UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555

OFFICE OF THE
COMMISSIONER

September 20, 1979

MEMORANDUM FOR: Chairman Hendrie
Commissioner Gilinsky
Commissioner Kennedy
Commissioner Bradford

FROM: John Ahearne

SUBJECT: MANAGEMENT STUDY

I think the Commission should proceed now with developing an RFP for a management study of the Commissioners' offices and issue the RFP for bids as soon as it is finalized. Although the Kemeny and Rogovin investigations may address the overall responsibilities of the Commission, these investigations will not examine the internal management approaches, procedures, and structure necessary for the Commissioners to effectively and efficiently execute these responsibilities.

While the draft RFP provides an adequate basis for further discussion, I believe the RFP should be reoriented from the question of what should be the Commission responsibilities to that of how best to execute the responsibilities as perceived by the Commissioners. I have made specific comments on the attached RFP along these lines.

I estimate that this type of study could be done in 3-4 months after the contract is awarded, with about five people, and at a cost of $175-250K.

Relative to the Source Evaluation Board, I would include the Chairman, one Commissioner, General Counsel and Director of OPE, who would also be the COTR.

Attachment

cc: Secy
OPE
OGC

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DRAFT RFP FOR MANAGEMENT STUDY OF NRC

Description/Specifications

Background

The Nuclear Regulatory Commission has concluded that an examination of the way it operates, in light of its over four-and-one-half years of existence, would contribute positively to the manner in which its public business is conducted. It believes that Commission efficiency would benefit from a detached and dispassionate analysis, by a management consulting firm with the requisite qualifications and capabilities, of Commission functions, processes and procedures and its relationships with Commission staff offices. The basic purpose of the study is to examine the current internal management approaches and procedures used by the Commissioners to execute their perceived responsibilities and to identify alternatives to improve the Commissioners' efficiency and effectiveness.

One of the principal objectives of such a study would include identifying ~~these responsibilities which deserve~~ changes in current methods and procedures which would allow the Commissioners to allocate the greatest attention ~~on the part of the Commission itself~~ to those areas of prime responsibility. This would involve weighing and analyzing the competing demands on Commission time and resources of such responsibilities as establishing goals and policies, resolving major issues, adjudicating, managing the NRC staff, and maintaining relations with the Congress, other Federal agencies and the public at large. Subsumed under the foregoing would be an examination of individual Commissioner perceptions of what issue areas are important versus those issues to which Commission attention is devoted in practice. This examination would also

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focus on the varying degrees of initiative appropriate for the Commission itself; varying from ~~that is, given its statutory responsibilities, to what extent it should confine~~ confining its role to reviewing proposals and recommendations generated by the NRC staff, ~~as opposed~~ to becoming actively engaged in policy origination and the day-to-day management of work being performed by the staff.

The study would also explore how the Commission functions. A key aspect of this task would include an analysis of the efficiency and effectiveness of decision-making methods that could be used by the Commissioners to discharge their responsibilities. For example, the study would examine the Commissions' effectiveness in ~~whether the Commission's responsibilities are discharged~~ by seeking a harmonious consensus on major issues as opposed to ~~or by~~ invoking the concept of majority rule to a greater extent than at present. Relevant in this regard is the question of whether the type of decision-making employed could ~~should~~ vary depending on the functions being performed, e.g., adjudication, policy formulation, rulemaking, etc.

Another aspect of Commission functioning that the study would address is its effectiveness in developing and promulgating agency goals, ~~and~~ general policies and directions to the staff. This element of the study would focus on the clarity of communications between the Commissioners and the staff and public. Specifically, are Commission policies formulated so that they receive unambiguous interpretation and implementation by the staff, and can be understood by the informed general public? Or is clarity at times

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sacrificed in the interest of achieving a consensus with the result that guidance on how policies should be implemented is subject to varied interpretations by the staff. ~~With-respect-to-communications-with-the-public, the-study-will-evaluate-present-methods,-with-a-view-towards-recommending possible-improvements.~~

Under the general heading of how the Commission operates, the study would assess evaluate ways to obtain necessary information to execute the Commissioners' resonsibilities. This would include assessing such factors as the relative contribution that staff papers and oral discussions make to the Commission's decision-making process. This would also include an examination of which mode of communications best serves to focus attention on the principal aspects of a given issue. The study would also consider the impact of the Sunshine Act on Commission operations.

