United States Environmental Protection Agency

October 26, 2006

MEMORANDUM

SUBJECT: Laboratory Infrastructure Review

FROM: Lek Kadeli, Deputy Assistant Administrator
Office of Research and Development

Ira Leighton, Deputy Regional Administrator
Region 1

TO: Deputy Regional Administrators
Deputy Assistant Administrators

In the U.S. Environmental Protection Agency's (EPA's) FY 2008 Technical Budget Guidance issued by Lyons Gray on June 8, 2006, an approach to exploring long-term efficiencies and out-year cost savings through a number of strategies was set forth, including centers of excellence, centralized information technology (IT) services, and energy efficiency. The Office of Research and Development (ORD) was asked to work with the other national program managers (NPMs) and regions to develop a plan to reduce the costs associated with the Agency's laboratory physical infrastructure.

ORD and Region 1, as lead region for ORD and Regional Science and Technology (RS&T), are proposing in the attached draft charter a set of guiding principles, a structure, and a timeline by which the task of identifying strategies to reduce costs, while maintaining the sound scientific underpinnings of EPA's work, can be accomplished. We have modeled this laboratory infrastructure review after the successful approach used by the regions and NPMs to address competitive sourcing in FY 2004 – 2005. The process is designed to be inclusive and collaborative in spirit, and we would strongly encourage your offices' active participation.

We have scheduled an opportunity to discuss the draft charter and seek your feedback at the November 3, 2006 meeting of the Deputy Regional Administrators and Deputy Assistant Administrators. In particular, we would appreciate your thoughts on the following questions in addition to the content of the Draft Charter:

- What additional stakeholders should be involved in the process?
- Should we involve a third party review of the process and/or decisions?
- What is the process for identifying leaders and participants in the workgroups?

- What is the sequencing of the products from the workgroups? Should certain products be on a faster track?
- How do we ensure strong coordination with other efforts to identify efficiencies and cost savings?
- What is the appropriate frequency and format of communication with senior managers (e.g., Assistant Administrators, Regional Administrators) on the progress of the study?
- What is the appropriate frequency and format of communications with EPA laboratory staff?

Our laboratories provide the science and information that drives much of the Agency's work. This laboratory infrastructure review offers us an opportunity to position our laboratories well to serve the Agency's mission for decades to come. We look forward to feedback on whether you believe we have designed an approach that will be successful.

cc: ORD Laboratory/Center Directors
RS&T Directors
Program Office Laboratory Directors

DRAFT CHARTER:
LABORATORY INFRASTRUCTURE REVIEW

The laboratories of the U.S. Environmental Protection Agency (EPA) contribute important scientific support vital to accomplishing the Agency's mission to protect human health and the environment. The purpose of this Laboratory Infrastructure Review is to identify efficiencies throughout the Agency's laboratory network that will allow EPA to more effectively achieve its mission. To maximize the opportunity for cross-office efficiencies, the review will look at the broad spectrum of EPA's laboratories, including the laboratories of the Office of Research and Development (ORD), the 10 regions, and the National Program Offices. The review will consider a wide range of ideas for improved efficiency and cost savings, while ensuring EPA laboratories will continue to deliver the strong science support needed by the Agency.

This Charter sets forth the *background* of the Administrator's overall goals for the Agency, the *guiding principles* by which the review will be conducted, the *structure* by which the review will be organized, and the *timeline* for completion of the review.

BACKGROUND

This review of EPA's laboratory infrastructure is consistent with the Administrator's goals as set forth with the following themes:

- *Best Available Science.* EPA needs the best scientific information available to anticipate potential environmental threats, evaluate risks, identify solutions, and develop protective standards. Sound science helps us ask the right questions, assess information, and characterize problems clearly to inform Agency decision makers.

- *Innovation and Collaboration.* Our progress depends both on our ability and continued commitment to identify and use innovative tools, approaches, and solutions to address environmental problems and to engage extensively with our partners, stakeholders, and the public. Under each of our goals, we are working to promote a sense of environmental stewardship and a shared responsibility for addressing today's challenges.

