

The Future of SRS: The Community Perspective
Recommended Criteria for the Savannah River Site
Management Contract Request for Proposals

Representing Mutual Interests

The Savannah River Regional Diversification Initiative (SRRDI) is a non-profit organization governed by a 22-member Board of Directors appointed by local governments, chambers of commerce, and members of the South Carolina and Georgia Congressional Delegations.

As the designated Community Reuse Organization (CRO), SRRDI is the only organization with the charter and responsibility to address economic development issues related to the Department of Energy's Savannah River Site on a five-county, two-state basis. SRRDI's overall objective is to create an environment conducive to technology-based startups, business expansions and to attract new ventures to the SRRDI region.

SRS: A Positive Economic Impact

The SRRDI Board of Directors recognizes that the Savannah River Site has a major impact on our region's economy as the principal employer, a major purchaser of goods and services and an institution with technical capabilities that can serve as the basis for the development and/or expansion of private employment in the region.

The primary mission of SRS during the past 53 years has been to produce and handle special nuclear materials for defense programs. DuPont operated the plant from its initial operation in 1952 until 1989 when Westinghouse Savannah River Company (WSRC) became the prime operating contractor and the name of the plant was changed to the Savannah River Site. Over the years, DOE has renewed WSRC's contract with the present agreement ending in the fall of 2006.

SRRDI is committed to working closely with DOE in its upcoming Management Contract Request for Proposal (RFP) process. We believe the new management contract should not only ensure that the Savannah River Site remains a vital part of the U. S. defense complex but also should confirm DOE's commitment that SRS will continue to be a strong, positive influence in the economy of the counties we represent – Aiken, Allendale and Barnwell in South Carolina and Richmond and Columbia in Georgia.

The DOE-SRS management contract impacts the communities in our region significantly. Local governments, economic development groups and business leaders as represented by SRRDI have a strong interest in ensuring that the contractor(s) have incentives to become part of the community while accomplishing DOE's missions. Where local governments have participated in this contracting process DOE and the communities have benefited.

SRRDI Supports Competitive Re-Bid of the Management Contract

The SRRDI Board of Directors strongly supports competitive re-bid of the existing SRS management contract which expires in October 2006. We believe competition provides an opportunity to:

- Ensure selection of the most qualified bidder;
- Strengthen the contractor's role and relationship with the community;
- Foster increased focus on economic diversification initiatives supported by SRRDI and the community at-large.

The SRRDI Board of Directors supports a fair and open process that gives all bidders an equal opportunity to compete and establishes a clear line of responsibility and accountability for the successful bidder(s).

Critical Issues

DOE's Request for Proposals should emphasize that a strong program of support for regional economic development is required and will be evaluated. An effective working partnership with common goals is envisioned. Bidders should be required to outline their proposed program, and SRRDI should advise DOE in evaluating proposer responses. Any resultant contract and fee structure should incentivize regional economic development.

Based on our strongly-held view that SRS and its management contractor should work closely with regional communities and governmental authorities in generating and strengthening regional business enterprises, SRRDI has developed the following proposed RFP criteria focusing on economic issues of importance to our region.

Speaking for the region as a whole, we consider these issues to be critical, directly affecting the future of the SRRDI region. Our ability to work with the Savannah River Site in successfully addressing these issues is central to ensuring that our region continues to be a great place to live and work. Further, we view incorporation of these proposed criteria into the RFP as a critical element in sustaining broad community support for the Site's future.

SRRDI's proposed criteria for inclusion in the RFP include the following Contractor responsibilities:

1. Economic Diversification

- a. Be responsible for the performance of the work under the contract in a manner that helps the community establish a stable economic base over the long-term. This should be accomplished through aggressive pursuit of new DOE missions, appropriate private sector participation in cleanup, making available for effective private use DOE assets no longer required

or under-utilized by the Government and investment of private resources in the community.

- b. Commit to invest a percentage (no less than 5%) of Offeror's gross contract fee in existing economic development and diversification programs in the five-county SRRDI region.
- c. Designate a corporate team responsible for coordinating economic diversification programs between SRS and SRRDI for the duration of the contract.
- d. Establish measurable performance objectives and incentives for all economic diversification program elements and report progress and outcome semi-annually to SRRDI and the community. Work cooperatively with SRRDI and its counties on economic development.

