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 – Pueblo of Ohkay Owingeh – Pueblo of Jemez

REGIONAL COALITION MEETING AGENDA
Ohkay Owingeh Pueblo
Ohkay Owingeh Casino Conference Center
68 NM-291, Ohkay Owingeh, NM 87566

September 11, 2015
9:00a-11:00a

A. Call to Order – Commissioner Trujillo – 9:00a-

B. Confirmation of Quorum – Commissioner Trujillo

C. Approval of Agenda – Commissioner Trujillo

D. Approval of Meeting Minutes - 9:15a (Tab A)

E. Discussion/Action Items (1 hr, 25mins) 9:15 – 10:40a
   1. NM Congressional Delegation Updates (5 mins) 9:15-9:20a
   2. Presentation on Supply Chain Management Center by Jeff Lunsford
      (30 mins) 9:20-9:50a (Tab B)
   3. Presentation on LANL Procurement by Doug McCrary
      (30 mins) 9:50a-10:20a (Tab C)
   4. Updates for Board Members (15 min) 10:20a – 10:35a
      a. Letter and approval of support on pursuing SCMC issue (3 mins) (Tab D)
      b. Letter and approval of support for Accelerate (2 mins) (Tab E)
      c. Budget Update by Brian Bosshardt (5 min) (Tab F)
      d. Report from the Executive Director (5 min) (Tab G)

F. Meetings at a Glance (5 mins) 10:35a-10:40a (Tab G)

G. Public Comment (20 mins) 10:40a-11:00a

H. Adjournment – 11:00a
About the Regional Coalition of LANL Communities:

The Regional Coalition is comprised of nine cities, towns, counties and pueblos surrounding the Department of Energy's Los Alamos National Laboratory (LANL). Founded in 2011, the Regional Coalition works in partnership to ensure national decisions incorporate local needs and concerns. The organization's focus is environmental remediation, regional economic development and site employment, and adequate funding for LANL. The 2015 Board of Directors includes Chair, Commissioner Barney Trujillo, Rio Arriba County; 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; Andrew Gonzales, Town of Taos; Commissioner Mark Gallegos, Taos County; Governor Earl Salazar, Pueblo of Ohkay Owingeh; and Governor Raymond Loretto, Pueblo of Jemez.

For more information please visit the Regional Coalition website at http://regionalcoalition.org

Contact: JLH Media
518 Old Santa Fe Trail, Santa Fe, NM 87505
Office: 505.603.8643
REGIONAL COALITION of LANL COMMUNITIES
City of Espanola – Los Alamos County – Rio Arriba County – Santa Fe County
City of Santa Fe – Taos County – Town of Taos – Pueblo of Ohkay – Pueblo of Jemez

Santa Fe County Chambers
102 Grant Ave Santa Fe, NM 87501
August 14, 2015
9:00a-11:00a

Meeting Minutes

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Attendance
Chair, Commissioner Barney Trujillo, Rio Arriba County; Vice-Chair, Mayor Javier Gonzales, City of Santa Fe; Secretary/Treasurer, Kristin Henderson, Los Alamos County; Orlando Romero, proxy for Commissioner Henry Roybal, Santa Fe County; Governor Raymond Loretto, Pueblo of Jemez.

A. Call to Order – Chair Trujillo
Chair Trujillo called the meeting to order at 9:13 a.m.

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.
Mayor Javier Gonzales moved to approve the agenda.
Councilor Kristin Henderson 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 July 10<sup>th</sup>, 2015.
Mayor Javier Gonzales moved to approve the meeting minutes.
Governor Raymond Loretto 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.

Katie Richardson, Senator Martin Heinrich’s office: Katie informed the Board that she would be speaking later during the meeting to give them an update regarding the Senator’s two tech transfer bills, and thanked City of Santa Fe Mayor Javier Gonzales for helping to host the Santa Fe Energy Summit the previous Wednesday. The Senator attended the Energy Summit along with Deputy Secretary Dr. Sherwood-Randall from the Department of Energy. The Summit saw a very vibrant discussion and featured a Q&A session with the Senator and the Deputy Secretary and was very successful.

Patrick Duran, Representative Ben Ray Luján’s office: Patrick had nothing new to report since the Coalition had met with the Congressman previously on August 4<sup>th</sup>. Patrick stated that the Congressman had been busy looking into the Animas River situation in the Northwest part of the state.

2. LANL Workforce Presentation
Chair Trujillo stated that the next item on the agenda was a presentation from Terry Wallace, the Principal Associate Director for Global Security at LANL. Mr. Wallace presented to the board an update about the future of the workforce at LANL. Mr. Wallace stated that he wanted to take the opportunity to let the Board know what LANL’s upcoming budgets and workforce would look like, and offer some insight about the future of the Laboratory from an economic standpoint.

The first slide of the presentation has been shown before at Community Leaders Updates, and outline workforce attrition estimates at LANL for the next five years. Mr. Wallace stated that, in general, LANL doesn’t have very high attrition. Before 2006 the attrition rate was less than 3% because people simply weren’t likely to leave or retire at a rate comparable to the national average. This has contributed to a situation at LANL where people reach a certain age where they have to retire, and LANL is currently facing a higher than normal number of employees facing retirement in addition to normal attrition. This is due to LANL retaining a large number of employees between the ages of 58-65. Mr.
Wallace clarified that on the presentation slides, the term “terminate” refers to employees that leave the laboratory for whatever reason, not employees who retire.

Mr. Wallace stated that LANL is a $2.1B Laboratory, and about three-quarters of that pie is NNSA. Other areas funded are DOE, including Environmental Management, and Work for Others, meaning work for intelligence agencies, partnerships with small and large businesses to explore different technologies. LANL maintains a five-year budget plan with DOE and DOD. Anything having to do with the federal budget is associated with a certain degree of uncertainty, of course, nobody was able to predict November 2008. LANL does not expect to, at any time, have less than 10,000 employees, and in anticipation of large numbers of turnover, LANL is preparing to increase its workforce. LANL is predicting increasing growth in its broader national security missions and in areas that aren’t related to nuclear weapons including energy, the environment, and ongoing activities in the Middle East.

