

APPENDIX A



PROJECT AIM STATUS UPDATE

July 24, 2017 – October 24, 2017

In the Staff Requirements Memorandum for SECY-15-0015, “Project Aim 2020 Report and Recommendations,” issued on June 8, 2015, the Commission directed the staff to provide periodic updates on the status of the implementation of the approved Project Aim 2020 recommendations. Below is a summary of the implementation activities for the period July 24 – October 24, 2017.

We would like to highlight the following progress related to Project Aim:

- On October 2, 2017, the staff provided the 1-year self-assessment of the External Hazards Center of Expertise to the Executive Director for Operations, via a Memorandum titled, “U.S. Nuclear Regulatory Commission External Hazards Center of Expertise 1-Year Self Assessment” (Agencywide Document Access Management System (ADAMS) Accession No. ML17243A361). This is the second self-assessment of a Center of Expertise resulting from the implementation of Task 10, “Centers of Expertise”. The staff also provided a note to the Commissioners’ Assistants, dated October 5, 2017.

The staff has completed 148 of the 150 approved activities related to the re-baselining activities in SECY-16-0009, “Recommendations Resulting from the Integrated Prioritization and Re-Baselining of Agency Activities” (ADAMS Accession No. ML16028A189). Five activities were completed this quarter. Of the 150 activities, 2 activities continue to be delayed beyond the original target date. Below is the status of those closed and delayed activities, for this quarter.

The five activities that were completed this quarter, are as follows:

Completed as proposed:

- Activity 110 was to revise Inspection Manual Chapter (IMC) 2800, “Materials Inspection Program” criteria to allow for the addition of more flexibility and common-sense extensions to inspection of materials licensees. The Office of Nuclear Materials Safety and Safeguards (NMSS) staff initiated a working group including members from the regions, Agreement States, and the Office of the General Counsel to revise IMC 2800. The final revised IMC 2800 was issued in September 2017 and was communicated to Agreement States and the regions. Staff also revised the Web-based Licensing (WBL) coding to change the final inspection due dates for “reports coming due,” to further implement the change in flexibility of the time given for inspections of materials licenses.

Completed in an alternate manner:

- Activity 37 was to extend materials licenses to a 15-year license term and centralize bankruptcy reviews in headquarters. Regarding the 15-year license term, the staff has determined that extending all the licenses at one time would require rulemaking, however if they choose to extend each license as it comes due for renewal, no

rulemaking is required. Thus, the staff has resolved this activity in an alternative manner by issuing new and renewed licenses with 15-year terms as they come due for review instead of rulemaking. NMSS staff has: (1) promulgated the necessary licensing guidance to reflect the issuance of new and renewed licenses with 15-year terms, (2) revised WBL coding to now default to an expiration date of 15 years, and (3) communicated these changes to Agreement States and licensees. Concerning the centralization of bankruptcy reviews in headquarters, the staff updated NUREG-1556, Vol 15, "Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses" to capture the centralization of bankruptcies reviews in headquarters. The staff also notified the regions of this change and update an associated desk guide for staff to reference.

- Activity 103 was to "streamline" the Significance Determination Process (SDP) and revise inspection report writing process. The Inspection Finding Resolution Management documents that are designed to create inspection and SDP process efficiencies, were implemented in November 2016 for a trial period of approximately 1 year. The staff conducted regional training and incorporated lessons learned into the final document revisions. The Office of Nuclear Reactor Regulation (NRR) staff revised IMC 0611, "Power Reactor Inspection Reports," to provide a more streamlined inspection report documentation process. Specifically, these efforts simplified the report formatting, requiring less direct efforts on the part of the inspectors to generate their reports, and reduces the supervisors' efforts to review and approve the inspection reports. The IMC 0611 has been revised and will be issued with an effective date of January 1, 2018. The NRR staff also developed the Replacement Reactor Program System (RRPS) automated report generation solution. NRR staff working in close coordination with regional counterparts and Policy Development and Analysis Division representatives during the development of the RRPS system. The RRPS automated Inspection Report module will be maintained and updated, as appropriate, in a separate effort to facilitate continued gained efficiencies as staff use the RRPS automated Inspection Report module.
- Activities 147 and 148 were to: 1) reduce contract funding for network and telecommunications and 2) reduce contract funding for office automation and user support services. In June 2016, the staff removed contract resources from Fiscal Year (FY) 2018 budget request submitted to the Chairman and negotiated reduced cost with incumbent vendor, yielding savings of approximately \$877K from FY 2017 through FY 2018. In May 2017, the Global Infrastructure and Development Acquisition (GLINDA) Blanket Purchase Agreement was awarded to six vendors and the Systems, Network, and Cross-Cutting Services Call Order is expected to be awarded in FY 2018. The agency is pursuing an Agencywide Unified Communications strategy. In addition to consolidating and modernizing the agency's telephone systems, the new system is expected to result in significant cost savings. This cost-effective alternative will be realized through the GLINDA contract task order awards and other planned procurements.

