REGIONAL COALITION of LANL COMMUNITIES
City of Española – Los Alamos County – Rio Arriba County – Santa Fe County
City of Santa Fe – Taos County – Town of Taos – Ohkay Owingeh – Pueblo of Jemez

Ohkay Owingeh
Ohkay Owingeh Casino Conference Center
68 NM-291, Ohkay Owingeh, NM 87566
September 11, 2015
9:00a-11:00a

Meeting Minutes

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Attendance
Chair, Commissioner Barney Trujillo, Rio Arriba County; Fabian Trujillo, proxy for Vice-Chair
Mayor Javier Gonzales, City of Santa Fe; Secretary/Treasurer, Councilor Kristin
Henderson, Los Alamos County; Mayor Alice Lucero, City of Española; Commissioner
Henry Roybal, Santa Fe County; Commissioner Mark Gallegos, Taos County; Ben Lujan,
proxy for Governor Earl Salazar, Ohkay Owingeh.

A. Call to Order – Chair Trujillo
Chair Trujillo called the meeting to order at 9:10 a.m.
Chair Trujillo requested that all present stand and observe a moment of silence to
remember those lives lost on September 11, 2001.

B. Confirmation of Quorum – Chair Trujillo
Chair Trujillo confirmed there was a quorum.
C. Approval of Agenda – Chair Trujillo
Chair Trujillo asked the Board to review and approve the agenda as presented.
Councilor Kristin Henderson moved to approve the agenda.
Mayor Alice Lucero seconded the motion to approve the agenda.
Chair Trujillo called for a vote to approve the agenda.
The Board voted unanimously in favor of approving the agenda.

D. Approval of Meeting Minutes – Chair Trujillo
Chair Trujillo asked the board to review and approve the meeting minutes as presented for the RCLC Board meeting that was held on August 14, 2015.
Fabian Trujillo moved to approve the meeting minutes.
Councilor Kristin Henderson seconded the motion to approve the meeting minutes.
Chair Trujillo called for a vote to approve the minutes.
The Board voted unanimously in favor of approving the meeting minutes.

E. Discussion/Action Items
1. Congressional Delegation Updates
Chair Trujillo stated that the next item on the agenda was an update from the New Mexico Congressional Delegation.

Patrick Duran, Representative Ben Ray Luján’s office: Congress went back into session this week for a brief session. They’re working on the budget and by the end of the month hopefully there won’t be another government shutdown. They’re looking to resolve some of the sequestration challenges, but as we all know they have multiple challenges ahead regarding appropriations. Patrick stated that this was all he had to report.

Executive Director Andrea Romero stated that both Senator Udall and Senator Heinrich sent their best wishes and apologized for being unable to send a representative to the meeting.

2. Supply Chain Management Center (SCMC) Presentation by Jeff Lunsford
Chair Trujillo stated that the next item on the agenda was a presentation from Jeff Lunsford with the Major Subcontractor’s Consortium (MSC). Mr. Lunsford stated that normally Liddie Martinez, the Executive Director of the MSC would be presenting, but she is currently traveling in Philadelphia.

For those who don’t know what the MSC is, basically every company that has a contract with Los Alamos National Laboratory (LANL) valued at $5 million or more is a member of the MSC. There are approximately 35 members currently in the MSC and they collectively employee a little more than 2,000 northern NM residents. The MSC’s focus is on supporting education, economic development, and community giving initiatives throughout the seven counties in northern NM. That is done in two primary ways: charitable giving is the biggest effort they put forth every year as well as advocacy efforts, especially MSC will advocate on behalf of the business community and the local communities whose businesses are impacted by LANL contracting activities. One of those issues currently impacting the business community is the Supply Chain Management Center (SCMC).
The National Nuclear Security Administration (NNSA) formed the SCMC in 2006. Their purpose is to issue enterprise-wide, NNSA-wide, and ultimately, DOE-wide contracts rather than having each of the individual sites issue their own contracts. The MSC has been focusing on this issue for over the past three years. The MSC isn’t saying that the SCMC shouldn’t be around, rather the issue is that there are problems with the way the SCMC is operating and those are negatively impacting the businesses in northern NM. The MSC strives to work with the SCMC to address those particular challenges. There is an opportunity for the small businesses of northern NM to develop and expand their contracts to be able to participate nationally.

Mr. Lunsford presented slides detailing the amount of money LANL spends in northern New Mexico and how those numbers have changed (decreased) since the implementation of the SCMC. He reminded board members that the decreases weren’t necessarily directly attributable to the SCMC, but could be indicative of the overall trend if the DOE continues down the path it is currently on. The total spent by LANL in 2013 was $535 million, and that was down to only $531 million in FY2014. While that’s a relatively modest decrease, the decrease in money spent in NM is significantly larger. Total spent in FY2013 in NM was $337 million, and that was decreased by over $60 million to $276 million dollars for FY2014. If the local contracts continue to be impacted, the businesses of northern NM are facing potential losses of hundreds of millions of dollars. That’s why the MSC takes this issue so seriously.