- *Results and Accountability.* EPA is committed to being a good steward of our environment and a good steward of America's tax dollars. To provide the public with the environmental results it expects and deserves, we must operate as efficiently and effectively as possible. Accountability for results is a key component of the President's Management Agenda, designed to make government citizen-centered, results-oriented, and market-based.

GUIDING PRINCIPLES

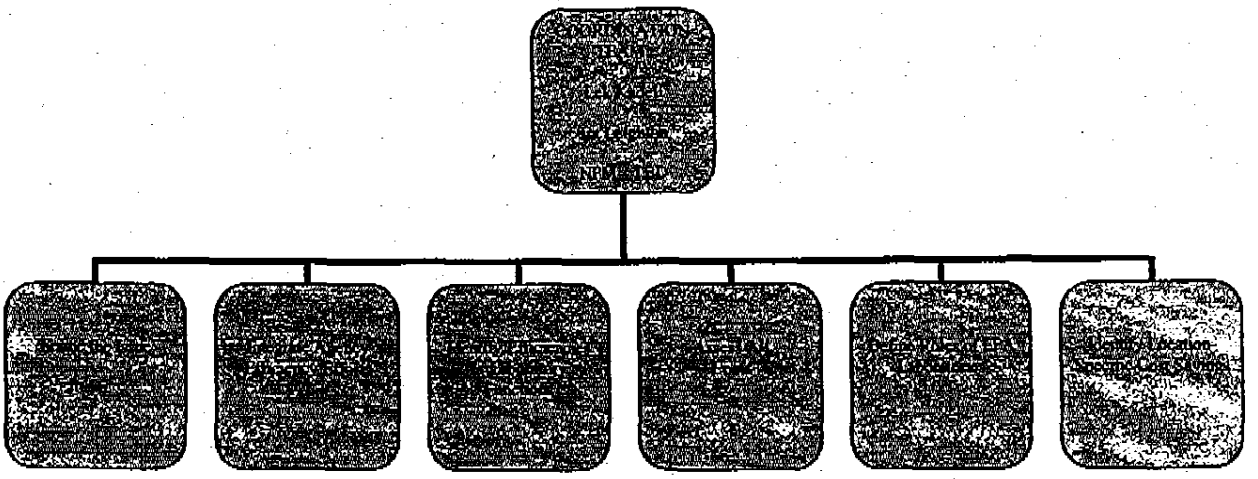
The review will be guided by a spirit of responsibility. The following principles will guide the review:

- The review will be driven by delivering the best science as cost-effectively as possible.
- The review will be conducted in an open process and transparent manner.
- The review will explore all reasonable options.
- The review will build upon the work of previous or ongoing efforts to improve efficiencies.
- The review will be conducted in a timely and concise fashion with conclusions ready by May 1, 2007.

STRUCTURE

To accomplish its mission, the review will need to gather and build upon the insights and ideas of many individuals in the laboratory community, while also remaining focused and strategic. The review would draw upon the work of several workgroups which would be charged with developing the products described below. Once combined and integrated, these work products will hopefully provide a holistic picture of the Agency's laboratories and options for increased efficiencies. As proved to be effective in devising a competitive sourcing plan, one or two representatives from the regional, ORD, and NPM laboratory community would lead each of the workgroups. Because this process has to be manageable, total membership on each workgroup will be target at approximately eight persons apiece. All information from each workgroup, however, will be shared with everyone. To the extent that workgroups identify low hanging fruit and recommendations that could be implemented immediately to realize savings, such actions should be taken.

The efforts of these workgroups will be overseen by a small Coordination Team consisting of the Deputy Assistant Administrator of ORD, the Deputy Regional Administrator of EPA Region 1, and a deputy of a National Program Office (to be determined). The Coordination Team will help the workgroups define their mission and stay focused on its accomplishment. The Coordination Team will also have the responsibility of ensuring that the effort is consistent with expectations of the Agency's Senior Managers, represented by the ORD Assistant Administrator, the Region 1 Regional Administrator, and an Assistant Administrator of a national program office (to be determined), and ultimately the Administrator.



