

# Environmental Management Advisory Board

## Office of Environmental Management Assessment of Human Resources to Implement the End State Contracting Approach

September 2019

### Introduction

A charge was issued by the Assistant Secretary for Environmental Management in March 2019 that provided direction to the Environmental Management Advisory Board (EMAB) to conduct a review focused in two areas; 1) review the Environmental Management (EM) organization for effective and efficient alignment to achieve accelerated clean-up; and, 2) review the approach to the End-State contracting initiative under implementation. The charge, as issued was as follows:

**Build a Sustainable EM Organization with Skills to Ensure Readiness for Future Challenges.** EM seeks the Board's advice on how to improve the effectiveness of the EM organization to advance cleanup. To effectively implement this approach, EM seeks the Board's advice on how EM can optimize staffing across a large geographically separated complex and how to address the resource needs, identify potential gaps and options to fill the gaps, especially in light of recent and upcoming anticipated retirements associated with an aging federal workforce. Anticipated to be the first of several organizational reviews/analyses, EM requests the Board to begin with a review of the federal staffing needs that will be required to successfully deliver the EM mission. The Board will receive a series of briefings on EM priorities and initiatives. The Board will also have access to relevant information including EM's 2019 Workforce Analysis and Plan. This Plan is based on a detailed analysis of the workforce, including the baseline, identification of gaps and surpluses, and options for closing the gaps, and includes consideration of succession plans needed to maintain readiness for future

challenges. The HQ and field-level plans should be available in the May timeframe.

Proposed lines of inquiry for EMAB in the charge included:

1. (A) Is the EM organization aligned to execute its current mission? (B) What expertise and capabilities are needed for future mission needs?
2. Are federal resources sufficient to implement EM Assistant Secretary's initiatives? If not, what are the gaps, and what viable options exist for filling the gaps? Are there additional options for closing gaps that should be considered?
3. How could EM increase the speed in which it can bring new staff on board? Is the organization set up to handle proposed changes?
4. Are there new approaches that could be considered, such as leveraging capabilities that exist across the entire EM complex? Is the plan to ramp up capabilities achievable? What's the expected timeline?
5. Where do resources currently stand at Headquarters (HQ), in the Field, and with contractor support? How can we leverage existing resources? Are there options for closing gaps that EM has not considered?
6. Is the EM organization, both HQ and field sites, properly aligned/structured to execute current and future mission activities? As EM shifts towards a completion mindset and closure of sites, how will the EM organization need to adjust?

The EMAB received further guidance and redirection in June of 2019, to limit the focus of the subcommittee's efforts to reviewing the approach to and implementation of End-State contracting to include organizational structure, HQ and Field Office alignment and resource and capabilities gaps to successfully implement this new contracting approach.

**The following EMAB members comprised the Subcommittee formed to address this topic:** Ms. Tracy Mustin (Co-Chair), Ms. Carol Johnson (Co-Chair), Ms. Carolyn Huntoon, Mr. Frazer Lockhart, Mr. Tim Runyon, Mr. Jim Rispoli, Mr. Mark Fallon

## Approach

The EMAB's approach to this review was to conduct interviews with key staff from the Department of Energy (DOE) HQ, Consolidated Business Center (CBC) and the Hanford Site Office, all who have a role in the development and implementation of the End State Contracting approach. Hanford was especially important because Hanford is actively engaged in the acquisition process and will be the first site to award Indefinite Delivery/Indefinite Quantity (IDIQ) contracts consistent with the End State Contracting vision. To support the interviews, lines of inquiry were developed and provided in advance to the interviewees to help facilitate the discussion. The Observations and Recommendations found in this report are based on limited document review and interviews and are also informed by the professional experience/expertise EMAB members.