In addition to its PhDs, LANL has a varied workforce. They have people doing IT work, craft and union labor, and they don’t expect to see a change in the necessity of those jobs. LANL has seen two voluntary separation events for its employees in recent years, one in 2008 and one in 2012. In addition to normal attrition, how has this affected the population at LANL? Even after the voluntary separation in 2012, the overall makeup of the Lab has not changed at all. With stable funding, LANL will have to replace workers of all types who elect to leave the Lab over the next five years.

36% of LANL’s early career employees graduate from New Mexico institutions, and LANL plans to continue to partner with those institutions in order to ensure that employees continue to come from local Northern New Mexico. Mr. Wallace announced that Kathy Keith is LANL’s new Director of Community Programs. Keith is the former Director of the Regional Development Corporation and a native of New Mexico. She understands much of the New Mexico culture and will begin her position on August 17.

Mr. Wallace stated that LANL does indeed plan to hire for the long term over the next five years, and the overall makeup of the workforce will look pretty similar to its present distribution. They expect that about 50% of the workforce will have a New Mexico connection, meaning they either grew up here or lived here before they started with the Lab. A concern going forward is looking for employees to maintain the infrastructure associated with LANL’s IT. The largest employment and offices at LANL are associated with IT. It’s a very vibrant community, and a little over 1/3 of the employees hired at LANL every month are associated with things supporting IT, and they don’t foresee that changing. Mr. Wallace then asked the Board if he could answer any questions for them.

Kristin Henderson requested clarification about the 37% professional employees number. Mr. Wallace stated that the professional employees were associated with finance and project management. He said that 40% of the employees associated with finance come from New Mexico State University. Kristin Henderson also asked what the plan was in terms of hiring New Mexicans to fill IT positions. Mr. Wallace stated that they were working with the higher education institutions around the state to place an increased emphasis on IT programs.
Mayor Javier Gonzales asked, assuming that the 2020 workforce forecast closely resembled the present makeup of the Lab, where is the greatest need? Mr. Wallace stated that they were looking for programs that developed two areas. The first is in IT, and the second is technicians. They need people to help perform experiments and do the technical work. Mayor Gonzales asked if both of those positions required four-year degrees, and Mr. Wallace responded that with the right training LANL would be able to hire to fill those positions with people with both two and four-year degrees. Steve Girrens in particular has been working with New Mexico institutions to develop both two and four-year programs that will prepare students to work as technicians. So it depends on what exactly those employees will be doing, but there are opportunities for those with a two-year degree.

Governor Raymond Loretto thanked Mr. Wallace for his presentation and stated that one of his greatest concerns was that many of the students from tribal communities attend local community colleges, and he wondered if those campuses were places of potential recruitment as well. Mr. Wallace stated that community colleges offered a unique recruitment opportunity.

Mayor Gonzales asked if there was any kind of assessment of housing opportunities in the area to give potential recruits an idea of what the housing situation looks like. Mr. Wallace stated that he didn’t believe that any assessment of that sort had ever been conducted and that one of his responsibilities is to understand what brings potential employees to Los Alamos. There is the economic opportunity, but what else are they looking for as far as quality of life? Housing is an important part of that. He stated that they were working with Los Alamos County to look at that particular issue. Potential recruits are interested in quality schools, housing, recreation opportunities, and LANL is focused on understanding what exactly they need to offer. In 1995 roughly 60% of LANL employees lived in Los Alamos County, and Rio Arriba County was the next largest in terms of employee population, but today those figures are different. Today only around 50% of LANL employees live in Los Alamos County, and Santa Fe County has the next largest number. Mr. Wallace stated that LANL has seen and understood that change, but hasn’t necessarily been a part of that change.

Chair Trujillo asked what LANL was doing in terms of their website. He stated that he hears from his constituents that they have a difficult time navigating the LANL website to discover what the job opportunities are, and he wondered what LANL was doing to make their website more accessible to minority populations. Mr. Wallace stated that new material was being added to the website as it became available, and they are trying to redesign for navigation purposes. There are many purposes to the website and he stated that the website is designed for those varied purposes. He said that 18% of the employees at LANL only have a high school degree, and so there are indeed opportunities for those with that level of education.

3. Tech Transfer Presentation
Chair Trujillo thanked Mr. Wallace for the information and stated that if there were no further questions, they would move on to the next agenda item, a presentation on Technology Transfer bills sponsored by Senator Martin Heinrich and the Richard P. Feynman Center for Innovation by Katie Richardson and David Pesiri.
David Pesiri leads the Feynman Center for Innovation at Los Alamos, a portal to the partnerships to the commercial side of economic development of intellectual property. He thanked the Coalition for making economic development a priority in Northern New Mexico. He began by talking about the New Mexico Small Business Assistance Program that allows funding for regional and New Mexico based companies to gain access to an expert or to a skill set at either Sandia or LANL. Over 2,500 different companies have been involved in the program. They also have several programs that aim to help staff be more connected and available and engaged in regional efforts of entrepreneurs and small businesses.

Some of the areas for improvement that the Center is working on include making sure the presence of the Lab is helping to make the kind of economic impact they hope to see. One of the central tenets of the Feynman Center was to understand how they could use both national and international partnerships to couple with small and growing businesses in Northern New Mexico. They understand that tech transfer in and of itself is not enough of a contribution to the overall economic development of Northern New Mexico.

He discussed the DisrupTech event that took place a couple of weeks prior where technologists were able to pitch their ideas and learn to engage with the community. Mr. Pesiri stated that for the Venture Acceleration Fund, three of the four recipients of the award were in Santa Fe County. They can’t continue the work alone though, and he referred to Senator Heinrich’s involvement in developing legislation to facilitate tech transfer coming out of LANL.

Katie Richardson shared a couple of reports from the Brookings Institute reports about tech transfer and about the importance of patenting the innovations that come out of the Feynman Center. One of the reports shared that inventions are a major driver of long-term regional economic performance, and that is especially true if the patents are of a higher quality. That report also identified that the patents that come out of government funding are exactly that kind of high quality patent that can drive regional economic development. It isn’t simply about the innovation and the patents, though, it has to be about connecting the right people.