A fundamental component of the study would be an inquiry into the appropriate role of the Chairman, both as the Commission's principal executive officer and spokesman, including an analysis of relevant legislation and a comparison of the practices of other independent regulatory agencies. ~~Based-on-whatever conclusions-are-reached-about-the-appropriate-role-of~~ For each role examined for the Chairman, the study would also examine both the roles of the other individual Commissioners and that of the Commission as a collegial body.

The study would also consider the advantages or disadvantages of the "lead-Commissioner" concept and/or Commission committees, consisting of two or three Commissioners, to ~~deal-with~~ manage the development and addressal of specific issues ~~and-emergency-situations.~~

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Another element of the study would be an analysis of the functions of those NRC offices attached directly to the Commission, namely, the Office of the General Counsel, the Office of Policy Evaluation, the Office of Congressional Affairs, and the Office of the Secretary. This analysis would cover how these offices are presently used by the Commission itself as well as by individual Commissioners, and develop alternative recommendations as to how they could be utilized more effectively. In this regard, possible functional or structural changes in these offices would be highlighted, as appropriate.

~~The study would further explore various personnel/administrative facets of the Commission's operation, including both Commissioner and employee perceptions of the Commission's performance in such areas as professional opportunity, working conditions, and general employee work-related welfare.~~

Finally, the study would make use of and incorporate, where available and appropriate, relevant findings from various other on-going post-TMI investigations and studies of Commission operations.

The study would not address the functions and relationships of either the Executive Director for Operations or the NRC staff, that is, those offices of the Commission which report to or through the EDO. However, in dealing with those subjects called for by the study, any necessary assumptions concerning the functions and relationships of the EDO and/or staff offices should be explicitly stated. If the functions and relationships of these offices, assumed for purposes of the study, differ from current arrangements, these should be stated, but not evaluated.

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The contractor, shall provide the necessary personnel, facilities, and services for a study of the management of the Nuclear Regulatory Commission in accordance with the following:

Task 1 - Gather Data on NRC Functions, Processes, Relationships, and Relevant Personnel Practices

The purpose of this task shall be to collect information to serve as a data base for the conduct of the management study. The Contractor shall establish a data base which shall include, but not be limited to agency responsibilities exercised by the Commission itself, individual Commissioner views on what matters deserve Commission attention, present decision-making practices, the extent of day-to-day management control exercised by the Commission, modes of communication between the Commission and the staff or public, the statutory and Commissioner perceptions on the role of the Chairman, ~~and-on-the-"Head Commissioner"/"Commission-committee"-concepts-for-specific-tasks~~, the role on functions of NRC offices attached directly to the Commission, on ~~various~~ other pertinent ~~personnel/administrative~~ management aspects of the Commission operation. The contractor shall also make use of ~~and-incorporate~~, where available and appropriate, relevant findings from various other on-going post-TMI investigations and studies of Commission operations.

The NRC Contracting Officer's Technical Representative will make all arrangements for access to personnel* and records.

*Where interviews are to be conducted, the formats, data objectives and personnel to be interviewed shall be fully specified in advance to the COTR along with the methodologies which will be used to collate and analyze the interview data. The question of safeguarding the confidentiality of interview records shall also be addressed.

The contractor shall document fully the results of this task, including documentation of source material and problems encountered.

Task 2 - Assess Data Validity and Accuracy

The purpose of this task is to assess the accuracy and validity of the data collected in Task 1.