Lines of inquiry are as follows:

1. Do you have a clear understanding of the end state contracting approach?  
Are you staffed and organized to deliver?
2. Is DOE HQ and Field currently organized (structure and roles & responsibilities) and working together to effectively support implementation of the end state contracting model?
3. What do you need from HQ in order to be successful in End State Contracting? Is that being delivered already? What do you get from HQ that is detrimental to accelerating work and end state contracting?
4. How well equipped are you from a capabilities perspective to implement the End State Contracting approach? What are your specific human resource capability gaps? What is your plan to utilize resources within DOE but not at your site office? Is the current contracting authority sufficient?
5. What roles in the contracting function do you currently subcontract? Do you see areas where you can increase the use of subcontractors to accomplish near-term goals towards end state contracting on the Federal side?
6. What is your plan to support the cultural change as it relates to the End State Contracting approach? What HQ support is required?
7. What worries you most about implementation of end state contracting?

In addition, the subcommittee reviewed data provided found in the 2019 EM Workforce Plan documents, the 2013 DOE Acquisition Human Capital Staffing Model, and other resource related data.

## Observations and Recommendations

The observations and recommendations provided below are based on the interviews, the data provided and the collective experience and judgement of the EMAB members. The Subcommittee did not perform an exhaustive human resource analysis but rather used the information provided and reviewed to inform our thinking as we developed our observations and recommendations.

**Overarching Theme:** Considering all the information gathered, it is the view of the EMAB that for End State Contracting to be successful, it is essential for EM senior leadership to reaffirm its commitment to the End State Contracting approach to all parties (federal, contractor, regulator, stakeholders). Based on our review, focus and priority should be placed on the planning, communication and resources necessary to effectively deliver the End State Contracting model.

A comprehensive End State Contracting Plan is necessary to provide a clear vision and strategy for implementation. The EMAB heard almost universally that communication up, down and across the organization should be improved. The Plan should provide a framework to improve communication and build commitment throughout the organization and with stakeholders.

Additionally, resources required to implement End State Contracting must be viewed as a priority for hiring and retention and be considered a highly valued capability within the program. EM's philosophy relative to human resource management in this area is also critical to success. It is imperative for EM to maintain a strong focus on resource allocation, hiring and/or obtaining critical skills and retaining those critical skills under the broad umbrella of contract management. With the shift to the End State Contracting approach, contract management becomes an even more critical aspect of business within EM.

The recommendations laid out below focus on these three areas of program planning, communication, and resources.

### **Observation 1: End State Contracting Program Plan**

It is not clear that there is a common understanding of goals, objectives and desired outcomes of the End State Contracting approach. The objective of the End State Contracting effort is to pivot from process-based (5yr + 5yr) contracting and to focus on more effective utilization of limited funding to reduce risk where work scope can be defined and executed over immediate timeframes, therefore demonstrating reduction in environmental liability in the near term. There is not a common understanding of this desired outcome throughout the organization. In order to execute End State Contracting effectively, the field and headquarters, contractors, regulators, and stakeholders must be aligned with common understanding of the objectives, roles and responsibilities, and requirements to get there.

### **Recommendation 1 – End State Contracting Program Plan**

As explained to the Subcommittee, a key driver for this entire effort is to utilize limited funds in a more effective way to reduce risk and therefore environmental liability. In her written statement before the Senate Subcommittee on Strategic Forces, Committee on Armed Services in May 2019, Ms. Anne White, Assistant Secretary for Environmental Management, stated, “end-state contracting is not a contract type but an approach to creating meaningful and visible progress through defined end-states, even at sites with completion dates far into the future. This is intended to create and motivate a culture of completion.” Many respondents expressed uncertainty about the degree to which EM is committed to End State Contracting as the central priority of acquisition and project delivery strategy.

Based upon these interviews the EMAB recommends that EM reaffirm and clarify this. One approach would be for EM to formalize and document its plan for the implementation of the End State Contracting approach. Such a plan would provide an overarching vision and strategy to all stakeholders – Federal staff at Headquarters and the Field, regulators and the contractor community and could also be the basis for an associated comprehensive communications and training initiative. Such a plan should also include an overall master schedule for

implementation, the roles, responsibilities, accountabilities and authorities of all the parties involved including responsibility for critical decision-making and the workforce planning that will be required in order to successfully implement.