One of Senator Heinrich’s bills takes on the recommendation from a report that specifically addresses tech transfer from DOE Laboratories. That recommendation was to create something called a Microlab that would be a place where national laboratory scientists and engineers could mix together with members of academia and members of industry to begin to collaborate and connect. The vision is that Microlabs will be the locations outside the fence where rich collaborations can take place. The hope is that these Microlabs across the county will enhance collaborations across communities and academic institutions to accelerate tech transfer. This was their motivation in establishing the Microlab bill. It would be funded to the tune of $250M across the nation over 17 national laboratories. Each national laboratory would have to apply to receive some of that funding and one of the considerations is how much the region has identified partners to engage in cost sharing and contributions to participate with the national laboratory, as that national laboratory won’t be successful unless everyone is at the table.
Katie extended her thanks to the Coalition for the letter that was written on June 18th to the Committee supporting both the Microlabs Bill as well as the Voucher Bill. She mentioned that there was a Republican cosponsor on the Microlab Bill, and she believed that that helped in moving it forward. They lack a Republican cosponsor for the Voucher Bill. The Voucher Bill is modeled after the New Mexico Small Business Assistance Program that David Pesiri spoke of earlier. That program has been tremendously successful and the Senator feels good about modeling the Voucher Bill after that program. The vision for the Voucher program is to create a link between early stage technology that the Laboratory has developed toward the national security mission and the ultimate commercial application that the industry is interested in. Often there is what you will hear entrepreneurs refer to as a Valley of Death between where that technology currently is in development and where it needs to be in order to become commercialized. The vision for these vouchers is that there will be an opportunity for these businesses to come in, license the technology from DOE, be able to meet with the scientists in the labs to take those extra steps toward commercialization. How the Laboratory will be assisting businesses in the region will be taken into consideration when these vouchers are distributed. There is currently a pilot for this bill that is run by the Office of Energy Efficiency and Renewable Energy as a small business voucher program.

Kristin Henderson asked how New Mexico schools were doing at training students to be entrepreneurs who are capable of coordinating with the Lab to take these innovations and run in the direction of commercialization. David Pesiri stated that the Center has an internship program for MBAs to make them available for precisely this interface. UNM’s business school as well as New Mexico Tech are doing a great job of churning out smart and capable graduates. One of the hardest problems is keeping these graduates focused on technology originating in New Mexico. Many of these graduates get their degrees and move elsewhere.

4. Updates for Board Members

a. Recap of Meeting on Manhattan Project National Historical Park

Chair Trujillo stated that if there were no further questions for Katie Richardson or David Pesiri, the next agenda item was an update on the ECA Peer Exchange on the Manhattan Project National Historical Park. Kristin Henderson stated that the meeting was held in Los Alamos in July and was put on by the Energy Communities Alliance. Attendees from Oak Ridge National Laboratory and the Hanford Sites met to discuss the implementation of the three-site National Park. One of the important discussions that took place is the consideration that if people are traveling to the region to visit the National Park, they will be visiting the surrounding communities as well and will bring those tourism dollars to the region as a whole. Another important point was that the three communities need to work together and that the headquarters will likely be established in Denver. There will not be any extra money for the communities to build anything, so an emphasis was placed on the communities utilizing present resources as the implementation moves forward. Los Alamos possesses the virtual technology to reproduce what the community looked like during the time of the Manhattan Project and they are working to decide how that will be used with visitors to the park. Discussions are also ongoing about where on federal property visitors will be allowed to go. The National Park Service is requesting public comment on the Memorandum of Agreement between them and DOE and that is available through the NPS website.
b. Approve ED travel and any interested Board Members for DOE National Cleanup Workshop

Andrea Romero directed the Board Members to Tab D to review the agenda for the DOE National Cleanup Workshop. She hopes the Coalition will have a presence there in addition to Councilor Henderson’s representation of the ECA and the Coalition.

Mayor Gonzales stated that he was interested in attending the workshop, and Chair Trujillo requested a motion to approve travel for the Executive Director and any other interested Board Members to attend.

Mayor Gonzales moved to approve the travel. Orlando Romero, on behalf of Commissioner Henry Roybal seconded the motion to approve the travel. Chair Trujillo called for a vote to approve the travel, and the Board voted unanimously in favor of approving the Executive Director’s travel to Washington DC for the DOE National Cleanup Workshop.

c. Approve Sponsorship Authorization for Regional Development Corporation ‘REDI State of the Region Conference’

The next item on the agenda was seeking approval of a $1,500 sponsorship from the Coalition for the RDC’s REDI State of the Region Conference taking place on September 23rd. The Board reviewed a letter from Kathy Keith, the outgoing Executive Director of the RDC, requesting the sponsorship.

Mayor Gonzales moved to approve the sponsorship. Councilor Henderson seconded the motion. Chair Trujillo called for a vote to approve the travel, and the Board voted unanimously in favor of providing a $1,500 sponsorship to the RDC for the conference.

d. 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.

Mr. Burgess stated that the only change to the budget report is the monthly charge for the Executive Director services to JLH. FY16 is yet to be invoiced for, and will be invoiced sometime during the month of September.

e. Report from the Executive Director

Andrea Romero reminded the Board of their transition to the leadership of a new Executive Committee and thanked Chair Trujillo for his effort to understand the goals of the Coalition going forward. The three major topics that the Coalition is focusing on going forward include hiring the new, local LANL workforce, protecting local contractors in regards to EM Contracting/DOE Procurement and the Supply Chain Management Center, and the long-term cleanup strategy for cleanup funding.

Director Romero stated that the decision had been made to cancel the Coalition’s trip to
Washington, DC in mid September based on a lack of information regarding EM’s Life Cycle Baseline Cost and the Consent Order Agreement for Post-2015. We are looking to revisit the travel opportunity for the first week of November.

Andrea informed the Board that JLH staff had reserved Facebook and Twitter handles for the Manhattan Project National Historical Park to help ensure that they would be available if/when the NPS is ready to commence social media marketing for the Park.

