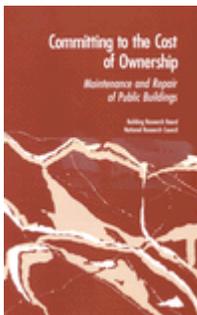

Annual Maintenance Plan

NSO/BN Success Story

Status of Federal Facilities

- 1990's GAO & Federal Facility Council studies
 - Demo of Unneeded Buildings Can Avoid Op Costs (GAO)
 - Real Property Management Needs Improvement (GAO)
 - Budgeting for Facilities Maintenance and Repair (FFC)
 - Maintenance and Repair of Public Buildings (FFC)
- Basic conclusion: Federal government not spending enough on facility maintenance



Findings

- GAO study INEEL
 - \$ facility maintenance used for ops
 - No Site Maintenance Plan
 - No standards or performance goals
 - No CMMS
- Conclusion
 - INEEL had NOT maintained facilities in a safe manner



Congressional action

- Began to require comptroller statements
- Began to question use of funds
- Began to threaten to withhold funds
- DOE had budget of \$6B to fund facilities
 - Could not account for \$4B
- FY03 Congress fenced FY04 maintenance funds
 - DOE had language amended



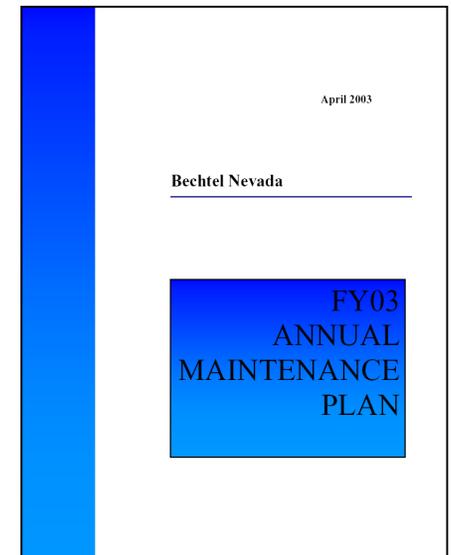
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DOE/NNSA Actions

- 1998 began to require reporting of deferred, actual and required maintenance \$ in FIMS
- 2000 required an Annual TYCSP
 - No specific guidance until 2003
- 2001 required F&I crosscut reporting
- 2004 LCAM revised to RPAM
 - Requires “Sustainment Plan” equivalent to our Annual Maintenance Plan
- 2004 NA-10 continues to drill-down
 - Independent review of deferred maintenance
 - DP will require “Annual Maintenance Plan” (in to-be-released letter from Dr. Beckner)

NSO/BN History

- 2001 began discussing with EAMD the concept of AMP
 - No examples in the complex (Good or otherwise)
 - Unsure of content requirements
- 2002 Maintenance Plan requested in NSO task plan to support the TYCSP
 - Content to revolve around actual, deferred, & required maintenance
- 2003 AMP requested as standalone document
 - General format was agreed upon
 - Unofficial feedback and acceptance
 - Customer did not like
- 2004 AMP broadened, included as requirement
 - Became a funded activity
 - Initial feed back positive



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FY03 Challenges

- No direct funded maintenance in initial plan
- NNSA/NSO wanted complete picture of maintenance
- Fiscal tools not in place
- Planning process hugely labor intensive



FY03 Actions

- ✓ Data integration project
 - Align fiscal reporting - TYCSP, AMP and the Quarterly Crosscut reported the same data
 - All are connected to the data in the Oracle financial system
- ✓ Identify a single POC for financial reporting and for Infrastructure reporting
- ✓ By the end of FY03 established a common mechanism for reporting direct and indirect maintenance contributions

FY04 Actions

- ✓ Coordinate AMP w/TYCSP
- ✓ Integrate Infrastructure and Maintenance planning efforts
 - Instituted the FISWG – improved efficiency
 - Develop requirements document
 - Consistent w/430.1B (RPAM)
 - Develop FY05 requirements for budget cycle
 - Publish draft FY05 AMP ~~INov04~~ 15 May... 15 July?
 - NA-10 Guidance coming
 - Final in parallel w/TYCSP

U.S. Department of Energy
Washington, D.C.