We suggest to DOE EM that new contracts beyond those currently in progress at Hanford would benefit greatly from pursuit of the actions recommended below.

- Develop an overarching End State Contracting Program Plan that defines the vision, how priorities are established, roles and responsibilities of each entity within the DOE. This will provide the necessary strategic view to all stakeholders, helping to communicate the 'why' this approach is being undertaken.

The plan should also include a decision map for End State Contracting that sets out the key decisions required to implement the essential work streams and decisions in a timely and efficient fashion. These include: effective acquisition, contract management, regulatory interactions (e.g., Tri-Party Agreement revisions in the case of the State of Washington), IDIQ task order development, change management, requirements development or amendments, and workforce planning. We recommend that EM could develop RACI Matrix (Responsible, Accountable, Consulted, Informed) for End State Contracting that clarifies roles and responsibilities at every level of the organization. This clarity will enable EM to allocate resources where they are needed to support these work streams.

- As an accompanying step, we recommend that EM develop and implement End State Contracting Project Execution Plans (PEP) at each site to guide the specific activities required to implement the End State Contracting approach. The plans would treat each contract as a 'project', defining the objectives and communicating goals to both HQ and Field Staff. The plans could also be used to cultivate the culture change and further explain the concept of 'end state' as it applies to the specific site.
- Accompanying the PEP, we recommend forming an Integrated Project Team (IPT) for each site consisting of representatives from DOE HQ, Field Offices, and the Consolidated Business Center. IPTs could play a significant role in formulating task order scopes for the ensuing years, interacting with

regulators, incorporating lessons learned in follow on tasks, and resolving problems. CBC representation could provide broader perspective as they will be involved in this contracting approach across multiple sites.

- Develop a timeline, considering the lessons learned from Hanford, which provides a schedule for future contracts (Phase 1 and Phase 2). This provides a means of communicating general expectations to all stakeholders.

## **Observation 2: Communication**

Effective communication is key to the successful implementation of any initiative involving significant process and cultural change. In the case of the End State Contracting approach, the EMAB heard almost universally that communication up, down and across the organization could be improved. Communication is needed to explain:

- what it is and what it isn't,
- what is expected of the workforce,
- what this means with respect to existing regulatory commitments, and
- how this initiative will change how the work gets done.

## **Recommendation 2: Communication**

Across most interviews, concerns were raised relative to various levels of understanding and awareness as to why, what and how this initiative was being undertaken. Because of the significant nature of this change in approach, we recommend EM consider the following:

- Develop and implement a communications plan associated with the End State Contracting initiative. It is suggested the plan include general awareness communication to employees accompanied by an opportunity to submit questions. The communications plan could describe how on-going communication up and down the Federal organization will take place to ensure full understanding of progress and issues as this new model is implemented. Consider additional 'town hall' or 'all hands' type meetings to reinforce the priority and importance of the approach and the key

messages of the why, what and how related to end state contracting.

These meetings will provide an opportunity to share and reinforce the shift in philosophy of EM to focus on contract management.

- Consider the increased importance of continuous partnering among all of the parties who will be critical to execution of Phase 2 (i.e., follow-on task orders). This includes the Federal staff (HQ and the Field), the contractor, regulators, and local stakeholders.
- Because of the importance of lessons learned from the first contract awards, it is suggested the plan consider ways to document and communicate lessons learned in a formal manner with the opportunity for staff to ask questions and/or receive additional training. Lessons learned should consider input from contractors, HQ, CBC and regulators in order to capture the broad learning.

### **Observation 3: Human Resource Capabilities**

The EM program is largely dependent upon effective contract management. The importance of “contract management” as a mission priority and therefore the need for it to be a technical career path within EM is essential to the success of End State Contracting.