The Executive Director attended the NNMCAB meeting in Taos for the month of July and recapped the ongoing Bridge Contract discussion. That contract will be executed soon. The first cleanup contract expects to be awarded in 2016, when work will begin. They have organized the cleanup work into scope categories: Chromium, Aggregate Areas, and Above Grade TRU Waste. She also informed the Board that San Ildefonso Pueblo will construct the first non-Lab well on their property in the history of DOE to monitor groundwater contamination.

Andrea updated the Board on the New Mexico Environment Department Consent Order Renegotiation with the Los Alamos Environmental Management Office. They hope to have the settlement agreements done by the end of the 2015 calendar year.

The JLH Media contract with the Coalition will expire November 10, 2015 and allows for two additional one-year renewals. The contract requires an end of the year report, and the Board will have to take action at the October meeting as the contract expires two days before the November board meeting.

The Coalition had breakfast with Representative Ben Ray Luján on August 4th and Andrea recapped the discussions on procurement and the Supply Chain Management Center, LANL workforce, and the strategy on increasing cleanup funding at LANL EM sites.

The Coalition has written a letter to Dr. Monica Regalbuto at DOE EM requesting a Life Cycle Baseline Cost so the Coalition can better advocate for cleanup. The letter will be mailed at the conclusion of the meeting.

**F. Meetings at a Glance – Chair Trujillo**

The next agenda item was reviewing upcoming Coalition Board Meetings. The next meeting will be held on September 11th at Ohkay Owingeh Pueblo. The October meeting will take place on October 9th in the Taos County Chambers, and the November meeting will be held on November 13th.

**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.

Rosemary Maestas introduced herself to the Board as the Tribal Liaison to LANL and stated that she hoped she could be used as a resource for the Coalition and a good steward and partner in the Coalition’s relationship with tribal communities.
Joni Arends, the Executive Director of the Concerned Citizens for Nuclear Safety spoke to the Board of the community concerns about the transportation of nuclear waste from LANL to the Waste Isolation Pilot Plant. She stated that she hoped that the Board would speak about the importance of closure plans at LANL. She stated that there are sites at LANL that haven’t been cleaned up and she suggested that there needed to be closure.

Scott Kovac from Nuclear Watch New Mexico stated that it is very important that they receive the Life Cycle Baseline Cost as they have been requesting it for many years. He stated that there is no termination date for the Consent Order Agreement. The compliance schedule lists December 6, 2015 as the completion date.

H. Adjournment
Chair Trujillo stated that since there was no further public comment, the meeting would be adjourned at 10:43 a.m.

Attest:

___________________________________
Commissioner Barney Trujillo, Chair

___________________________________
Andrea Romero, Executive Director
September 4, 2015

The Honorable Senator Udall,
The Honorable Senator Heinrich,
The Honorable Congressman Lujan,
The Honorable Congressman Pearce,
The Honorable Congresswoman Lujan Grisham,
NM Congressional Delegation
Washington, DC

Dear Senators and Members of Congress:

Over the last three years, the Los Alamos National Laboratory (LANL) Major Subcontractors Consortium (MSC) has engaged the procurement experts at the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA) on an issue of vital importance. Specifically, how the Supply Chain Management Center (SCMC) in Kansas City, MO can work with local New Mexico small businesses to ensure they are given a fair opportunity to compete for NNSA contracts.

Through numerous meetings with officials from the SCMC, our organization was led to believe that long-standing New Mexico small businesses who serve Los Alamos National Laboratory (LANL) would not be adversely impacted by the activities of the SCMC. Our membership was encouraged to form local business partnerships, cut costs, and update our purchasing systems to meet current LANL procurement requirements to make us more competitive on both the local and national front. Even with these significant efforts, it has come to our attention that several of our members are under the immediate threat of losing their LANL contracts to out-of-state small and large businesses affiliated with the SCMC.

This would be a very detrimental outcome and one we would view as a direct assault on our local small business community who depend on LANL for their livelihood. Because LANL and Sandia National Laboratories (SNL) amount to roughly 50 percent of all NNSA procurement spending, we are now concerned that the actions of the SCMC simply amount to a funding transfer away from the State of New Mexico. You have asked us to keep you apprised of our interactions with the SCMC and alert you if we believe any of our members are in danger of losing their contracts. Given the information our members have gleaned, we now believe that there is a very real possibility that the SCMC is about to engage businesses from outside the State of New Mexico to potentially service contracts our members hold.

We understand that, as good stewards of federal funding, finding the lowest possible price is important, in fact, SCMC Director Bissen has reiterated that it is their only goal. However; we believe that a level competitive playing field is core tenant of federal procurement rules and regulations. We also believe that when issues arise, the best solutions can be found when local stakeholders are engaged in addressing these concerns. In fact, DOE purports such in their Code of Federal Regulations (DOE CFR 970.5226-3) Community Commitment - It is the policy of the DOE to be a constructive partner in the geographic region in which DOE conducts its business. The basic elements of this include:

www.lanmsc.org
(1.) Recognizing the diverse interests of the region and its stakeholders,
(2.) Engaging regional stakeholders in issues and concerns of material interest, and
(3.) Recognizing that giving back to the community is a worthwhile business practice.

LANL MSC believes that the rules the SCMC is forcing our local vendors to operate under are both unfair and designed to give out-of-state businesses, both large and small, an advantage. Frank’s Supply was the first company to lose business at LANL because of the SCMC and we object to losing any more. The NNSA has a long history in New Mexico both good and bad. Our local communities need the business opportunities the Laboratory provides because our region lacks a high paying robust economy.

We have tried working with the NNSA procurement staff to express our concerns, but it appears our efforts have fallen on deaf ears. As a result, we are asking that each of you personally intervene to ensure New Mexico businesses are not frozen out of procurement opportunities at LANL and SNL. Specifically we are asking that;

1. SCMC be required to fully engage in an open bid process in which any business can bid if they meet the requirements. We insist that they stop their closed bid process where only a handful of pre-selected businesses are invited to bid.
2. End their lowest price selections and rather seek out the best value contractors that can deliver for a fair price while engaging in and supporting a vibrant local economy that benefits everyone including DOE.
3. Work to see that DOE/NNSA actively support and fund the proposed RDC pilot project.