The Contractor shall verify data accuracy and validity by discussions, arranged by the Contracting Officer's Technical Representative, with knowledgeable persons, including Commissioners and officials of appropriate Commission offices. Every effort shall be made to crosscheck both where possible. This task may run concurrently with Task 1.

Task 3 - Development and Evaluation of Alternatives

The purpose of this task is to develop and evaluate alternatives to the existing management approach, procedures and structure.

Task 3 4 - Findings and Recommendations

The purpose of this task is to set forth and document the findings and recommendations of the study.

Based upon the findings of Tasks 1 and 2, the Contractor shall submit documentation setting forth his findings and recommendations for each element of the study. The documentation shall indicate clearly the organizational arrangement upon which recommendations may be premised if they differ from the current organizational structure. To the extent that the geographic separation of NRC offices impinge on any of the recommendations of the study, this factor should be addressed in this framework.

Task 4 5 - Formal Presentation of Conclusions and Recommendations

At a time, date, and place mutually agreeable to the Contractor and the NRC, but not later than 30 days after the completion of Task 3 4, the Contractor shall provide the Commission with a formal, oral presentation of the analytic results, findings and recommendations of the study. Format and content of the presentation shall be determined in consultation with the Contractor and the Contracting Officer's Technical Representative following completion of Task 3 4.

Documentation

The Contractor shall furnish documentation on the effort performed in accordance with NRC Manual Chapter 3202, "Publication of Unclassified Regulatory and Technical Documents Prepared by NRC Contractors, Including Reports Prepared Under or Pursuant to Interagency Agreements," attached hereto as Attachment ___, and the following:

Monthly Letter Reports

Each month, the Contractor shall submit 11 copies of a brief letter report which summarizes: (1) the work performed during the previous month; (2) personnel time expenditures during the previous month; and (3) costs data as follows: (i) for the current period, (ii) cumulative to date, and (iii) estimated cost to completion. Additionally, the Contractor shall attach to the Monthly Letter Reports a detailed account of tasks as they are completed.

Evaluation Factors for Awa

The following factors, with their relative weights (to be inserted later), will be considered in the evaluation of proposals and are listed in descending order of importance:

Weights

A. Individual and Corporate Experience and Qualifications ( ) point

1. Experience and Expertise of Proposed Project People ( )

a. Has the offeror proposed a project leader capable of managing a complex project and of integrating the efforts of a multi-disciplinary staff? ( )

b. Has the offeror identified persons who have the necessary substantive knowledge of organizational, management, and personnel practices and procedures, and who have the ability to assess the effectiveness of alternative approaches to discharging the functions of an independent multi-headed regulatory agency? Do these people have the capability to evaluate the operating processes of an agency, particularly with respect to the decision-making proces? ( )

~~c. Has the offeror identified persons who have the ability to gauge the impact of agency leadership on employee perceptions of agency working conditions? ( )~~

2. Related Experience of the Offeror ( )

Has the offeror carried out similar studies, particularly in the Federal Government, and did the experience with similar studies involve the individuals who would be assigned to this study?

B. Technical Approach ( )

1. Methodology ( )

Has the offeror satisfactorily addressed the requirements of the statement of work and discussed possible methodological approaches to performing the work that shows understanding of the requirements and that is of sufficient quality and in sufficient detail?

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2. Technical Understanding ( )

Has the offeror demonstrated how its expertise and experience will be applied and how the proposed personnel can execute the proposed technical approach?

3. Anticipated Problems ( )

Has the offeror recognized and offered solutions to potential problem areas that could arise during the course of the study, e.g., the safeguarding of confidential information collected during interviews?

C. Management Plan ( ) points

1. Level of Effort ( )

Does the offeror's management plan indicate that the project can be completed competently within the period of performance and within the cost?

2. Responsiveness ( )

Does the offeror outline procedures for project management's review of work in progress and for coordinating with the NRC Contracting Officer's Technical Representative?