The need for additional resources to support execution of the EM mission was identified as a common theme, even pre-dating the development of the End State Contracting approach. Several factors have contributed to this challenge: the demographic of the EM workforce and the opportunity for long-term employees to retire; a competitive job market that is often more attractive to recent graduates and mid-career professionals; the need to aggressively develop and train early career professionals; and recent hiring freezes and/or hiring restrictions within DOE, at least partially driven by funding limitations. Based on the interviews conducted and a review of recent workforce planning data, human resource needs have been identified at all levels within the EM organization. While many of the resource gaps can be tied to execution of the End State Contracting approach, many can also be linked to the ongoing technical and administrative/regulatory requirements that are fundamental to execution of the EM mission.

Preparation of the detailed End State Contracting Program Plan mentioned above can also serve as a basis for the identification of specific human resource needs at the different levels within the EM organization. The EMAB heard consistently that shortfalls currently exist in certain job series and capability areas, with the following specifically and frequently mentioned: contracting professionals (Contracting Officers and Contract Specialists in Series 1102) and the technical staff necessary to support requirements definition, to conduct cost and price analysis, and to provide effective technical contractor oversight.

Clear delineation of the roles and responsibilities at the different levels within the EM organization (i.e., HQ and CBC, and the Field Offices) is also key to specific identification of human resource needs. Based on what we heard, responsibilities for execution of Phase 1 of the End State Contracting approach (i.e., pre-award and award of initial contract tasks) will be largely driven by HQ and the CBC, while Phase 2 (i.e., post-award execution and oversight and award of follow-on tasks) will be a Field-driven responsibility. “Who” is needed “Where” and “When” will become clearer once these expectations are clearly laid out.

As part of any human resource analysis a realistic evaluation of “inherently federal” requirements may be necessary so that contractor support needs can also be estimated. Given the overall mission to “complete” clean-up, hiring federal staff may not always be the best answer. Contracting officers were a consistent need and must be hired as Federal staff but many needs can be acquired through technical service subcontracts. Given the attrition rate, it is important for EM to quickly address this issue or risk failing in the implementation of this model.

### **Recommendation 3 – Human Resource Capabilities**

We offer several recommendations for EM consideration to address the staffing issues associated with the end state contracting model.

- Conduct a more detailed human resource needs analysis to identify the critical resources required at HQ, at the CBC, and at each site queued for near-term implementation of the End State Contracting model. This analysis should be conducted consistent with clear delineation of roles and responsibilities at each level of the organization. However, there appear to

be critical contract management resources required immediately. Therefore, near-term needs should not be held up awaiting this action to be completed.

- Seek blanket approval to hire externally for positions specifically needed to achieve success and efficiency in implementing the End State Contracting model. This, however, should consider the broader roles within the umbrella of contract management required to implement, such as technical staff required for defining scope and supporting the contract effort and those with expertise in cost and budget analysis, program management, etc.
- Consider sharing critical resources across sites, with the understanding that resources will be needed for the duration of the assigned task. Any use of shared resources should include provision for firm commitments that cannot be withdrawn until agreed tasks or time period are complete.
- Explore ways to build/develop Contract Management as an identified mission critical career path within EM. These types of positions require a full range of expertise such as technical, business, and communications and will be critical especially in implementation of End State Contracting Phase 2 in the Field.
- EM should also consider how to make it more career enhancing for Federal employees to participate in critical temporary assignments (e.g., assignments in support of the acquisition process such as serving on or as Chair of a Source Selection Board (SSB)), such as making participation a prerequisite for certain EM leadership positions. These assignments are high priority, labor intensive, and carry great responsibility. They also typically come with a requirement to step away from routine responsibilities.
- Review and revise existing support services contracts to ensure they contain the scope necessary to provide the resources and skills needed to fill the gaps at the sites.
- Conduct a training gap analysis to ensure technical competence is maintained and increased in critical contract management skill areas. The gap analysis should also consider training required for technical, subject-matter-expert staff to grow their competence in contract management.

