



## Department of Energy

Washington, DC 20585

March 3, 2010

Mr. James A. Ajello, Chair  
Environmental Management Advisory Board  
c/o Hawaiian Electric Industries, Inc.  
P.O. Box 730  
Honolulu, Hawaii 96808-0730

Dear Mr. Ajello:

Thank you for your October 20, 2009, letter and recommendations contained in the Environmental Management Advisory Board (EMAB) September 30, 2009, Reports and Recommendations. I highly value EMAB's guidance and believe that the Office of Environmental Management (EM) will benefit from the Board's insight.

I have asked Mr. Timothy Harms, Director, Office of Management Systems and Analysis, to ensure that they are implemented, as appropriate, in support of our program goals and mission. The Office of Management Systems and Analysis is responsible for assuring that recommendations by groups such as the National Academy of Public Administration, EMAB, and Environmental Management Site-Specific Advisory Board are addressed in a timely fashion. I have enclosed current status of the 2009 EMAB recommendations.

I appreciate your commitment to the success of the EM program and look forward to our future collaboration. If you have any questions, please contact Mr. Harms at (202) 586-2134.

Sincerely,

*Inés Triay*  
Inés R. Triay  
Assistant Secretary for  
Environmental Management

Enclosure



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## **Status of 2009 EMAB Recommendations**

**Recommendation 2009-06:** EM should encourage the Department to establish standard, complex-wide processes for soliciting, accepting, and evaluating EPI proposals and projects.

**Status:** EM has prepared a draft memorandum for the Under Secretary's signature which will establish a DOE-wide Task Force that will develop DOE-wide policies, strategies and processes, as appropriate. The draft memorandum is being circulated for comment.

**Recommendation 2009-07:** As various EPI enterprises are proposed and reviewed, EM should encourage the Department to seek independent support for business model evaluation, technical and programmatic deployment risk analyses, and determining economies of scale as they relate to former site transition and/or impacts on local community economic redevelopment.

**Status:** The Task Force identified in 2009-06, once established, will develop an outreach plan and procedures for soliciting external, independent evaluations, and other inputs to the Energy Parks Initiative effort.

**Recommendation 2009-08:** EM should encourage the Secretary of Energy to issue a memorandum convening an interdepartmental task force and develop a policy for implementation of the EPI.

**Status:** EM has developed a draft memorandum for the Under Secretary's signature which would establish a DOE-wide Task Force. The memorandum is being circulated for comments.

**Recommendation 2009-09:** As EPI programs develop, EM should consider the use of royalty payback to the taxpayers based on beneficial reuse and the transfer of assets from the public to the private sector.

**Status:** DOE will consider the use of royalty payback and other processes to ensure maximum benefit to the taxpayers as the DOE develops processes and procedures.

**Recommendation 2009-10:** EM should identify the assets and/or resources that will be made available through the EPI and any restrictions or institutional controls associated with their use.

**Status:** DOE/EM will identify assets and other resources that may be made available through the EPI, including restrictions or other controls. A preliminary assessment of assets has been conducted at several sites. More detailed analyses of assets at all sites, which may host an energy park, will be conducted as appropriate.

**Recommendation 2009-11:** EM should establish a performance measure for compliance with regulatory agreements with a goal of 100% compliance.

**Status:** The Office of Technical and Regulatory Support (EM-40) currently produces a quarterly scorecard to meet this recommendation.

**Recommendation 2009-12:** EM should establish a human capital plan inclusive of both federal and contractor resources that provides for compliance with regulatory agreements.

**Status:** EM is committed to ensuring that it has the requisite personnel, skills, and proficiencies to fulfill its mission. Plans, approaches, initiatives, and programs such as EM's Three-Year Succession Plan, the EM workforce planning method and model, and the Environmental Professional Development Corps are addressing EM's immediate and long-term human capital needs.

**Recommendation 2009-13:** The Office of Program Planning and Budget should conduct a review of projects completed under the Recovery Act Program, to benchmark progress against prior planning estimates.

**Status:** Scopes to be performed under the Recovery Act have been identified. Baseline change proposals (BCP) that identify the cost, schedule, and scope have been moved from the EM Base Program to establish a Recovery Act baseline. Independent Project Reviews will be held at the Idaho Operations Office, Savannah River Site, Oak Ridge Office, and Argonne National Laboratory. Baselines placed under configuration control and changes will be processed through the change control process in the Integrated Planning Accounting and Budgeting System. Quarterly Project Reviews will be held to review the performance of both the Recovery scope and the EM Base Program. An annual review and revision of the Analytical Building Blocks will be performed. Business case studies to identify efficiencies and conduct "what if" scenarios will be performed as well. The BCP and Recovery Act scope that will be added back into the Base Program in FY 2011 will be identified. The Base Program Baselines for FY 2012 and beyond to fill in the voids created by the acceleration of Recovery scope for FY 2011 will be identified. The Recovery Act team is calculating the return on the investment from the additional \$6B of Recovery funding. EM will determine through the KPMG EM Liability Audit the reduction in the EM Life Cycle Cost.