Given that some of our members are under imminent threat of losing their contracts, we would appreciate a prompt response to our concerns. The attached SCMC Position Paper developed by LANL MSC provides background and detailed information. Please do not hesitate to contact us for any additional information you may require.

Thank you for your consideration and longtime support.

Sincerely,

[Signature]

Liddie F. Martinez
President
LANL Major Subcontractors Consortium

CC: Governor Susana Martinez
NM State Senator Richard Martinez
NM State Representative Stephanie Garcia- Richard
Regional Coalition of LANL Communities
New Mexico Citizens Advisory Board
New Mexico Association of Commerce and Industry

www.lanlmsc.org
1 Executive Summary

Over the past decade, due to budget cuts and increased emphasis on cost reduction and process efficiencies, various federal agencies have begun implementing more and more enterprise-wide purchasing agreements (EAs). The Supply Chain Management Center (SCMC) in Kansas City was created in 2006 by the National Nuclear Security Agency (NNSA) to spearhead NNSA’s efforts to create and implement enterprise-wide agreements throughout the Nuclear Security Enterprise (NSE), NNSA’s complex of Management and Operating (M&O) contractor run facilities, including the National Nuclear Security Laboratories. This is part of the NNSA’s focus to “Drive an Integrated and Effective Enterprise”. Today, the SCMC’s role has expanded within Department of Energy (DOE) to include the DOE Office of Environmental Management (EM) and is expected to expand further to ultimately support all of DOE and, for the first time, to include services in addition to commodities.

As of today, most Enterprise-wide procurement programs, such as SCMC, have one over-riding priority: Cost Savings. This narrowly focused goal has the potential to have a dramatic and devastating impact on communities surrounding NNSA and DOE sites, which will be adversely impacted with the loss of regional business to out-of-state, national firms that have the broad and deep resources needed to support nationwide procurement contracts. This will result in lost local jobs, reduced community involvement, and harm to the local communities’ economies. Ultimately, these impacts have the potential for deteriorating the relationships that are so hard to create with local communities where hazardous DOE activities are often conducted. Addressing this deterioration of relationships with the communities, as exemplified in the discussions and recommendations of the Blue Ribbon Commission and other reports, such as the Energy Communities Alliance’s (ECA) “A Community Handbook on Nuclear Energy” is an essential element critical to the future success of the DOE mission.

Understanding that the momentum behind Enterprise Agreements is increasing, the MSC is focused on promoting solutions that not only minimize the potential negative impacts, but are directed at increasing the opportunities for small regional businesses to participate in Enterprise Agreements while helping the SCMC achieve its true goals. In partnership with various regional and national organizations over the past three years, the MSC has worked with the SCMC to address our concerns and to suggest ways to improve the program. To that end, we are pleased to report that the SCMC has made several changes that we feel are a positive step in the right direction, including allowing regional contract awards and better addressing site-specific requirements. With that said, several major concerns remain that the MSC is focused on addressing:

1. The SCMC’s bid process is closed. SCMC bids are not publicized and only a select handful of businesses pre-selected by SCMC are invited to bid. The MSC strongly supports a fully open bid process in which any business can discover upcoming bids and have an opportunity to submit a proposal if they believe they can meet the bid requirements.

2. There remain challenges with the scope of services required in the Enterprise Agreements. To date, the requirements have either been severely restricted to only the most basic services, rendering the agreement incomplete from the sites’ perspective, or overly broad, making it very difficult for any business to meet the requirements. The MSC believes the SCMC needs to further refine its criteria to better balance the requirements.

3. Geographically, even though the SCMC has allowed regional bidders in its most recent RFP(s), it still greatly favors the national business over the regional businesses. MSC believe a more balanced approach is required here as well, allowing both national and regional businesses to both win and succeed.

4. Based on input from various contractors and sites, it appears that SCMC and/or NNSA is applying pressure to the sites to use the SCMC contracts even when the sites feel they are getting a better value from the local subcontractors. Some sites are succumbing to that pressure, even when they
know they are not getting the best value solution. MSC strongly encourages the SCMC to focus more efforts on expanding the value proposition of their contracts instead.

5. The SCMC will not disclose detailed information regarding its Enterprise Agreements and we don’t really know if SCMC’s cost savings are real or significant, or even if they are real, at what cost they come to communities around the sites. The MSC requests that the SCMC make detailed performance data available publicly and enter into an ongoing open discussion regarding its results as well as methods for continuous improvement.

6. Many small regional businesses have weaknesses and gaps that will make it difficult for them to successfully compete for these contracts. The MSC strongly supports the RDC pilot project focused on identifying those weaknesses and gaps and putting in place solutions that assist those businesses in overcoming those weaknesses.

The remainder of this paper provides additional details regarding Enterprise Agreements and the MSC’s concerns as well as the MSC’s specific action requests of the SCMC, the NNSA, and the DOE regarding its concerns.

Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take are detailed throughout this document. At a high level, these requested actions can be summarized as follows:

- Implement a fully open and transparent bid and contracting process that is fair to all potential bidders
- Award contracts based on best-value, not just price, taking into consideration individual site and regional community needs
- Actively support the local communities’ efforts, especially the RDC pilot project, to grow stronger and more capable small businesses that can better serve the needs of the SCMC, NNSA, and DOE

The MSC welcomes the opportunity to work more closely with the SCMC and other concerned organizations to improve the Enterprise Agreement program and ultimately create a win-win situation for all parties involved. Ultimately, we believe that the NNSA can achieve both its Small Business Vision to “provide NNSA’s programs with only the highest quality, technically superior, and competitively-priced small business suppliers” and meet its business goal to “Drive an Integrated and Effective Enterprise”.

v20150905a  Page 2 of 10
2 SCMC Background

In the past, each of the NNSA and DOE sites (e.g. LANL, LLNL, Pantex, and SNL) competed, awarded, and managed their own purchasing subcontracts for various commodities and services (e.g. office supplies and staff augmentation). The result was dozens of separate purchasing contracts throughout the NNSA and DOE complex for the same items. Typically these contracts were awarded to local small businesses and the terms of the contracts varied greatly, including pricing and service requirements.