ORDER

DOE O 430.1B

Approved: 9-24-03

This document was reviewed and certified as current and necessary by James J. Campbell, Acting Director, Office of Management, Budget and Evaluation/Acting Chief Financial Officer, 05-24-03

SUBJECT: REAL PROPERTY ASSET MANAGEMENT

1. **OBJECTIVE:** Establish a corporate, holistic, and performance-based approach to real property life-cycle asset management that links real property asset planning, programming, budgeting, and evaluation to program mission projections and performance outcomes. To accomplish the objective, this Order identifies requirements and establishes reporting mechanisms and responsibilities for real property asset management. This Order implements Department of Energy (DOE) P 580.1, *Management Policy for Planning, Programming, Budgeting, Operation, Maintenance and Disposal of Real Property*, dated 05-20-02 (reference p).
2. **CANCELLATION:** DOE O 430.1A, *Life-Cycle Asset Management*, dated 10-14-98. Cancellation of an Order does not modify or otherwise affect any contractual obligation to comply with such an Order. Cancelled Orders incorporated by reference in a contract remain in effect until the contract is modified to delete the reference to the requirements in the cancelled Order.
3. **APPLICABILITY:**
 - a. **DOE Elements:** Except for the exclusions in paragraph 3c, this Order applies to all DOE elements listed in Attachment 1 with responsibility for real property assets, including the National Nuclear Security Administration (NNSA). No requirements in this order will be implemented in a manner that would conflict with the provisions of the National Nuclear Security Administration Act.
 - b. **Site Facility Management Contracts:**
 - (1) Except for the exclusions in paragraph 3c, the Contractor Requirements Document (CRD), Attachment 2, sets forth the requirements of this Order that must apply to all site facility management contracts that include the CRD.
 - (2) The CRD must be included in site facility management contracts that involve the acquisition, management, maintenance, disposition, or disposal of real property assets. Modifications to the CRD must be reviewed by the Office of Engineering and Construction Management (OECM) before incorporation.

DISTRIBUTION:
All Departmental Elements

INITIATED BY:
Office of Management, Budget and
Evaluation/Chief Financial Officer

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NA-10 Guidance

Show me your annual maintenance plan... Oh by the way it should contain...

- Methodology and criteria used to identify and prioritize assets
- Method to sustain assets
- Site Condition Assessment Program
- Process for identifying periodic recapitalization needs
- Site planning and budgeting process descriptions pertaining to
 - Maintenance and maintenance backlog prioritization
 - Project scope and estimation
 - Long-term investment planning
 - Funding needs for RTBF direct-funded assets - FY2005-2010 period;
- Funding mechanisms designed to prioritize
 - Facility operations
 - Maintenance of existing facilities and infrastructure
 - Maintenance of completed line item construction projects
- Project Execution Program
 - Discussion of how projects are included in the program
 - How Site establishes priorities among projects
- Quality management practices used to control and improve maintenance processes

FY04 AMP Components

- The Maintenance Process
 - FY04 Budgeted Maintenance
 - FY05-09 Sustainment and Recapitalization
-
- Acronyms
 - Definitions
 - Planning Assumptions
 - FY04 Budgeted Maintenance by Facility
 - FY04-09 Planned Maintenance
 - FY05-09 DM Buy Down
 - Deferred Maintenance Summary
 - Utility Management Plans



Deferred Maintenance Buy-down

AMP Appendix F buy down plan

- Categorized Facilities and Infrastructure
 - Mission Essential – SDSC
 - Mission Support – Operating but not ME
 - Balance of Plant – Not operating
- Applied indirect funding to worst FCIs in pool
>\$20K chunks - \$2.5M budgeted
- Applied M&R funding to worst FCIs in pool
 - Used for larger projects
- Applied FIRP/LI listed projects
 - FIRP - \$
 - LI - \$
- Applied proposed GPP/R-I-K to worst direct funded facility FCIs
 - Initial application of ~50% of allocation
 - Grows in out years