The MSC feels that the SCMC exhibits a lack of transparency. Requests for information from the SCMC have been responded to with vague answers, and the bidding process is entirely closed. The SCMC chooses, internally, the contractors who they ask to respond to the request for proposal (RFP). The RFP process is not announced in advance, and they’re selecting businesses that are large enough to support a nationwide contract. They will still try to select small businesses, but the U.S. Small Business Administration definition of a small business is in most categories is typically a business that has between 500-1000 employees or less. So a very small, micro-regional business with 10-20 employees is typically not being invited to participate. The local small business, in many cases will not know that the bid is coming. In the most recent RFPs that have allowed regional bidders, SCMC specifically scores lower any bidder that does not bid the entire country.

Another challenge for local contractors to be involved with LANL contracts is the scope of the contracts. Early on, the goal of these contracts was simply to provide products to the Lab. There were no value-added services. Each site has very unique requirements site-to-site. In recent RFPs they have included every single site requirement across the country, and if they vary from site-to-site, they vary and the contractor must meet the requirement. Another recent RFP stated that as sites change their requirements, subcontractors must adapt to those changes without concession.

The national DOE/NNSA focus solely in cost savings is really a challenge as it misses the point that each individual DOE/NNSA site is a member of the community in which it resides, and these communities have made a tremendous investment in allowing the sites to exist and operate, and these communities assume the risks involved in hosting these sites and their partners. With focus solely on cost savings, and not holistic value to the
community, the SCMC’s focus on national contractors to save money really misses one of the primary missions that NNSA and DOE have in their federal procurement guidelines for community commitment.

Even if the SCMC changes how they bid and award contracts to be more inclusive of regional players, if they become more considerate of regional needs, the MSC is figuring out how to help these local small businesses get these contracts and grow and succeed and be able to handle them on a national basis. The MSC really strives to help small businesses grow and succeed beyond what they have today.

The Regional Development Corporation is proposing a pilot project to assist a number of small businesses to successfully go after a national SCMC contract. The MSC has put out a white paper that has gone to the congressional delegation with a cover letter that has some very specific asks. The MSC is asking DOE and the NNSA to implement a fully open and transparent bidding process. They should be considerate of both national and regional needs. They should award contracts based on best value, not just cost-savings. Best value would be inclusive of what kind of support contractors could offer to an individual site, how do they participate in the community and the region, and this is a much more complex equation. They should support each local community’s efforts, specifically the RDC’s pilot project to grow stronger and more capable small businesses.

The MSC is taking a multi-pronged approach to addressing these issues, and LANL has been a tremendous partner in addressing MSC’s concerns and getting them connected with the SCMC to ensure their concerns are heard. At present, the MSC has been communicating with DOE and the NNSA directly with mixed results. The biggest challenge is a lack of transparency. It’s been very difficult to get the data they need to understand the distribution of funds to date from those organizations. Other organizations have been involved in these efforts; specifically the Small Business Association (SBA) has been supporting the RDC pilot project.

The MSC requests the support of the RCLC and thanks them for all of the support they have offered to date. Mr. Lunsford asked if the board had any questions or felt he hadn’t addressed any of their concerns.

Mayor Alice Lucero of Española said it is great to have the pilot project to help local small businesses, but even with that support many of them cannot afford the cost to bid nationwide. She asked if there have been any initiatives or support considered to offer grants or something similar to these small businesses to help them be competitive?

Mr. Lunsford stated that the pilot project is designed to address this concern, just not necessarily in phase one. The problem is trying to afford the costs to meet every national sites requirements. Meeting the requirements of one site is much more manageable. This is why the MSC is striving to pressure the SCMC to consider this need.

Mayor Lucero stated her concern that the SCMC considers any business with 500-1000 employees to be a “small business”, as that is simply not the case in northern NM. Mr. Lunsford confirmed that, depending on the contract, those are the guidelines. The SCMC
claims to be awarding contracts to small businesses, but what they’re missing is that
regional small businesses are not being considered.

Chair Trujillo stated that if there were no more questions for Mr. Lunsford, the next agenda
item was a presentation on LANL procurement by Doug McCrary.

3. LANL Procurement Presentation by Doug McCrary

Mr. McCrary thanked the board for the opportunity to present to them. Mr. McCrary is the
manager of procurement and property at LANL. He has worked for LANL for about six
years. Mr. McCrary brought in data from FY2015.