The two activities that are delayed beyond original target date:

- Activity 4, orderly closeout of Independent Spent Fuel Storage Installation (ISFSI) and Monitored Retrievable Storage licensing requirements, continues to be delayed¹. The completion of a Regulatory Guide will close out this action. The NMSS staff is continuing to coordinate with its contractor, Sandia National Laboratory (SNL), in resolving the U.S. Nuclear Regulatory Commission (NRC) staff comments on a report that SNL drafted as part of the technical basis, specifically on source term release fractions. The NRC expects to have a final report from SNL in March 2018.
- Activity 94, updating the guidance for the 10 CFR 2.206 process for petitions to clarify the evaluation criteria for when to hold public meetings on petitions and allow the Petition Review Board to make an initial decision to accept the petition without a petitioner presentation, when appropriate. The NRR staff met with the Commission Offices' Chiefs of Staff and the Office of the Executive Director for Operations (OEDO) staff, which resulted in a change of direction, to now seek public comments on the Management Directive, 8.11, "Review Process for 10 CFR 2.206 Petitions." A Commission meeting to consider the public's input on the procedural guidance for the 10 CFR 2.206 process, is scheduled for February 2018.

The staff would also like to highlight the following activity, which were not a part of the original 19 Project Aim tasks, but demonstrate the staff's continued commitment to effectiveness, efficiency, and agility. The OEDO Memorandum "Implementation of Contracting Officer's Representative Process Standardization Initiative" dated September 23, 2016 (ADAMS Accession No. ML16225A430), instructed offices to provide a memo to the OEDO and the Office of the Chief Financial Officer (OCFO) outlining:

1. cost savings;
2. reduction in the number of Contracting Officer's Representatives (COR);
3. changes in the number of procurement actions; and
4. planned organizational changes with a timeline.

The offices leveraged criteria developed by the Office of Administration, the Office of New Reactors, NRR, and the Office of Research to review the number and certification level of CORs along with the current inventory of contracts for their office to determine the correct number and certification level of CORs for their office. In doing so, almost every office was able to reduce the number of CORs certified at the Federal Acquisition Certification for CORs (FAC-COR) Level II and reduced the number of CORs across the agency.

Below is a table that summarizes the reductions in the number of CORs and the associated training cost savings, using estimated labor rates provided by OCFO²:

¹ In 2015, the NRC staff recommended and the Commission approved a delay in the ISFSI rulemaking for up to 5 years as staff predicted that the technical basis will be completed by 2020.

² Level I CORs generally work on low to moderate complexity contracts, Level II CORs work on moderate to high complexity contracts, and Level III CORs generally work on the agency's highest complexity awards, such as Enterprise-Wide Contracts/Enterprise-Wide Agreements.

Level	Number of CORs		Total Change	Est. Training Expense (2 years)		Total Savings (over 2 years)
	Base	Future		Base	Future	
1	80	129	49	\$ 50,632	\$ 82,776	\$ 32,144
2	491	340	-151	\$ 1,563,720	\$1,074,320	\$ (489,400)
3	7	3	-4	\$ 22,400	\$ 9,560	\$ (12,840)
Total	578	472	-106	\$ 1,636,752	\$1,166,656	\$ (470,096)

Overall, the offices reduced the number of CORs by 18 percent, which will save the agency approximately \$470,000 over a 2-year period in training costs alone. Approximately 30% of a CORs time spent in performance of these duties. Therefore, we could calculate a savings of 32 full-time equivalent hours saved. We will not see these savings reflected immediately. As current FAC-COR certifications expire an individual will either take the required number of hours of training to renew at their current level, at their new level assigned, or discontinue training to renew their certification, in accordance with each office's implementation plan. The initial actions taken by the offices as a result of this effort has ensured that every contract has the right level of COR assigned and an alternate in place. In addition, the offices have a greater understanding of the COR's role and responsibilities, along with a set of criteria that can be used to select and assign CORs to new contracts awarded in the future.

It is important to note that in addition to the savings highlighted above, the use of strategic sourcing methodologies to award more enterprise-wide contracts and agreements has led to the replacement of many standalone contracts and interagency agreements with task orders. This streamlined approach reduces the time it takes from initiation to contract award. This efficiency gives CORs more time to perform other direct mission work. Finally, the offices have no organizational changes planned in connection with this effort.