#### **Observation 4: Phase 1 and Phase 2 Contracting Approach/Contracting Officer Qualifications and Authorities**

Contract management and administration is central to the execution of the EM mission. This was also highlighted in 2013 Department of Energy Acquisition Human Capital Staffing Model study. The fundamental conclusions in this report appear to remain valid. The implementation of the End State Contracting approach indicates even more clearly that the long-term successful execution of IDIQ contracts in support of the End State Contracting does requires careful consideration of approach taken and the associated professional capabilities and authorities necessary to implement.

Reliance on IDIQ contracts in the Department of Defense (DOD) is enabled through a program of intense training for warranted contracting officer that focuses on the advanced training for both Procuring Contracting Officer (PCO) or Administrative Contracting Officer (ACO) functions. The PCO functions include acquisition planning, government estimating and all other actions related to initial procurement and contract award, analogous to End State Contracting Phase 1. The ACO functions typically begin after contract award, similar to End State Contracting Phase 2.

In the DOD model for facilities, PCO functions are usually done centrally, at a geographic district or division, whereas ACO functions are typically done at the base or site location. Similarly, EM performs PCO activities at Headquarters with strong support from CBC and the applicable site. This includes the SSB and Source Selection Official (SSO), with the SSO preferably a HQ official. It is our understanding that this approach will be used for End State Contracting Phase 1 activities. We see this Phase 1 Headquarters-led approach as critical to the overall success of the End State Contracting effort. The first award of the IDIQ contract sets the foundation for the next five to ten years of effort. We believe that to have Phase 1 award of all of the IDIQ contracts across the complex centrally led will result in awards that are more legally robust and reflective of lessons learned as the effort evolves.

However, in the case of the End State Contract model, the ACO (i.e., Phase 2) functions may need to be examined as these functions are to be largely executed at the sites and will place additional requirements and responsibilities on site personnel. It is very possible that the contract modifications (i.e., task awards) for Phase 2 work could be very large in complexity and dollar value. Therefore, it will

be important to have well-qualified Contracting Officers at the site level, with the appropriate training. It is equally critical to have adequate qualified technical staff to support technical and cost reviews. Depending upon the dollar value of the contract modifications, it is possible that the Field Contracting Officers will need to have increased or unlimited contracting warrants.

#### **Recommendation 4: Contracting Officer Qualifications and Authorities**

- EM should consider reaching out to top level contracting officials in DOD (specifically the U.S. Army Corps of Engineers and the Naval Facilities Engineering Command) to learn about their proven model for PCO and ACO functions and to obtain their recommendations on applicable training for the equivalent EM contracting personnel, in support of the End State Contracting approach.
- Specifically, EM should evaluate the professional development and training approach for leaders/managers and technical staff to incorporate an appropriate level of acquisition and contract management training into the plans for site personnel who will be responsible for the planning, execution, and oversight of Phase 2 IDIQ activities.

## **Conclusion**

The new direction EM is pursuing with the End State Contracting approach provides many opportunities for EM to achieve its critical mission and reduce environmental liabilities more quickly and cost effectively. Given the magnitude of the effort, deliberate planning, effective communications and essential resources will be required. An explicit re-affirmation from EM senior leadership of its continued commitment is important to ensure unity of effort to maintain momentum and deliver the expected benefits of the End State Contracting approach. The EMAB believes that large scale implementation across the EM complex requires additional careful planning, consistent communication, the careful consideration of appropriate assignments of responsibilities and authorities between Headquarters and the Field, and detailed evaluation of the human resource needs and their subsequent acquisition, to successfully execute the vision. Early implementation at Hanford can provide valuable lessons learned and guide improved/enhanced implementation at additional sites.