

U.S. Department of Energy
Office of Science (SC)
Stanford Site Office (SSO)
Stanford Linear Accelerator Center (SLAC)
2575 Sand Hill Road, MS-8A
Menlo Park, CA 94025



May 4, 2007

Jonathan Dorfman
Director
Stanford Linear Accelerator Center
2575 Sand Hill Road, MS-75
Menlo Park, CA

Subject: FY07 Mid-Year Performance Assessment

Dear Jonathan:

The Stanford Site Office (SSO) has completed its review of the mid-year performance assessment briefing package. Our feedback is provided below. Comments have been italicized for your convenience.

Performance Goal 4.0 Provide Sound and Competent Leadership and Stewardship of the Laboratory.

Performance Objective 4.2 Provide for Responsive and Accountable Leadership throughout the Organization.

The mid-year briefing did not provide a critical self assessment of SLAC's M&O Performance Goals. A self assessment should identify accomplishments against the measures and identify areas needing improvements. A self assessment should identify Management concerns in those functional areas that are not meeting expectations along with a strategy to ensure performance will meet or exceed expectations by the end of the rating period.

It is expected that all critical positions will be recruited and hired within a reasonable period. The ES&H Division Director position has remained vacant for almost two (2) years. The Security Officer position has remained vacant for several months. Additionally, there are vacancies in the Chief Financial Officer's organization that need to be filled.

While the Business Services Division Director was recently hired, there was no overlap between the retiring Director and the new hire to ensure a smooth transition. The mid-year assessment states that there are "known areas of weaknesses within Business Services". These areas of weaknesses should have been identified, along with an improvement strategy.

SLAC Management should consider conducting an in-depth staffing analysis throughout the M&O operations to address skills mix, and succession planning.

Performance Objective 4.3 Provide Efficient and Effective Corporate Office Support as Appropriate

Stanford University (SU) involvement is needed to assess management approaches, review risks, M&O operations and mission execution issues. SU should leverage resources to ensure SLAC performance is at the highest level.

The mid-year briefing did not address how SU uses the recommendations from review committees to affect changes and or improvements in the management and operations of SLAC. Stanford University may want to consider using peer reviews (other DOE SC laboratory M&O's) to assist in conducting self-assessments of SLAC's M&O operations.

Performance Goal 5.0 **Sustain Excellence and Enhance Effectiveness of Integrated Safety, Health and Environmental Protection.**

Performance Objective 5.1 **Provide a Work Environment that Protects Worker Safety, Health and the Environment.**

SLAC LCLS Project worked close to 900K hours until there was a reportable (non-life threatening injury). Overall, the LCLS Project continues to excel in the area of construction safety, with effective implementation of the ISMS process. Tunnel construction commenced in March, and requires diligent safety oversight due to the inherent dangers associated with this type of construction. There continues to be minor electrical incidents.

Although there were no releases to the environment, there were 3 reportable cases involving hazardous spills (two with tritium, and one involving cooling tower bio-agent sulfuric acid –which was reported in the media).

Performance Measure 5.1.1 **The Contractor's progress in meeting the Office of Science FY07 safety goal for days away restricted or transferred (DART) case rate.**

The TRC and DART rate occurrences are not substantially improved from the same target point last fiscal year, which indicates more proactive measure, might be needed to remediate the upward TRC/DART trending. Currently there are 6 DART cases through mid-year FY07. In both TRC and DART number of cases, SLAC is around the same level as last fiscal year, and does not meet SC goals.

Performance Measure 5.1.2 **The Contractor's progress in meeting the Office of Science FY07 safety goal for total reportable case (TRC) rate.**

There have been 12 TRC through mid-year FY07 and does not currently meet SC goals.

Performance Measure 5.2.6 **Contractor shall conduct a comprehensive review of their lessons learned program, based on internal data and external data across the DOE Office of Science (SC) Complex. DOE Corporate Lessons Learned Program may be used as a guide (Ref. DOE-STD-7501-99, latest revision). The lessons learned program review shall include a comprehensive focus in the area of construction safety, including preconstruction planning.**

To date, SLAC have not submitted the comprehensive review of the lessons learned program. When conducting this review SLAC should consider the feedback provided from the recent HHS review.

Performance Objective 5.3 Provide Efficient and Effective Waste Management, Minimization, and Pollution Prevention.

Performance Measure 5.3.2 Success in minimizing waste generation (low-level, hazardous).

To date, SLAC is not meeting the target (72%) for reduction in generation of hazardous waste from routine operations by the end of FY07.

