

8.0 Contracting Proposal

8.1 PROPOSAL

ORO envisions a closure model similar to that of the Rocky Flats Office for completion of the work identified in this proposal. The agreement would contain both cost and schedule incentives and base expectations for ES&H performance. ORO has the ability through the current EM contract to unilaterally establish a closure contractual strategy.

8.2 COST INCENTIVE

A cost-reimbursable, incentive-fee arrangement for the closure projects is anticipated. Because of the cost-reimbursement nature of the work combined with closure, project control systems that track cost and schedule progression to baselines and all of the earned value calculations of project management will be used.

ORO will establish cost incentives that encourage cost savings through efficiencies and penalize cost overruns. Thus, fee incentives will be tied to completion milestones achieved under the target cost, and fee reductions will be applied for costs exceeding the target cost.

ORO will be able to effectively establish the target cost for the projects by using the existing baselining process for EM work.

8.3 SCHEDULE INCENTIVE

In addition to the cost incentive, a schedule incentive will be developed to encourage early finishes to the closure projects. Features will include fee incentives for completion before the target date and reductions in fee for completion beyond the target date

8.4 ENVIRONMENTAL, SAFETY & HEALTH AND SAFEGUARDS AND SECURITY COMPLIANCE

It is imperative that safety remains the highest value and not be sacrificed to achieve cost and schedule incentives. ORO is dedicated and committed to ES&H and safeguards and security compliance. While we propose to focus our mission on accelerated project completion, ISMS and full compliance with ES&H and safeguards and security requirements will never be compromised. Therefore, in addition to the financial incentives for cost and schedule effectiveness, it is recommended that base expectations for ES&H compliance be built into the contract.

8.5 DEPARTMENT OF ENERGY ORDERS AND OTHER CONTRACT REQUIREMENTS

DOE and its contractors will establish written agreements that define and bind each party to an operating framework that is graded to the closure objective. This arrangement will include the graded application of DOE Orders and will provide DOE with the appropriate tools to oversee and regulate site activities to promote fulfillment of the closure objective.