Facility Condition Index (FCI)=

$\frac{\text{Deferred Maintenance (DM)}}{\text{Replacement Plant Value (RPV)}}$

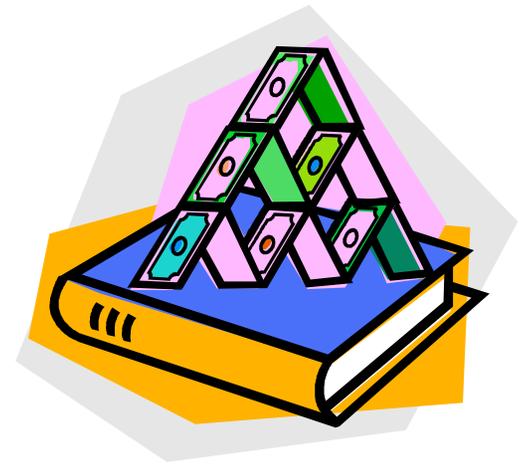
Deferred Maintenance Summary

- First attempt at quantifying annual growth of deferred maintenance
- Only included operating buildings
 - Infrastructure has little or no data
- Bottom line about 2.2% growth
 - Equates to little or no recapitalization
- Current deferred maintenance about \$330M
 - Doesn't include roofs
 - Only about \$75M in facilities deficiencies

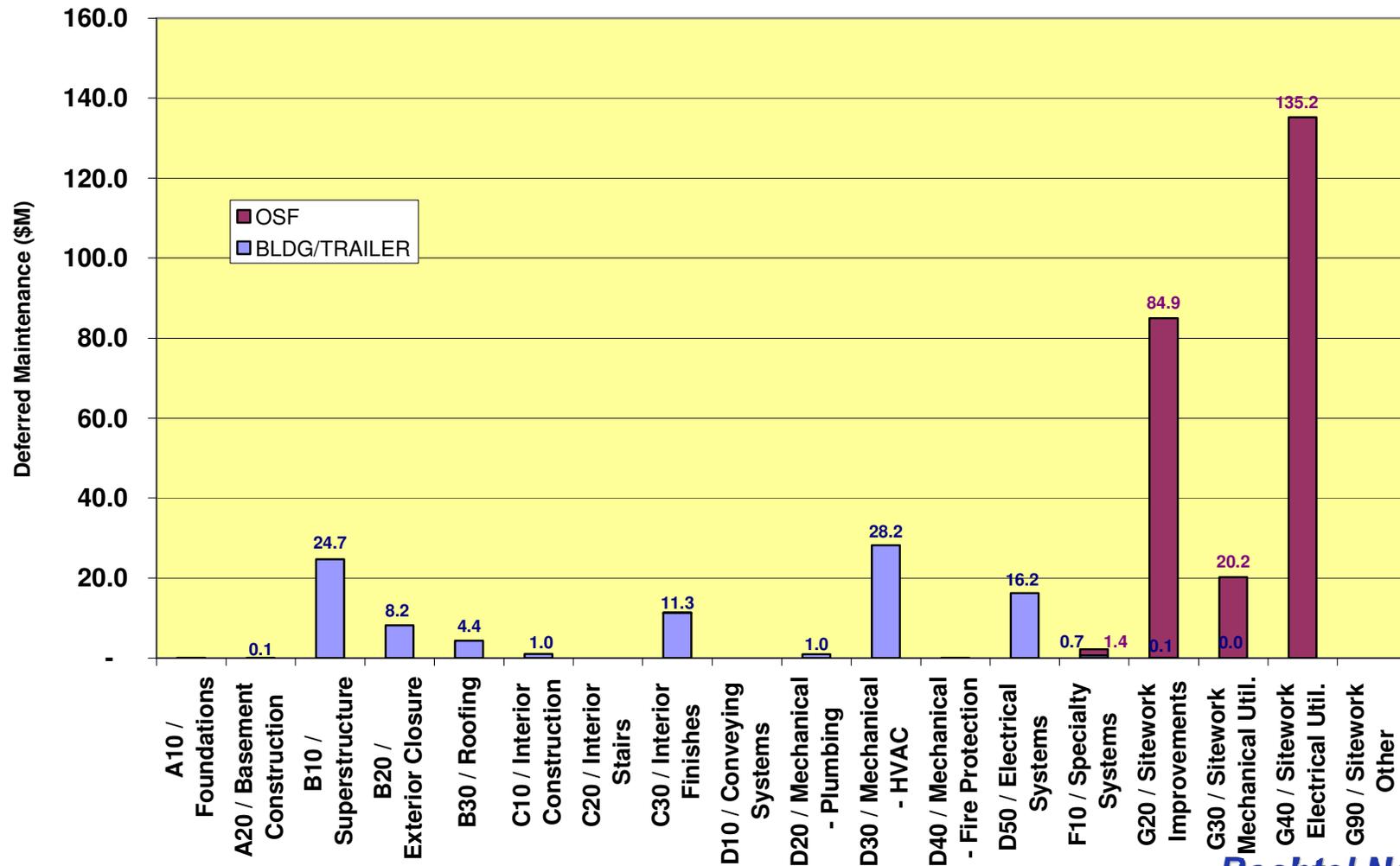


Plan Weakness

- Methodology & Potential DM Growth
 - Roofs
 - Re-inspection based upon new criteria
- Detail on direct facilities insufficient for NA-10