In FY14 LANL spend was about $536 million, and through August 2015 the spend was
about $572 million. The primary difference between FY14 and FY15 is that in 2014 LANL
purchased a supercomputer for about $170 million.

Every year LANL negotiates goals with the federal government and Mr. McCrary included
in his presentation the goals that were negotiated. They currently don’t have any
negotiated goals for northern NM. In 2014 the goal was 50% for small businesses, and
there are a number of subcategories below that. LANL’s performance was almost 60% in
this category. Back in 2005/2006 the small business spend was only about 35% of the total
spend, so LANL has really concentrated over the last 10 years on increasing that number.

For FY2014 LANL spent about $197 million with small businesses in northern NM and
$276 million for the entire state of NM. So far in 2015, LANL has spent $190 million in
northern NM and $282 million in all of NM. Mr. McCrary’s next chart broke down what
exactly was being purchased at LANL in both FY14 and FY15 so far. The largest change
between those two years is an increase in IT services, and that is because of the impact of
the supercomputer. The other categories remained relatively stable.

Chair Trujillo requested an individual breakdown of the money spent in each northern NM
county, and Mr. McCrary stated that he could get that to the board.

LANL changed on their website that any competitive procurement over $150,000 will be
posted publicly and he encouraged small businesses to check that website for updates on a
weekly basis. About 45-50% of LANL’s total dollar spend is competitive. Mr. McCrary
stated that more information could be obtained by contacting this small business office and
he provided the board with that contact information. He also reiterated that he would
deliver the breakdown of procurement by county to the Coalition.

Chair Trujillo stated that EM Los Alamos has said on numerous occasions that until the
transition contract is in place, LANS will continue to use the current EM contracts. Chair
Trujillo asked Mr. McCrary how many EM contractors have task orders? What are the
values of those task orders and how many employees total are being used to complete this
work?

Mr. McCrary said that the Laboratory has six major task order agreements and the majority
of the procurements for environmental services go through those master task order
agreements. They range from remediation to packaging to transportation to analytical
services. This year there has been a big drop-off in those task order agreements. There has been some environmental work in well drilling. That has probably been the largest spend. The role of procurement is changing during the transition from NNSA to EM and Mr. McCrary stated that he wasn’t sure how they were going to expect those changes to go during the bridge period.

Councilor Kristin Henderson stated that she was unsure how Mr. McCrary’s procurement office fit in with the SCMC. She asked if they were separate, or if LANL procurement had to go through the SCMC, and requested clarification about that relationship.

The federal government has a number of contracting options that LANL is required to use, and the SCMC is one of those options. They have GSA contracts, an environmental organization out of the Cincinnati office, EM has their own federal contracts for environmental remediation, and DOE goes through a group called the ICPT. Mr. McCrary is encouraged to use those enterprise agreements and when the SCMC does an agreement he does an analysis of what’s in the agreement, does it fit their needs, how do the prices compare, what are the delivery mechanisms, etc. He determines what is the best fit, and if the SCMC is the better fit he informs local businesses of the better offer and tries to figure out how to put those local businesses in a better position to compete with the SCMC. Also, northern NM businesses receive a 5% pricing preference.

Commissioner Mark Gallegos requested a breakdown of the percentages of the product provided by northern NM, be it construction, goods, services, environmental, etc. He said he would like to see those numbers so they could encourage their local communities to pursue those specific needs and opportunities. Mr. McCrary stated that he could deliver a breakdown of commodities from northern NM.

Chair Trujillo asked Mr. McCrary what would happen if he ignored the SCMC altogether and just issued contracts to northern New Mexico companies. Mr. McCrary stated that he has an approved procurement process provided by the federal government that he has to follow. He stated that he has to be a good steward of the government’s money and they seek that he gets the best value for the federal government for his contracts. If he does have a better offer through an SCMC company, he is required to explain how it is a better value and why he is choosing that option.

Commissioner Gallegos also asked Mr. McCrary if there were any plans to implement a push notification system with the small business opportunity updates similar to what Sandia National Laboratories (SNL) is using. Mr. McCrary stated that he works closely with his colleague at SNL and while they don’t currently have that capability, they are looking at other avenues to push that information out as it becomes available. It will likely be in the form of an email explaining the contracting opportunity. Mr. McCrary said they hope to have that capability in place before the end of the calendar year.

4. Updates for Board Members
   a. Letter and approval of support on pursuing SCMC issue

Chair Trujillo thanked Mr. McCrary for his presentation and looked forward to receiving the breakdown of LANL spend by county and commodities. The next item on the agenda was the approval of a letter written on behalf of the Coalition and the efforts of the LANL
MSC stating the desire to protect local contracting capabilities and possibilities and increase access to those opportunities. The letter is addressed to the Congressional delegation and the board needs to approve the letter before it can be sent.