2. New Missions

DOE should direct the Management Contractor to work closely with community leaders and elected officials to successfully pursue new DOE missions for the Savannah River Site and to follow through on projects that have already been assigned to SRS to ensure timely completion and operation on current schedules. The Contractor should report to SRRDI and the community at-large at least quarterly concerning their progress in achieving new missions and completing those currently assigned, including funding status and assistance needed from SRRDI and the community.

Major new site missions in progress include:

- a. Construction of a MOX Facility at SRS that will be used to dispose of plutonium by converting it to Mixed Oxide (MOX) fuel for use in existing

nuclear reactors. Once the MOX fuel is used in the reactors, it is no longer readily usable for nuclear weapons.

- b. Construction of a Pit Disassembly and Conversion Facility at SRS to convert surplus weapons plutonium to an unclassified form suitable for disposition and international inspection.
- c. Construction of a Modern Pit Facility (MPF) at SRS to support the future pit manufacturing needs of the entire U.S. nuclear weapons stockpile.
- d. Other missions as may be identified by the U. S. Government that are consistent with the Savannah River Site's resources and the expertise of its workforce and that do not involve the long-term storage of nuclear waste. Examples of these missions include (1) Hydrogen Production, Storage and Infrastructure, (2) Homeland Security, and (3) Next Generation Nuclear Reactor Development.

3. Promote New Technology Businesses in SRRDI Region

DOE should direct the Management Contractor to:

- a. Support regional economic development efforts by SRRDI and others to expand existing businesses, create new business startups, and attract new businesses in the area to diversify the local economy. Include performance targets that measure progress within the first two years of the contract. For example, recruit new local businesses and create a total of X number of jobs in the five-county SRRDI region.
- b. Enhance the Savannah River National Laboratory's role and reputation as a multi-disciplinary research center contributing to national goals and obtain international recognition in the science and engineering fields.

- c. Consistent with its missions, make the Savannah River National Laboratory's unique scientific and technical capabilities, resources and services available to DOE, other Federal agencies, state and local governments, academia and the private sector. This includes programs to commercialize technologies to promote expansion of local non-SRS commerce and employment.
- d. The Contractor should make it possible for the private sector to join in development/operation activities with the Savannah River National Laboratory to enhance teamwork and technology transfer. This should include support for collaborations such as those with university consortia, local, regional and national educational institutions and training provided by local technical institutions.
- e. Provide support, including technical resources and funding assistance, to implement the regional economic development plan adopted by the SRRDI Board of Directors on behalf of the community. The Contractor should provide to DOE and SRRDI an acceptable framework for measuring progress in promoting key elements of the SRRDI regional economic development plan, including::

i. Life Sciences

SRRDI has made significant inroads in new job creation through its support of innovative technology projects such as the Augusta Bio-Business Center and the MCG Life Sciences Business Development Center, two incubators for Biotech, Biomedical Device and Medical Software companies. Community leaders have identified the Life Sciences industry as a vital source of jobs and economic benefit to the region.

The MCG Incubator is designed to move research from the lab into the marketplace and features five lab-office suites equipped with basic scientific equipment so entrepreneurs and their teams can begin working in days. Moreover, the region is home to more than 25,000 healthcare professionals, an expanding biotech base that includes Pfizer, Monsanto, Nutrasweet and others, ten major hospitals, including the Eisenhower Army Medical Center, two VA medical centers and the Medical College of Georgia.

The Medical College of Georgia recently signed a Memorandum of Understanding with the Savannah River Site to encourage interaction among scientists with the two entities. SRRDI has joined with the region's medical community and economic development entities to foster the creation and growth of biotech companies in the area. Various plans for a biomedical R&D corridor, a research park and an industrial park are being considered.

ii. The Hydrogen Economy

With SRRDI support, the five-county region is working together to take advantage of local hydrogen-related assets which can be leveraged to create new economic activity.

These assets include: (1) Savannah River National Laboratory's 50 years of experience in hydrogen handling and storage, (2) Aiken County's Center for Hydrogen Research user facility, and (3) Large-scale production of hydrogen for fertilizer production.

Local leaders are working to recruit new industry and research organizations to partner with local capabilities and to establish new R&D, manufacturing and service business activity.

iii. Homeland Security

The SRRDI region is also focused on establishing and operating a state-of-the-art training, exercise and evaluation center to enhance state and local capabilities to prevent and respond to terrorist activity and to sustain a high level of Weapons of Mass Destruction preparedness.

The principal objective of the Center is to provide advanced skills training as well as objective evaluation in a realistic, instrumented environment that replicates actual response conditions and critical infrastructure.

