



COMMUNITY REUSE ORGANIZATION

*two states, one future*

December 15, 2006

Ms. Angela Sistrunk, Contracting Officer  
U.S. Department of Energy  
Savannah River Operations Office  
Building 730-B  
P.O. Box A  
Aiken, SC 29802

**Solicitation DE-RP09-06SR22470 – Draft Request for Proposal (RFP) for the Selection of a Management and Operating Contractor for the Savannah River Site (SRS)**

Dear Ms. Sistrunk:

We appreciate the opportunity to comment on the subject Solicitation. The twenty-two member Board of Directors of the SRS Community Reuse Organization (SRSCRO) represents five counties in Georgia and South Carolina which are adjacent to or impacted by the SRS. Our appointments are determined by various business entities, County Councils/Commissions, and Congressional delegation members from our region.

First, we commend the staff of DOE-SR and the current M&O contractor team for the contributions they make to our community. The community has historically maintained effective working relationships with both DOE and contractor organizations. We value and applaud their contributions to education and charitable causes across the region. As SRS employment shrinks, we believe that regional economic diversification is becoming equally important.

While some regions have sought closure of their DOE site, we have consistently supported SRS as an enduring site because we recognize its important contribution to national security. We believe SRS missions have benefited by being located in a supportive community. There is no doubt that the presence of SRS has dominated our regional economy since the 1950s. As the Cold War ended, the federal government recognized the need to assist in diversifying the local economy of sites impacted by the DOE downsizing. We note with appreciation the job growth that has occurred in the region as a result of spin-off business from SRS. Although progress has been made, our regional vitality is still closely linked to federal missions at SRS and other DOE sites. On behalf of all our citizens, we believe there must be continued emphasis by the government on assisting the region as it transitions beyond reliance upon federal missions.

We recognize that the SRS M&O contract competition will put in place a new set of expectations. We have reviewed contracts from many other sites and use that basis for making the observations and recommendations to follow.

We support the DOE plans to enhance competition in selecting contractors for the site. However, we note the DOE intent on "Withdrawal of Work" during the contract period to place a growing number of support contracts which will be integrated by DOE rather than the M&O contractor. As the DOE integrates these contracts, the safety of site operations should be paramount in every decision. Further, we emphatically request that the RFP require that successful small business bidders headquarter their SRS operations in one of our five member counties.

We also encourage DOE to re-evaluate the stated fee cap presented in the draft RFP. We would normally not comment on this subject; however it appears that DOE proposes an M&O fee for the SRS contract which is capped at 4% compared to an 8% cap applied to a similar Hanford contract. We recognize and accept that DOE-EM is striving to reduce costs. Due to shrinking EM funding at SRS, our position papers have challenged contractors to apply a percentage of their fee to regional economic development. If contractor fees are significantly reduced in the new contract, there will be a direct reduction in aid to our communities by those contractors. We also feel that the RFP must balance taxpayer interests and the need to attract and retain the most qualified M&O companies and leaders. The availability of fee will have a direct bearing on the quality and quantity of experienced leadership assigned to SRS. Considering our faithful service to store and disposition materials, our community needs the best leadership to be found in the industry and we fear that may not occur if the SRS fee structure is inferior to other DOE sites.

The SRS draft RFP mentions Economic Development (Section J, page 19) as a topic to be discussed in the Diversity Plan but does not convey emphasis on the part of the government to see the contractor make Economic Development a key part of their corporate commitment. The draft RFP references Department of Energy Acquisition Regulation 970.5226-3 (Community Commitment), but does not amplify the importance that DOE attaches to that part of the site mission. We believe that the draft RFP should make clear that over time, the site contribution to local economic diversity is expected to increase along with its performance in every other category.

DOE and its' impacted communities have benefited greatly from the creativity of site contractors. The new SRS contract should unleash that creativity by providing tangible incentive for the contractor to create additional savings while meeting all scope requirements. Where savings are identified by the contractor with no loss of scope we propose that the contractor and community share 50/50 in allocating those savings (up to a reasonable maximum) to economic diversification projects for the region and increased fee for the contractor. We are confident that our region will be well served if the SRS contract provides attractive incentives to innovate.

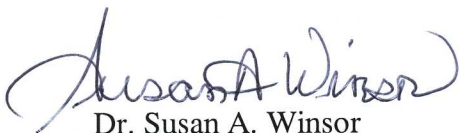
Some examples of how we believe the contract can urge innovation to assist our region are listed below. Note that these are examples and should not be construed to limit creativity on the part of the contractors.

- The contract should reflect that both DOE and the contractor have high value for regional economic diversity. The contractor should quantify their commitment and DOE should include economic development as an Evaluation Factor for Award.
- DOE should task Savannah River National Laboratory (SRNL) with accelerating Technology Transfer and Economic Diversification. A regional Technology Transfer Council should be chaired by the SRNL Director and have membership from existing Regional Economic Development Organizations. A joint community development plan should be produced with metrics to measure progress. DOE should fund operation of this council and monitor its' effectiveness.
- DOE should fund a reasonable level of technical assistance for regional business growth. This could involve engineering, accounting, training, planning, or any number of skills needed to enhance business diversity.
- If the contract includes a subjective award fee calculation, support of economic diversification should be an appropriately sized component of that analysis. Even if the effect is minor, attaching fee to contractor performance in this area will assure that their best efforts and creativity are applied.

In summary, SRS has dominated the growth of our regional economy. We accept that as a necessity of doing our part to protect the nation. As we move forward, the presence of SRS can help improve the quality of life for all our citizens. Working together with the DOE and their contractors, we believe we should leverage the assets of SRS to continually broaden our local economy. That will bring advantages to the government, SRS contractors, SRS employees, and all citizens of our region.

Thank you for the opportunity to provide these respectfully submitted comments. Please contact either of us if you have any questions or wish to discuss further.

Sincerely,



Dr. Susan A. Winsor  
Chair



William R. Toole  
Vice-Chair