Due to budget cuts and increased emphasis on cost reduction and process efficiencies, federal agencies such as the NNSA and DOE have implemented enterprise-wide purchasing agreements (Enterprise Agreements). These agreements are typically issued for individual categories of goods and/or services to a single or a few national suppliers and are intended to replace the traditional local contracts issued by each site. The Supply Chain Management Center (SCMC) in Kansas City was created in 2006 by the NNSA to spearhead its efforts to create and implement Enterprise Agreements throughout the NSE as part of the NNSA’s focus to “Drive an Integrated and Effective Enterprise”.

It is important to note that the SCMC is not a government agency – it is a program run by a government contractor. Enterprise Agreements issued by the SCMC are actually issued by the contractor, not the federal government. The SCMC claims that, as a government contractor, they are not wholly subject to the same procurement rules as the government agencies that they serve.

Initially, the following NNSA sites were authorized by the NNSA to use SCMC Enterprise Agreements:

- Kansas City Plant (KCP) (now also known as the NNSA National Security Campus, NSC)
- Lawrence Livermore National Laboratory (LLNL)
- Los Alamos National Laboratory (LANL)
- Nevada National Security Site
- Pantex Plant
- Sandia National Laboratories (SNL)
- Savannah River Site (SRS)
- Y-12 National Security Complex

Today, the SCMC’s role has expanded within the Department of Energy (DOE) complex to include DOE Environmental Management (EM), expanding access to SCMC’s Enterprise-wide Agreements to 17 additional sites in 11 states including WIPP in New Mexico. SCMC’s role is expected to further expand to ultimately support all of DOE and, for the first time, to include services in addition to commodities.

By consolidating purchasing agreements and suppliers, there is an expectation that the SCMC will:

- Obtain better pricing by purchasing in larger volumes from fewer suppliers;
- Gain operating efficiencies by reducing the effort required to bid and operate many different contracts; and
- Improve standardization and integration across the sites/departments within each agency and its suppliers.
Areas of Concern with SCMC’s Approach to Enterprise Agreements

3.1 Closed Bid Process

As a government contractor, the SCMC asserts that it is not required to have a fully open and transparent bid process. Further, according to the SCMC, a fully open and transparent bid process would introduce a number of challenges, including delays and extra cost in the bid process and potentially leading to contract awards to suppliers who were not truly capable of meeting their requirements or delivering maximum cost savings. Instead of a fully open and competitive bid process, SCMC has typically awarded contracts in one of two ways:

- Sole-source award to a business that already has an agreement with an NNSA site, effectively extending that business’ site-specific contract to all sites authorized to use SCMC contracts.
- Invitation-only Request for Proposal (RFP) process, each limited to a small group of suppliers that the SCMC has pre-selected who, in the SCMC’s opinion, have a track record of successfully delivering on the scope of their contracts.

In the MSC’s opinion, it is difficult to ensure that the SCMC has received the best value possible when it does not look at all possible options. Further, questions and doubt will linger about the award and its value even when the SCMC actually did obtain a best value solution. The best way to ensure a fair process, eliminate lingering doubts and concerns, and consistently obtain the best value for SCMC is through an open and publicized bid process.

Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:

- Make public a list of every contract awarded by SCMC, including details on what the contract is for specifically, who it is awarded to, award date(s), and expiration date(s) including options to extend
- Provide a list of target RFPs for the next three fiscal years, broken down by fiscal year
- Going forward, publically announce at least six months in advance each and every anticipated upcoming RFP
- Allow every business to submit a response or, at a minimum, have a simplified qualification process that allows every business to be at least considered prior to issuing an RFP

3.2 Scope of Services Included in the Enterprise Agreements

SCMC agreements have historically been based on a minimal set of service requirements that are in common between all sites within the NNSA and DOE. Essentially the SCMC used the lowest-common-denominator – unique site-specific value-added requirements were not included (e.g. configuring the equipment to the site’s specification; applying site-specific asset tags and labels; onsite, local technical support services; community engagement; and other local economic benefits). In these cases, each site had to arrange to provide those services themselves or under separate contract with the SCMC contract holder or local provider. This added work at each site offset many of the hoped-for efficiency gains of issuing a single enterprise-wide RFP.

In an attempt to address each sites’ unique requirements, and thus make the Enterprise Agreements more appealing to each site to use, SCMC has begun to include each site’s specific requirements into its RFPs. In a more recently issued RFP, the SCMC worked more closely with each NNSA and DOE site to ensure that each site’s individual service requirements were all fully accommodated. However, rather than working together to craft a single Statement of Work and Terms and Conditions that would accommodate each site’s needs, the RFPs essentially incorporated separate Statement of Work and Terms and Conditions documents for each site. These separate documents were clearly from each sites’ current contracts and had conflicting and vague requirements.
Further, terms were not included for all sites. Finally, the RFP stated that the documents included were representative of individual site requirements and were subject to change, each site could unilaterally modify and add to those requirements at any time, and that each bidder must accept those changes without recourse or renegotation.

It is questionable in the MSC’s mind how much effort was really saved by the SCMC in this process given that each site had to produce its own requirements and the SCMC had to take the time to try to incorporate those requirements into the RFP. Further, the complexity and diversity of the requirements will likely increase the operating costs of the contractors and therefore reduce the cost-savings achieved.

Ultimately, this is a balancing act. In the MSC’s opinion, there is no clear right solution and we encourage the SCMC to look at balancing the need for a simple agreement and addressing each site’s unique requirements. As it stands, both approaches have gone to one extreme to other and they need to be re-evaluated.

### Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:

- Engage with the MSC or other small business advocacy group(s) to review the SCMC approach to scoping RFPs and obtain recommendations for improving that approach

### 3.3 Geographic Scope of Agreements

Originally, each SCMC Enterprise Agreement required each business awarded a contract to support all SCMC sites across the country. SCMC had predetermined that most small regional businesses simply didn’t have the resources to be successful with these agreements on a nation-wide level and therefore SCMC decided to exclude small regional businesses from bidding. This practice almost guaranteed the loss of local jobs and negative impact to the local communities. Further, this approach limited each site’s ability to address their unique service needs. The MSC and other concerned organizations confronted the SCMC with our concerns.