The training approach will exploit current technologies including simulation modeling, instrumented scenarios, enhanced scene conditions, interactive opposing forces and automated after action reviews and evaluations.

iv. Energy Park

In its planning for economic growth, SRRDI has also recognized that the Savannah River Site has many unique assets which can be leveraged for regional economic development without impacting the Site's ability to meet important Federal missions.

One of the most exciting concepts for economic growth involves creation of a new Energy Park on the Savannah River Site. The

Park would include innovative technological demonstration projects designed to push the frontiers of knowledge, create new jobs, and solidify the region's long-term position as a leader in new technology development.

Among the projects envisioned for the Energy Park are a demonstration of next generation nuclear power reactors, including nuclear powered thermo-chemical production of hydrogen, construction of a research and training reactor and increased electric power production from nuclear reactors.

SRS should be promoted as the preferred Federal site for these activities. The Contractor and SRS should play a central role in developing collaborative partnering approaches and assisting with establishment and administration of an international private/public consortium to design, build and operate an advanced nuclear reactor in a new SRS Energy Park.

The Energy Park would capitalize on the substantial and unique assets afforded by the Savannah River Site, including a large land mass remote from the population, fixed site boundaries with little possibility of encroachment, a well-characterized land mass meeting most siting requirements and excellent infrastructure – roads, rail, water and power. The Site's assets as an Energy Park are further enhanced by the ready availability of technical expertise and services and its proximity to large and growing energy markets.

4. Procurement

DOE should direct the Management Contractor to:

- a. Emphasize procurement and subcontracting within the SRRDI region businesses. The value of local procurement and subcontracting should be judged on the Offeror's ability to create local jobs and leverage these jobs into substantial amounts of non-SRS work.
- b. Local governments and development groups as represented by SRRDI are key drivers of economic development, conversion and job replacement for communities in our region. DOE must consult with local governments regarding its management practices (e.g., workforce assignment, community investment, residency incentives, contracting and procurement) as they affect the community. DOE and its contractors should make a dedicated effort to contract for goods and services in the immediate local community. This includes preference-driven set-asides intended to benefit local businesses in the five-county SRRDI region as well as "buy local" programs which would allow a price differential for local suppliers.
- c. The Contractor should provide SRRDI and the community with an acceptable plan for measuring progress in meeting prescribed local procurement objectives mutually agreeable to SRRDI and the Contractor.

5. Educational and Cultural Partnerships

DOE should direct the Management Contractor to:

- a. Conduct public outreach in a manner that sufficiently informs the public and actively generates support for SRS programs, facilities and missions.

- b. Assist all SRRDI region schools with education programs and financial assistance.
- c. Pursue productive educational and cultural partnerships with SRRDI and the counties it represents. Sponsor museums, exhibits and other activities to promote public education and outreach regarding SRS and the SRRDI region.
- d. Encourage company and employee involvement in support of local economic development, educational cultural civic, health and welfare organizations in the SRRDI region.

6. Current and Future Workforce

DOE should direct the Management Contractor to:

- a. Submit a plan as part of the Contractor's bid outlining the Contractor's approach to future workforce changes, specifically future downsizing resulting from completion of Site clean-up activities.
- b. Plan for changes in workforce needs by providing alternative opportunities for workers in positions to be eliminated.
- c. Accomplish changes in the workforce in a way that minimizes social and economic impacts.
- d. Plan for retirement benefits as job needs change.
- e. Plan for workforce retraining, job search assistance and other such programs as necessary to assist employees in transition periods.

7. Communication Partnership

DOE should direct the Management Contractor to:

- a. Provide a plan specifying the Contractor's approach to ongoing communications with SRRDI specifically and the community at-large in general.
- b. The Contractor should provide an ongoing process by which citizens, planners, elected officials, regulators and others are able to share with the Contractor their experience, knowledge and recommendations concerning SRS programs. Such process should include a variety of public forums, including small group briefings, electronic communications, and focused public meetings to discuss the values and needs of the local community.
- c. Conduct all activities and work in manner that instills public confidence in SRS.

As noted, the DOE-SRS management contract impacts the communities in our region significantly. We are committed to working closely with DOE in its upcoming Management Contract Request for Proposal (RFP) process. We also look forward to communicating the positions outlined in this document to DOE, potential bidders, local elected officials and community leaders, members of our Congressional delegation and the community at-large.