Councilor Kristin Henderson requested that the title of Council Chair be added to her signature. Mayor Lucero stated that she felt it would prudent to include specific numbers related to the loss of local contracts.

With those changes, Chair Trujillo called for a motion to approve the letter written to the Congressional delegation on the SCMC issue. Mayor Alice Lucero moved to include the numbers reflecting the contracting losses in northern NM and approve the letter. Commissioner Henry Roybal seconded the motion. The board voted unanimously in favor of approving the letter with the stated changes.

b. Letter and approval of support for the Accelerate Program
The next item on the agenda was approval of a letter written to Dr. Monica Regalbuto at DOE-EM requesting continued support of the Accelerate Technical Training and Job Placement Program that aids students in pursuing a STEM education. The program has seen a 20% increase in graduation rates but their funding is at stake in the coming year and they are requesting continued DOE-EM funding as they continue to serve NM students.

Chair Trujillo called for a motion to approve the letter written to DOE-EM in support of the Accelerate Program. Councilor Kristin Henderson moved to approve the letter including the changes to her name that she pointed out earlier. Commissioner Mark Gallegos seconded the motion. The board voted unanimously in favor of approving the letter with the stated changes.

c. Budget Update from Brian Bosshardt
The next item on the agenda was an update on the Coalition’s finances from Brian Bosshardt. In lieu of Brian, who was on travel, Los Alamos County Manager Harry Burgess presented the current budget. Harry Burgess handed out a revised budget worksheet that included a new column detailing the previous month’s expenditures. The two expenses for the month of August were a payment on the contract with JLH Media for Executive Director Services and a sponsorship for the REDI State of the Region Conference for a total expense of $14,948.60 for the month of August. There were no questions from the board, but Councilor Henderson remarked that she did like the inclusion of the column detailing the monthly expenses.

d. Report from the Executive Director
Executive Director Andrea Romero informed the board that they were made aware of an incident in which 1,026 containers of hazardous waste at LANL were mishandled, violating the NMED hazardous waste permit issued to LANL. The discovery was made as part of the WIPP investigation.

Ms. Romero met with Carla Rachkowski of the Accelerate program and reported that she would be pleased to hear that the letter of support had been approved by the board.
Ms. Romero has been working closely with the MSC to better understand the SCMC issue and thanked the board for their approval of that letter as well.

Ms. Romero attended the Environmental Management Site-Specific Advisory Board Chairs Meeting that was facilitated by the Northern New Mexico Citizen’s Advisory Board (NNMCAB). There was unfortunately no new news delivered regarding when the bridge contract would be completed to understand the dynamic of when contracts will be issued to local contractors and what that process will look like. We heard that the newly appointed Deputy Secretary for Environmental Management Dr. Monica Regalbuto will be traveling nationally to visit EM sites and that she is very interested in taking a hands-on approach and is excited about community involvement.

Ms. Romero also met with James Ross the NM Governor’s Federal Affairs Cabinet Secretary. The Governor’s office, from his perspective, has said that they are willing to discuss offering assistance in any way they can that the Coalition needs at that level.

Finally, over the next month a review will be written about what work has been done by the Executive Director and JLH Media. That review will be distributed to board members before the trip to Washington DC. At the next meeting in October there will be only one guest speaker and the second half of the meeting will be a closed session to review the contract with JLH Media.

Ms. Romero recognized Vice-Chair Mayor Javier Gonzales and Secretary/Treasurer Councilor Kristin Henderson who would be traveling to Washington DC for the DOE National Cleanup Workshop at the end of the month. Secretary of Energy Ernest Moniz and Dr. Monica Regalbuto will both be speaking at the workshop and it will be a great opportunity for Coalition members to speak about local issues at that meeting. There will also be an update at the next board meeting on the 1,026 containers of mischaracterized/mishandled hazardous waste at LANL.

Councilor Henderson updated the board that the Energy Communities Alliance wrote a letter to the government emphasizing the incredible impact a government shutdown would have on the local economy of northern NM. She will share a copy of that letter with the board.

**F. Meetings at a Glance – Chair Trujillo**
The next agenda item was reviewing upcoming Coalition Board Meetings. The next meeting will be held on October 9 in the Taos County Chambers, and the November meeting will be held on November 13 in Jemez Pueblo.

**G. Public Comment**
Chair Trujillo stated that the next item on the agenda was a period for public comment, and opened the floor to anyone from the public who wanted to speak directly to the Board.

**H. Adjournment**
Chair Trujillo stated that since there was no public comment, the meeting would be adjourned at 10:17 a.m.
Attest:

___________________________________
Commissioner Barney Trujillo, Chair

___________________________________
Andrea Romero, Executive Director