has not been disseminated further. SRNS very quickly provided multiple iterations to the level 1 schedule at NNSA's request.
5. Support two semi-annual project and program reviews consistent with the content and format requested by NNSA-HQ.
 - **Status:** Completed. SRNS provided excellent support for the FY 2013 Budget Request, submitted in March 2011. SRNS also provided excellent support for the FY 2010 End-of-Year review, conducted in November 2010 and the FY 2011

Mid-Year review, conducted in July 2011. In addition, SRNS completed the FY 2011 WAEP, submitted in September 2011.

6. Maintain all required Interface Control Documents (ICDs) for the Pu Disposition Program including development of revisions or new ICDs as requested by NNSA.
 - **Status:** Completed. ICD updates complete. SRNS completed the revisions of both the AFS and Pantex ICDs on the schedule requested by NNSA. SRNS demonstrated excellent coordination among the other sites/entities involved in the ICDs and facilities timely reviews in order to complete the deliverables as requested. Other activities include:
 - A. SRNS staff worked well with MOX Services to complete the Solid Waste ICD, which involved interface and coordination of numerous SRS organizations.
 - B. SRNS supported a major revision to the LANL-SRS ICD and provided technical support to NNSA to aid in negotiating changes with MOX. This including performing statistical analysis of data and providing strong recommendations to support changes.
 - C. SRNS provided direct support of many interface meetings with MOX Services and assisted NNSA in identifying and resolving issues.
7. Support the development of the Surplus Pu Disposition Supplemental Environmental Impact Statement (SEIS), including:
 - A. Provide timely, quality responses to data calls for technical input for SRS facilities and capabilities.
 - B. Provide technical and programmatic support to NNSA in the development of responses to comments, analysis, revisions, and additional data required for the SEIS.
 - **Status:** Completed for this FY. SRNS continues to provide timely support for the SEIS. SRNS has done excellent work in developing a revised data call for the expanded H Canyon/HB-Line work scope under consideration. SRNS continues to provide timely coordination and response to SEIS related issues and questions.
8. Develop a Test Plan with Los Alamos National Laboratory to demonstrate 3013 container equivalency is achieved at a lower oxidation temperature.
 - **Status:** Completed. This was a new PBI in added at the start of the last quarter of FY 2011. SRNS proactively worked with multiple parties and organizations to develop a test plan amenable to all interests. Test plan was successfully routed, signed and approved. SRNS continues to coordinate the execution of the test plan.
9. Demonstrate leadership and management of the NNSA Pu Disposition Program through development of an organizational entity that provides timely, quality, contractor-neutral information, recommendations, reports, and studies. Ensure that business systems and management structure are adequate to provide clear ownership of the Pu Disposition Program within SRNS, to provide a direct counterpart to NNSA

NNP organizations at SRS, and demonstrate SRNS's commitment to providing the resources necessary to support the projects and programs that make up the Pu Disposition Program.

- **Status:** SRNS, overall, has continued improvement in support of the program and NNSA's needs for timely, objective data and analysis, and in many areas is beginning to be proactive. SRNS provided excellent support in finalizing the Pantex Material Storage and Staging Study. They provided excellent, on-the-spot support for a number of briefings and studies regarding options for providing plutonium oxide for the program. This demonstrates their ability to provide unbiased technical and programmatic support for NNSA in the plutonium disposition program.

SRNS staff at the Environmental and Bioassay Lab, Central Sanitary Sewer, and Environmental Permitting provided excellent and timely support to MOX Services in managing their hydrocutting wastewater. Their staff in Regulatory Integration and Environmental Services provided proactive support for the Wood Waste Initiative and assistance with managing hazardous waste disposal for WSB.

SRNS has continued to add limited but high quality staff to the program in a measured approach. NNSA's overall analysis for this subjective PBI is that the contractor has made sufficient progress improving and reinvigorating the Plutonium Disposition Program function that the full allocation of \$100,000 has been earned. Continued improvement in these areas will be required in FY 2012.