3. Controls ( )

Does the offeror provide for management controls to preclude contract cost growth and keep the project on schedule?

Total of All Weighted Factors ( ) point

Relationship of Technical and Cost Considerations

While cost is a less important factor than technical merit, it will not be disregarded in the negotiation and award of a contract under this solicitation.

The degree of its importance will increase with the degree of equality of proposals in relation to the above factors on which selection is to be based. Cost will be evaluated on the basis of reasonableness, validity and reliability.

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A separate cost analysis will be performed on each cost proposal. To provide a common base for evaluation of cost proposals, the level of effort data shall be expressed in man hours.

A final best-buy analysis will be performed taking into consideration the results of the technical evaluation, cost analysis, and ability to complete the work within the Government's required schedule. The Government reserves the right to make an award to the best advantage of the Government, cost and other factors considered.

Award of Contract

Award will be made to the offeror (1) whose proposal is technically acceptable and (2) whose technical cost relationship is the most advantageous to the Government; and who is considered to be responsible within the meaning of Federal Procurement Regulation 1-1.12.

The Government reserves the right without qualification, to accept or reject any or all proposals, to negotiate with any and all proposers regardless of the terms of the original proposal, and to request additional clarifying information either through written information or through conference with the proposers. All proposers are notified that award may be made without discussion of proposals and, therefore, proposals should be submitted initially on the most favorable terms, from a cost and technical standpoint.

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UNITED STATES
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WASHINGTON, D. C. 20555

October 4, 1979

MEMORANDUM FOR: Chairman Hendrie
Commissioner Gilinsky
Commissioner Kennedy
Commissioner Bradford
Commissioner Ahearne

FROM: Albert P. Kenneke, Acting Director, OPE
Leonard Bickwit, Jr., General Counsel

SUBJECT: REVIEW OF DELEGATIONS OF AUTHORITY WITHIN NRC

We submit the enclosed report in response to your request that our offices review delegations of authority to staff offices within the NRC. The purpose of this review was to describe and examine such delegations considering the mission of the agency and the policy issues bearing on that mission.

In accordance with the plan that we had submitted, the report represents completion of the first two phases of the study. Phase I, devoted to background information and research, is covered by Sections 1 to 4 of the report and includes review of formal delegations and review of delegations in practice, with office-by-office and function-by-function analyses. Phase II, involving discussion of problems and factors suggestive of the need for changes in the present process and a review of options available to the Commission, is the subject of Sections 5 and 6.

You will note that the study suggests increased Commission delegation of authority to the staff in two areas: generic rulemaking and export licensing. The basic thrust of the suggested options is to permit increased Commission attention to matters of overriding significance, namely, key issues in licensing and regulatory policy, and long-range planning in all areas of the NRC mission. In our view, such delegations, by focusing the Commission's resources on major policy and planning concerns, would actually result in more--not less--Commission control over the agency's course in the coming years.

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Contacts:
George Sege, OPE
63-43302
William Shields, OGC
63-43215
James Fitzgerald, OGC
63-43224

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The next phase, Phase III, which would consist in drafting recommendations for change has been deferred in accordance with your instructions, and awaits your review and comment on the present report.

In arriving at decisions concerning possible changes in delegations, the Commission will undoubtedly want to take into account not only the results of this study, but also the results of other work such as the Presidential and NRC TMI inquiries, the study of construction during adjudication (report due November 1), the OGC study of the appellate process (report expected to be submitted mid-October), the statutory GAO study of NRC management performance (comment draft expected mid to late October), and the results of a "management study" which the Commission may undertake.

We do not, however, believe that it is necessary to delay formulating Commission guidance initiating Phase III of the OPE/OGC delegation study to await results of those studies. As new information and advice become available, review and modification of this guidance, as necessary, can be considered.

Enclosure:
Study report, as stated _Richards

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