Performance Goal 6.0 Deliver Efficient, Effective, and Responsive Business Systems and Resources that Enable the Successful Achievement of the Laboratory Mission(s).

Performance Measure 6.1.1 The effectiveness of the Financial Management System as validated by internal and external audits and reviews.

Demonstration of an effective financial management system through a reliance on the work of others requires verifiable documentation from external reviews by the Inspector General (IG), Government Accountability Office (GAO), or other external audit/review organization. The review results must state that the Laboratory's financial management system has been evaluated, and has received a positive result, with no notable areas of diminished performance identified.

The Stanford University Internal Audit Department (SIAD) Accounts Payable Review results will need to be validated and submitted to the SSO for review.

Performance Measure 6.1.5 Effective management of costs (direct and indirect). The success of the Contractor's management and reporting of Indirect costs will be measured by an evaluation of the Contractor's Direct-to-Indirect Ratio costs (1) as measured by Direct/Indirect cost calculations; and (2) the presentation of a semi-annual analysis to the site office.

The mid-year presentation sufficiently addressed the 1st bullet requirement under the performance target. However, the remaining 2nd and 3rd bullets (listed below) were not addressed in the briefing and are still due to the SSO:

- An analysis of the composition of indirect charges: from internal organization source charges, summarized up to the total laboratory indirect percentage number.*
- Related variance analyses.*

Performance Measure 6.2.2 Perform Procurement Balanced Scorecard evaluation in accordance with the FY2007 Balanced Scorecard Plan and successfully meet the at least 90% of the BSC targets.

BSC Objective 2.1 Internal Business Processes Perspective (Effective Internal Controls): The activities of the LCLS Procurement Cell affects the SLAC Procurement Department's Balanced Score Card results. The results of SLAC's review of the Jacob's subcontract revealed that the

personnel in both the LCLS Procurement Cell and Purchasing Department did not follow the established SLAC Procurement procedures and policies. LCLS Procurement Personnel should be provided training in the area of construction contracting and contract administration. SLAC should ensure that all purchasing personnel are trained on internal purchasing procedures and policies.

Performance Measure 6.2.3 Property Balanced Scorecard evaluation in accordance with the FY 2007 Balanced Scorecard Plan and successfully meet at least 90% of the BSC targets.

To date, SLAC Property Management is not meeting the following BSC targets:

The percentage of surplus items sold using on-line sales media when compared to prior on-line sales.

The number of Purchase card items should be recorded in the property & financial database within the 72 hrs. of receipt.

Fleet Vehicle Management: BSC Performance Objective 2.2, Equipment Utilization:

The FY07 Utilization Goals/Local Use Objectives (LUO) were not submitted consistent with DOE guidance. The LUO goals need to be approved by DOE prior to the end of the fiscal year. The vehicle inventory submitted by SLAC is inconsistent with the GSA vehicle inventory. SLAC needs to ensure that their vehicle inventory is accurate.

SLAC needs to establish an acceptable vehicle rotational policy.

Performance Measure 6.3.1 Effectiveness of HR systems/processes/services as validated through the use of a customer service survey.

To date, SLAC has not conducted a customer feedback survey. The survey should be conducted and submitted to SSO by August 31st so that SSO can validate the results.

Performance Measure 6.3.2 Continuous improvement of HR systems/processes through annual self assessment.

The mid-year self assessment results indicate that a review of the HRIS and some related process was performed, however, neither the analysis nor results were provided to the SSO. SLAC should submit the results of the review, and identify any changes made to the HRIS systems to the SSO Contracting Officer for verification and validation.

Performance Measure 6.3.3 Success in attraction/retention of highly qualified employees.

The mid-year self assessment results indicate that the SLAC employee turnover rate is lower than Stanford University. The data to support the results should be provided to the SSO prior to the end of the FY07. This data should include the actual targets achieved, turnover rate for PhD and engineers, as well as the in-hire compensation package data.

Performance Measure 6.3.4 Increase diversity in the workforce through participation of minorities and women in feeder programs. Such feeder programs would serve students at various educational

levels including post-high school (Youth Opportunity Program), two year training institutions (Work Study Program), four year colleges (Science Internship Program), and graduate level.(Graduate Engineering for Minorities)

SLAC should continue to increase diversity in the workforce through participation of minorities and women in feeder programs.

Performance Measure 6.4.2 Assessment of Continual Improvement. The Laboratory will demonstrate efficient and effective business management systems, resulting from audit/assessment/benchmarking that drives continual improvement as appropriate.

The mid-year assessment did not address the Comparison of IT Business System Expenditure.

Performance Goal 7.0 Sustain Excellence in Operating, Maintaining, and Renewing the Facility and Infrastructure Portfolio to meet Laboratory Needs.