10. Conduct program and project management activities supporting NNSA's nuclear nonproliferation program in a safe, secure, and responsive manner. Performance elements include:

- A. Financial Management – budget and financial deliverables will be provided per the Planning, Programming, Budget, Evaluation process.

- B. Program and Project Management – SRNS will manage their portions of the nuclear nonproliferation program consistent with the NNSA Program Policy in an integrated, professional manner. Provide technical information, advice and program management functions that must be strategic in nature and focused on the best interests of NNSA and the program at the forefront.

- **Status:** This was a new PBI added just prior to the start of the last quarter of FY 2011. SRNS, overall, has provided good support in the broad management areas of financial management and program/project management for the plutonium disposition program. NNSA acknowledges that this short time frame did not provide SRNS with time to focus on all areas requiring improvement. Our evaluation of this subjective incentive is therefore focused on the improvements that have been made and the areas that require further attention.

In recent months there have been a number of initiatives to improve the timeliness and quality of communication between NNSA and SRNS and within SRNS corporately. There are some positive trends but overall these management focus areas require more than a reasonable amount of NNSA's time and participation.

SRNS has developed an organizational structure and staff that will support NNSA's PPBE process during the entire budget cycle. Improved budget planning and execution products are expected to be the result. The FY 2012 WAEP was more consistent and streamlined this year than in the past.

SRNS has also stepped up to assist NNSA in interfacing with H-Canyon/H B-Line and their EM organizations on potential plutonium oxide production missions. They have quickly become knowledgeable of this capability and are providing the appropriate leadership and representation of NNSA's interests.

The quality of NNP-related deliverables from SRNS has improved significantly. Work products are typically thorough and of good quality and a sense of ownership has been demonstrated. SRNS has demonstrated responsiveness to NNSA's requests for support both programmatic and technical.

These positive trends in demonstrating SRNS's leadership in the plutonium disposition program are balanced by a continuing need to demonstrate a commitment to corporate resolution of site issues. There continue to be examples of EM-focused issue resolution and priorities. Some specific areas of concern include:

Plutonium Disposition Program Focus – NNSA expressed significant concern on a proposed corporate reorganization that NNSA perceived as blurring the lines of responsibility with respect to managing the plutonium disposition programs at SRS. While changes were made to address these concerns, NNSA remains concerned that multiple organizations may be representing the plutonium disposition program to other NNSA sites or NNSA management that do not have direct responsibility for the program. NNSA further believes that the organizational approach will be less efficient and require significantly more management attention than a more focused approach.

Communications Support – Recognizing that the NNSA missions at SRS are a major contributor to the site's future, SRNS has not been proactive in identifying opportunities to support our communications and outreach efforts for the program or to raise the level of SRNS awareness to NNSA's needs in this area. Continued focus in this area is required.

Financial Realignment – The proposal for realignment of costs for landlord services (primarily essential site services) was not as refined as it could have been and seemed more focused on identifying work scope that must be purchased from SRNS rather than defining the minimum services necessary. The initial proposal for costs to be spread to all users included overhead of scope items specific to SRNS and not all tenants (e.g., costs for maintenance of buildings and facilities that do not benefit all site tenants).

Based on the foregoing analysis and the limited opportunity provided to SRNS to perform under this subjective incentive, the overall performance by SRNS is rated as "Good to Very Good" with a numerical score of 75. Therefore, it is recommended that SRNS be awarded \$600,000 out of the \$800,000 fee assigned to this incentive.

II. OTHER PERFORMANCE HIGHLIGHTS AND ISSUES

- Overall, SRNS is providing very good support to the NNP program and NNSA's highest priority issues. They have been very proactive in assisting MOX Services in getting their work done, such as aid in disposing of 200,000 gallons of scavenger wastewater, providing excellent assistance in permitting activities, and working with numerous departments to gain approval of ICDs.
- SRNS has taken a proactive role in developing the Wood Waste to Fuel initiative, and is working very effectively with other site agencies, Ameresco, and Three Rivers Landfill representatives.
- No environment, safety, and health related performance issues noted.