- *Frame the Issue.* As an initial matter, it is important that the challenge facing EPA's laboratories be appropriately framed, taking into account past history of the laboratories and a thoughtful discussion of the trends in costs, mission, and outputs of the laboratories. In framing the challenge, we must recognize both the need to achieve long- and short-term savings and the need to support EPA's environmental mission with the best available science.

- *Integrate Agency Efficiency Efforts.* This review should not duplicate the work of existing efforts across the Agency (e.g., Energy and Water Use, Lab Commodities). It is critical that the laboratory efforts are aligned with other Agency efforts and should be utilized and pulled into this laboratory initiative wherever possible. Immediate involvement in these workgroups to insure maximum laboratory efficiencies in these areas is critical to completing the accountability for improvements in laboratory operations. We will also need to coordinate closely with the Office of Administration and Resource Management (OARM) and Region 9-lead efforts to identify efficiencies and cost savings throughout the Agency.

- *Identify Efficiencies in Laboratory Functions.* In the past, there have been some efforts among the regional laboratories to develop efficiencies through Centers of Excellence, which capitalize on the strengths of particular laboratories. We should build off these efforts and examine collaborative or work consolidation areas across the full range of EPA laboratories.

- *Assessing All Costs.* In order to identify potential cost saving, we will need to pull together laboratory cost information. We should consider not only the actual costs of operations, but also the avoided costs resulting from the multiple roles many laboratories play (e.g., COOP facilities, storage of field equipment, surge analytical) and the costs associated with relocating or closing a laboratory.

- *Define Roles of EPA Laboratories.* We should explore different models of providing laboratory services. We should also examine the roles of EPA laboratories and those in the private, academic, or state/tribal spheres, and determine where particular types of analytical or research work are most effectively conducted.

- *Identify Location-Specific Cost Savings.* Our laboratory network is spread throughout the United States in a very diverse array of locations that each offers their own set of opportunities. Each location should have the opportunity to evaluate its unique circumstances and to identify site specific opportunities for greater efficiency. Laboratories in close proximity should brainstorm together ideas for efficiencies across their locations. The workgroup should also encourage individual laboratories to brainstorm efficiency and cost saving measures and facilitate the distribution of these ideas to the other workgroups.

COORDINATION AND COMMUNICATION

The Coordination Team will serve as the focal point to ensure that the above work products are completed in a timely manner. Each of these workgroups will be provided a framework to collect information in a uniform way to aid in data integration and decision-making for the overall report. The workgroups developing the products will need to regularly report to the Coordination Team on their progress and present work products and recommendations as they are completed in an effort to move quickly on good ideas. The Coordination Team will convene with and provide regular updates to Regional Administrators and Assistant Administrators in order to receive input and feedback from them. Those senior managers can then be better prepared for ongoing dialogue with those involved in the decision making process, particularly the Administrator.

The Coordination Team will also produce and distribute periodic status reports to laboratory managers and staff, to keep them well-informed of the effort and to encourage the generation of additional ideas for efficiency.

TIMELINE

As with many projects, this one is no exception to having a very short timeframe of approximately six months for a very large undertaking of information gathering and proposed opportunities. A very ambitious timeline is outlined below to finalize this draft and begin the process. However, a commitment from each of the Agency's laboratories to utilize this opportunity to work collaboratively to develop efficiencies and cost savings is critical to the success of this endeavor. Critical points are identified to focus this effort towards filtering important information to the Coordination Team and senior managers to meet the end goal.

October 16	Draft Charter
October 16 – November 10	Discussions regarding Charter and Workgroup Identifications
November 15	Finalize Charter, Workgroup Leads Identified
November 15 – December 30	Workgroups Meet, Develop Work Plan, and Begin Data Collection
December 30 – April 30	Every other week Status Report from each Workgroup to the Coordination Team including Preliminary Findings or Recommendations
December 30 – April 30	Periodic Reports from Coordination Team to AAs and RAs
December 30 – April 30	Periodic Status Reports to Laboratory Managers and Staff
March 31	Final Work Product from each Workgroup
April 15	Draft Report to Senior Management
April 30	Final Report to Decision Maker