Performance Measure 7.1.1 Achieve the Office of Science Maintenance Investment Index (MII) goal of 2.0% for non-waiver assets.

To date, the MII 2% goal has not been achieved. SLAC needs to develop a strategy to ensure that the MII 2% goal is met.

Performance Measure 7.1.2 Effective reduction of Deferred Maintenance (DM).

Although there was some reduction of the DM during this period, the actual reduction was significantly short of the goal during the review period.

Performance Measure 7.1.3 Efficient completion of scheduled preventive maintenance activities for conventional facilities.

SLAC needs to submit a comprehensive maintenance plan and maintenance schedule. The overall goal has not been met during this period.

Performance Measure 7.1.4 Effective execution of annual goals within the Energy Performance Management Agreement.

This goal has not yet been met during the review period due to the fact that work on the objectives is still in progress. To date, a Site Metering plan has not been provided to SSO.

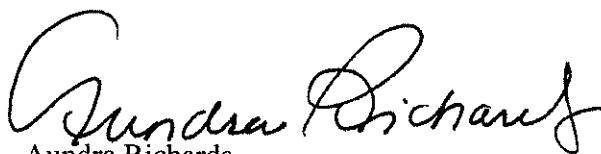
Performance Measure 7.2.3 Effective execution of facility and infrastructure projects greater than \$250K.

SLAC is currently not meeting the target based on the following:

- SLAC has only reported on GPP and the requirement is GPP and Operating projects > \$250K.
- The reporting of the GPP is incomplete. Projects reporting have missing start dates and completion dates.
- The GPP Quarterly report that was submitted by BSD, does not agree with the data contained in the IFI Quarterly report and the GPP and Operating Project data in TYSP. The 7.2.3 goal

"Effective execution of facility and infrastructure projects greater than \$250K." is not being met because the execution is not effective based on the inconsistencies noted in the reporting.

Sincerely,

A handwritten signature in cursive script, reading "Aundra Richards".

Aundra Richards
Site Manager
Stanford Site Manager

cc: Walter Leclerc, SLAC
Tyndal Lindler, SSO



U.S. Department of Energy
Office of Science (SC)
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May 11, 2007

Jonathan Dorfan
Director
Stanford Linear Accelerator Center
2575 Sand Hill Road, MS-75
Menlo Park, CA

Subject: FY07 Mid-Year Evaluation Assessment

Dear Jonathan:

The Stanford Site Office (SSO) provided you mid-year feedback on May 4, 2007, however, our feedback for the Environmental Management Performance Measures 7.1.5 and 7.1.6 were not included. Our feedback for these measures is provided below. Comments have been italicized for your convenience. Additionally, the Site Office is retracting comments, from my letter dated May 4, 2007, relating to measure 7.1.2, after reviewing the deferred maintenance reduction data.

Performance Measure 7.1.5 Provide Efficient, and Effective Implementation of Project Management.

In March 2006, the DOE COR issued technical direction notifying SLAC that DOE O 413.3A CRD had been in the contract for some time and was applicable to the Environmental Management (EM) project. To date, SLAC still does not have project controls in place to manage the EM project. The fact that DOE is redefining the scope is not a valid reason for not having implemented the project controls sooner. A baseline and baseline change control process should have been in place to manage the scope changes. Wide monthly swings in earned value indicate a problem with the system and monthly earned value reports lack critical variance analysis.

SLAC should develop a tailoring strategy and implement DOE O 413.3A CRD for the EM restoration project. Improvement of SLAC's Earned Value Management System and variance analysis is needed.


Performance Measure 7.1.6 Make Substantial Progress in Completing the Project.

SLAC started FY07 behind schedule on the EM restoration project and committed to a corrective action plan that would bring them back on schedule by the end of the fiscal year. SLAC also submitted a FY07 Work Plan for the EM restoration project and the combination of these two plans is the basis for DOE's evaluation of progress. SLAC has only recovered about 25% of the schedule variance in the first six months of this year.

However, that progress has been countered by SLAC notifying DOE that they can no longer complete the FY07 work for the agreed upon cost and made a proposal for which work should be delayed. SLAC estimates the FY07 work will take 25% more funds than is available and thus 25% less work will be accomplished in FY07 than originally committed. Progress is less than expected.

This letter along with my previous letter, dated May 4, 2007, completes the Site Office evaluation of SLAC's Mid-Year Self Assessment.

Sincerely,


for Aundra Richards
Site Manager
Stanford Site Manager

cc:
Walter Leclerc, SLAC
Tyndal Lindler, SSO