



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

April 12, 2006

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE MANAGER, KANSAS CITY SITE OFFICE

FROM:

Linton Brooks
Administrator

A handwritten signature in black ink, appearing to read "L. Brooks", is written over the printed name and title of the Administrator.

SUBJECT:

Pilot of Streamlined Oversight

In December 2002, we announced a new approach to improving and streamlining Federal oversight of Management and Operating (M&O) contractors within the National Nuclear Security Administration. We concluded that oversight of nuclear operations and of security would continue to be conducted on a transaction basis, but that all other oversight would shift to verifying that the contractor was operating an adequate internal oversight process, beginning with the lowest risk activities and working up to more complex ones. We said we would encourage the contractor to use third party certification and to establish a strong contractor assurance system and to shift to industrial standards wherever possible. I believe we are moving far too slowly on this process and that our reluctance to move more rapidly is a reflection of the excessive risk aversion recently noted by outside groups.

The Kansas City Plant is ideally suited to be a pilot project for the new approach to oversight. Its VPP Star status, ISO 9000 certification, lack of nuclear material, and generally strong reputation for management, all combine to make it the ideal location for a shift to industrial standards and an approach to oversight limited to verifying the adequacy of internal Kansas City procedures. Therefore, by July 1, 2006, please provide for my approval a plan for a dramatic shift in oversight to be implemented not later than October 1, 2006. The plan should include:

- Provisions for exempting the M&O contractor from the provisions of all DOE directives involving environment, safety and health and depending on industrial standards and existing laws to provide a regulatory regime. The sole exceptions are to continue the reporting requirements set forth in DOE Order 231.1 and to continue to apply the provisions of DOE Order 452.2B (soon to be 452.2C) on Nuclear Explosive Safety.
- A list of directives in other areas for which you recommend the M&O contractor be exempted.



- A system description for how the Kansas City Site Office will provide oversight according to the new model. This description should include how staff will be used acknowledging the fact that jobs will change as a result of the change in oversight. You are authorized to attain and maintain your current staffing.
- How we will incentivize the Kansas City Plant to excel in implementing this new model.

I encourage you to draw on the services of Tyler Przybylek in devising this new model. I regard this effort as a pilot project. Therefore, in addition to the above, please provide the following:

- By June 30, 2007, provide me your recommendations for when an external review should be conducted of the new oversight model. Include in that recommendation an indication of whether the review should be conducted by NNSA, by the Office of Safety and Security Performance Assurance, or by a specially commissioned outside group.
- By February 1, 2008, provide me an assessment of the pilot and lessons learned document that can be shared throughout NNSA. This assessment will include a recommendation on whether there is any reason not to continue the new oversight model indefinitely. I also expect that a recommendation will be included regarding the current size of the Kansas City Site Office staff. You are directed to consider how the Site Office may best be reorganized and staff reallocated through potentially new relationships with Headquarters and the Service Center.

In carrying out this guidance, you should be governed by the principle of moving as rapidly as possible toward our preferred model of oversight. Thus, if partial implementation in any area in advance of the dates indicated is possible, you should direct such implementation, keeping me informed.

I am confident that you and the Site Office staff can make this significant transition in our approach to supervision of the contractor. By doing so you will have paved the way for a major improvement in how the severely constrained numbers of Federal staff can even more meaningfully be allocated to accomplish our mission as we move toward the "NNSA of the Future".

cc:

J. Paul, Principal Deputy Administrator
 T. D'Agostino, Deputy Administrator for Defense Programs
 K. Baker, Principal Assistant Deputy Administrator for Defense Nuclear Nonproliferation
 J. Krol, Associate Administrator for Emergency Operations
 B. Scott, Associate Administrator for Infrastructure & Environment
 M. Kane, Associate Administrator for Management & Administration
 W. Desmond, Associate Administrator and Chief for Defense Nuclear Security