**Recommendation 2009-14:** EM should develop and communicate a strategic plan for FY 2011 to address the implications of completing the Recovery Act Program for the continuing base program's operations and personnel.

**Status:** A strategic plan is being developed by EM to look at options to address the transition of EM Recovery Act employees at the end of FY 2011. The focus of the plan is to better understand the projections, implications, resources, opportunities and alternatives to attend to the transition challenge. The strategic plan is currently planned to be completed by the end of second quarter FY 2011.

**Recommendation 2009-15:** EM should clearly identify the actions that will be taken to compensate for any loss of synergy across contracting and project management functions in light of the program's proposed reorganization.

**Status:** The Office of Management Systems and Analysis is in the process of drafting the new business model's implementation plan that will incorporate a continuous process improvement program (which includes a resolution process) that will address this issue.

**Recommendation 2009-16:** EM should ensure that the proposed separation of contracting and project management functions is consistent with the National Academy of Public Administration's (NAPA) 2007 report and recommendations, or that the reasons for deviation from the report and recommendations are documented.

**Status:** EM's new business model incorporates many of NAPA's recommendations. Specifically, the NAPA report stressed the need for increased focus and placing a priority on the business and management side of the organization "such as human capital, budget and acquisition functions." NAPA also provided the following comments concerning project management: "the panel applauds the improvements EM has made in project management, but advises that EM's ability to fully implement them will be at risk if EM does not have sufficient staff." The reorganization of Headquarters and the new business model to implement it is in full compliance with the NAPA recommendations. By empowering the field, separating Acquisition which is a support and business function and moving it under the Chief Business Officer, while making the Project Management function more focused and aligned to field activities, this will only improve the way each office functions. The improvements are being tracked in the EM Management Action Plan.

**Recommendation 2009-17:** EM should ensure that the charter for Quality Assurance clearly provides for direct access to the Assistant Secretary for QA reporting functions, without requiring that information first be routed through indirect reporting chains (i.e. Deputy Assistant Secretary or Chief Operations Officer organizations).

**Status:** The Assistant Secretary for Environmental Management approved the EM Corporate Quality Assurance Program on November 5, 2008. Criterion 1, "Program" depicts the organizational chart for the Office of Environmental Management. The Quality Assurance Director reports programmatically to the

Deputy Assistant Secretary for Safety Management Operations (EM-60) but has a direct line of communication to the Assistant Secretary and senior staff. EM recently reorganized and EM-60 is now the Office of Safety and Security Program (EM-20). The Office of Standards and Quality Assurance (EM-23) reports programmatically to the Deputy Assistant Secretary EM-20 but continues to have a direct line of communication to the Assistant Secretary and staff.

**Recommendation 2009-18:** EM should direct the QA Corporate Board to investigate the development of metrics and leading indicators for potential problems or shortfalls within the program's QA functions.

**Status:** The EM Corporate Performance Metrics System was developed and approved by the Quality Assurance Corporate Board. This metric system was provided to the site offices in September 2008 with a revision in January 2009. The system was then incorporated into the annual Integrated Safety Management System/Quality Assurance declarations for 2009. In addition to this initial use of the annual metrics, the Office of Standards and Quality Assurance (EM-23) is currently working to evaluate options for real time Quality Assurance metrics. The real time set of metrics would focus on utilizing existing data, e.g., Occurrence Reporting and Processing System, without additional reporting requirements for the sites.

**Recommendation 2009-19:** EM should explore opportunities to coordinate employee recruitment efforts with other DOE program offices in order to leverage the Department's resources.

**Status:** The EM Office of Human Capital has asked its Talent Acquisition Team to work with other DOE program offices and identify and pursue appropriate opportunities for coordinating the Department's recruitment efforts. These opportunities will be reflected in EM's Spring 2010 recruiting schedule.

**Recommendation 2009-20:** EM should improve and standardize employee service recognition programs throughout EM Headquarters and the complex.

**Status:** Office of Human Capital representatives contacted the Office of Personnel Management and identified the agency's clearinghouse that provides information on agency awards programs. At this time, we are reviewing this information and developing ideas to present to EM's Deputy Assistant Secretary for Human Capital and Corporate Services.