Deferred Maintenance by System

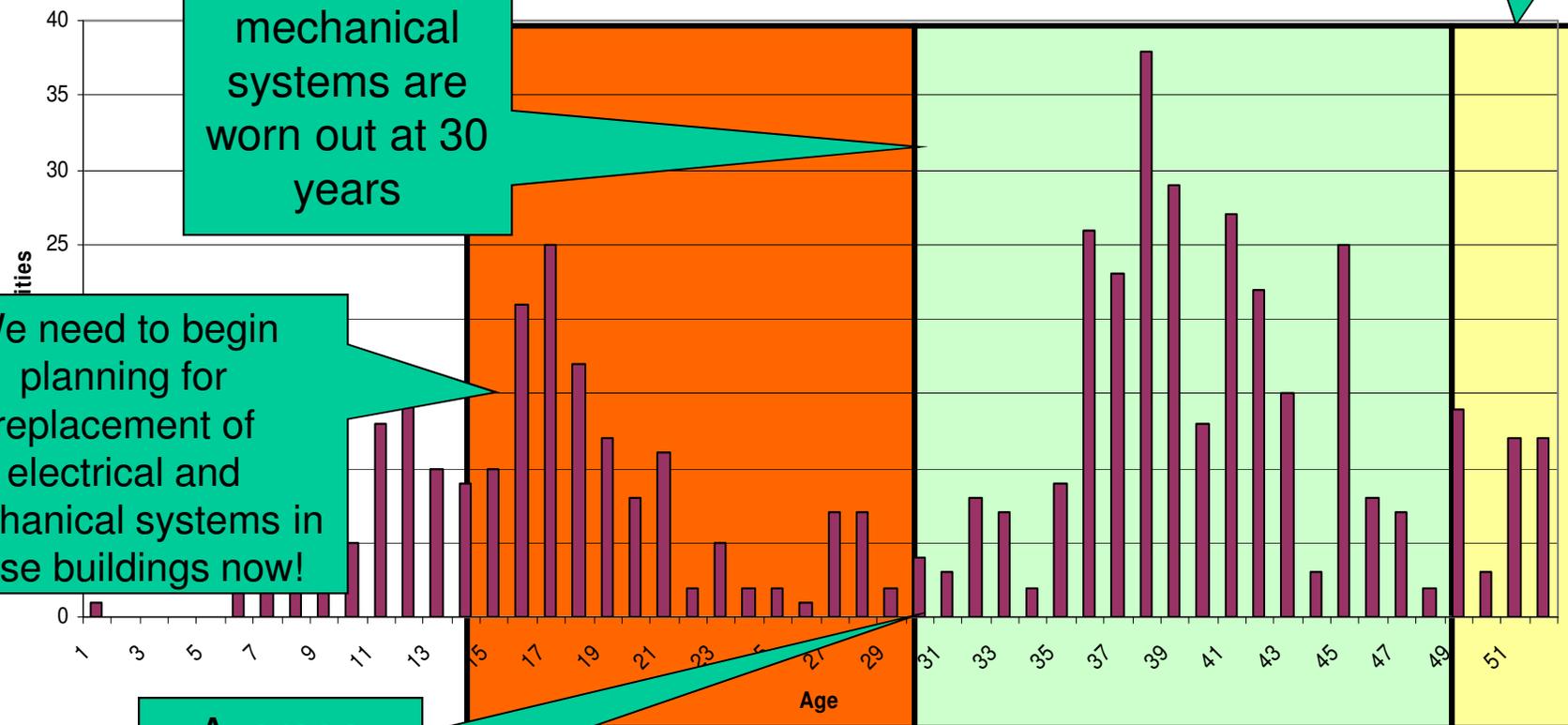


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What is our situation?

Structural systems require renewal at 50 years

Facility Age Mix



Electrical and mechanical systems are worn out at 30 years

We need to begin planning for replacement of electrical and mechanical systems in these buildings now!

Average age is 31 years