To address this concern, SCMC has stated that they will allow for regional bidders going forward. In their most recent Request for Proposals (RFPs), the SCMC has provided an option for bidding on a regional basis. However, SCMC has specifically stated that failure to bid every region would result in a proposal being penalized and scored lower. The fewer regions bid, the greater the penalty, thereby putting the small regional businesses at a major disadvantage to the national businesses.

The MSC encourages the SCMC to create a more balanced approach that allows for both regional and national contract awards. By providing both, the SCMC provides the greatest flexibility to each site to best meet its own needs and allows the small regional businesses an opportunity to compete and grow over time.

### Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:

- Level the playing field by eliminating the penalties applied to regional bidders and eliminating any preferences or advantages given to national bidders
- Beyond any national contracts awarded, also award a least one regional contract per region
3.4 Pressure to Use SCMC Enterprise Agreements

In the past, many of the sites within the NNSA and DOE complex, recognizing the limitations of and challenges presented by the SCMC Enterprise Agreements, have frequently chosen to maintain many of their own subcontracts with their local suppliers to best meet site-specific requirements. This has resulted in a low adoption and utilization rate of the Enterprise Agreements. Because of the historically low adoption and utilization rates of the SCMC Enterprise Agreements, the NNSA and DOE complex are expanding rules and incentives to force the individual sites to make the shift. This is most clearly seen throughout the NNSA complex with SCMC. As the subcontracts between the individual sites and their local suppliers expire, it appears that the individual sites are strongly pressured by NNSA and SCMC to shift to an Enterprise Agreement for the same commodity without re-competing the local contract.

MSC adamantly belieles that the long-term viability of the Enterprise Agreement program is dependent on that program offering a best value proposition rather than through pressure and coercion. We encourage the SCMC to focus on delivering greater value to its customers as its primary method for improving utilization and adoption rates.

SCMC has strongly denied this is happening. However, the SCMC has not provided a clear explanation of or detailed data on what targets or other goals are assigned to each site for SCMC utilization compliance and what the penalties are for failing to meet those goals. Ultimately, these concerns cannot be laid to rest until such data is provided.

**Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:**

- Provide detailed information on SCMC utilization requirements and goals set for each site:
  - In detail, identify each and every metric, target, and/or goal that is set for each site by SCMC, by NNSA, by DOE, and/or by any other agency
  - In detail, identify any and all mechanisms by which the sites are encouraged to meet the goals assigned to them and/or punished in any way if they fail to meet those goals
  - Provide a breakdown of the information provided above by fiscal year for the past three years, the current year, and the next three years
  - Going forward, update and publicly publish this information on an annual basis
- Provide any and all information SCMC, NNSA, and DOE have regarding the impact to date and projected for the next three years on:
  - Regional small businesses
  - Local communities around each site
  - The sites themselves
  - Going forward, update and publicly publish this information on an annual basis
- Allow individual sites to utilize locally issued contracts without penalty when a site can demonstrate that the locally issued contract offers a better value to the site
3.5 Pressure to Move to Firm-Fixed Pricing Agreements

The MSC is concerned that the SCMC is moving towards adopting general federal procurement guidance regarding firm-fixed-price (FFP) contracts. The guidance states that contracting officers “will first consider the use of a firm-fixed-price contract...” when selecting the contract type. This has led to a bias towards FFP contracting strategies that are challenging healthy competition in the face of perceived high risks and volatility in contract execution. A lack of competition can ultimately reduce value to the taxpayer while the inherent risks in execution of these contracts can result, and have resulted, in significant cost overruns against an FFP.

Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:

- Avoid using firm-fixed-pricing on contracts with perceived high risks and/or volatility
- When utilizing a firm-fixed-pricing methodology, ensure the scope of work is exceptionally explicit and allows for the contractors to fairly adjust pricing and deliverables when the scope of work needs to change
4  Measuring the True Cost and Benefits of Enterprise Agreements

The SCMC has provided basic roll-up information on its performance and cost savings achieved; however, the MSC is very concerned about the basis of comparison used by the SCMC in determining its cost savings figures, especially given the findings of DOE OIG’s audit report (OAS-L-15-05) which stated that the OIG had “found that the Department had overstated savings by approximately $8.7 Million, or about 22% claimed in FY13 for the six sites we evaluated.” Is the SCMC comparing its price to standard government list price, which no site ever really pays? Is SCMC comparing its price to what each site pays on its current subcontracts? If so, did the SCMC account for the differences in services rendered and the cost of those services?

As mentioned earlier, without detailed accurate data, it is impossible to really know if the SCMC’s cost savings are real or significant, or even if they are real, at what cost they come to communities around the sites. The MSC requests that the SCMC make detailed performance data available publically and enter into an ongoing open discussion regarding its results as well as methods for continuous improvement.

**Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:**

- Identify the specific method(s) that SCMC uses to determine cost savings, including how it handles differences in scope between a local contract
- Publish SCMC’s detailed cost-saving data annually

5  Focus on Cost Savings is Inconsistent with DOE Policy and Interests

The DOE Code of Federal Regulations (CFR) Chapter 9 (10-1-11 Edition) (970.5223-3) Community Commitment section states:

> It is the policy of the DOE to be a constructive partner in the geographic region in which DOE conducts its business. The basic elements of this policy include:

1. Recognizing the diverse interests of the region and its stakeholders,
2. Engaging regional stakeholders in issues and concerns of mutual interest, and
3. Recognizing that giving back to the community is a worthwhile business practice.

Accordingly, the Contractor agrees that its business operations and performance under the contract will be consistent with the intent of the policy and elements set forth above.

The MSC fully agrees with and supports this policy. It is absolutely in DOE’s interest to support the communities in which they reside, including those communities’ economic well-being. These communities have invested significant resources in being DOE’s partners and are critical to DOE being able to successfully operate its sites in a positive way. Awarding contracts to non-local national businesses does substantial harm to DOE’s community partners and will ultimately lead to a deterioration of relationships between each DOE site and the local communities in which they reside.

**Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:**

- When making a contract award decision, utilize a broad set of published criteria to determine best value to DOE, including regional community support and economic development, rather than focusing on cost savings as the primary award determination criteria.
6 Readiness of Small Regional Businesses

The SCMC has awarded contracts to businesses that meet the SBA’s definition of a “Small Business”. However, as it applies to commodity contracts, the SBA generally classifies any business with 1,000 employees or less as a “Small Business”. These “Small Businesses” that have received an SCMC contract have almost universally been on the upper end of that limit and have a national scope.

There are many more small regional businesses that have been left out. These are very small businesses, typically with less than 50 employees and below $25,000,000 per year in revenue. They've been in business several years and may be working with an individual site (e.g. LANL) or two, but they have not expanded much beyond their local area. Unlike their larger national “Small Business” counterparts that the SCMC has typically engaged with, their processes and resources may not be completely adequate to successfully service multiple sites on a larger regional or national basis.

The SCMC has historically excluded these businesses from even bidding on SCMC contracts due to concerns about these businesses’ capacity and capability to handle the work involved. The MSC agrees that the SCMC’s concern in this matter is a valid concern and that many smaller regional businesses are not quite prepared to succeed in this new environment. However, rather than ignoring and excluding those businesses, the MSC believes it is in the NNSA and DOE’s long-term interest to find ways to help these businesses to get up to speed. To that end, the MSC strongly encourages the NNSA and DOE to support the RDC small regional business pilot project specifically targeted at preparing and supporting these businesses. MSC will be an active participant in the program as well, providing both financial and support resources for the project.

Specific actions that the MSC is requesting that SCMC, NNSA, and DOE take in regards to this concern:

- Actively support and provide funding to the RDC pilot project for the next three years at the level requested by the RDC

7 The Impact

What is the impact on the DOE, the NNSA, each site, the business community, and the local communities that they reside in if the open issues are not addressed? Without the requested information, this is a very difficult question to answer exactly. However, the MSC can estimate the impact on the Northern New Mexico based on the actual experiences to date of and the feedback from Northern New Mexico suppliers and community organizations. Using LANL as an example, and assuming that 10 contracts are shifted from local suppliers to national SCMC suppliers over the next five years and assuming an average sales volume of $3,000,000 per year each, the direct hit to the Northern New Mexico small regional business community will be $30,000,000 per year. Depending on the specific contracts lost, this will translate to between 100 and 500 or more local jobs lost. The indirect financial impact of such losses on the community will be much greater, well into the hundreds of millions of dollars, further depressing the local economy when it has already been negatively impacted by the budget cuts at LANL already. This example represents just Northern New Mexico. What is the impact nationally?

To fairly determine impacts across the board, both positive and negative, it is critical that the SCMC, NNSA, DOE, and each site provide accurate and detailed data. Until such time, the MSC stands by its estimations of likely impact to the local community and its questions on the actual value achieved overall by the SCMC.
8 About the LANL MSC

The LANL Major Subcontractors Consortium (MSC) was created in April, 2004 for the purpose of making Northern New Mexico a better place to live and work by facilitating cooperative, strategic, and leveraged economic development investments in the region by Consortium members. All LANL subcontractors awarded contracts valued at five million dollars or greater are automatically members of the Consortium. As of May 2015 there are thirty-five member companies.

The mission of the LANL Major Subcontractors Consortium is to positively impact the economy of the Northern New Mexican region through collaborative investment in qualified economic development programs and projects which will result in the diversification of Northern New Mexico’s economy and reduce its dependency on federal dollars.

Based on member companies surveyed, it is estimated that the MSC collectively employs about 2,000 New Mexicans which equates to $110 million dollars in payroll annually.

In the last five (5) years the MSC has invested over $14 Million dollars in the northern New Mexico Region and provided over 15,000 hours of volunteer service to rural communities across the region.

9 Support

There are a number of community organizations that have officially issued statements that are consistent with one or more of the MSC’s positions as represented in this paper. Please see the following documents (available at lanlmsc.org) for more information on these organizations’ positions:

- State of New Mexico 51st Legislature House of Representatives – House Memorial 79 – supporting MSC and other regional organizations efforts to mitigate the impact of the SCMC system on local New Mexico businesses
- Regional Coalition of LANL Communities – Resolution dated February 21, 2014 – supporting MSC and other regional organizations efforts to mitigate the impact of the SCMC system on local New Mexico businesses
- Rio Arriba Board of County Commissioners – Resolution 2014-055 – supporting MSC and other regional organizations efforts to mitigate the impact of the SCMC system on local New Mexico businesses

10 For Further Information

For current contact information, please visit www.LANLMSC.org.
Presentation for
Regional Coalition of LANL Communities
September 11, 2015

Update on MSC Efforts Regarding SCMC
MSC Members

- All businesses with a subcontract at LANL valued at $5,000,000 or more
- Currently 35 Members
  - Collectively employing approximately 2,000 Northern New Mexicans
  - Estimated annual payroll in excess of $110,000,000
MSC Focus

- Support Education, Economic Development, and Community Giving initiatives throughout a seven county region in Northern New Mexico, through:
  - Charitable giving
  - Advocacy efforts
SCMC is a Major Focus

- Growing, long-term challenge
- Substantial risk to Northern New Mexico economy
- Potential for great opportunity as well
# What’s at Risk

## LANL Spend

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<tr>
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<th>FY13</th>
<th>FY14</th>
<th>Difference ($)</th>
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<tr>
<td>Total Spend</td>
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<td>NM Spend</td>
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<td>NNM Spend</td>
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<td>$212,000,000.00</td>
<td>$(39,000,000.00)</td>
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Primary Concerns Regarding SCMC

- Lack of transparency and closed bid process
- Problems with contract scope of services
- National focus
- Inappropriate pressure to utilize
- Unclear cost-savings benefit
- Focus on cost-savings instead of best value
- Truly small companies will still need help
MSC is Asking DOE/NNSA To

- Implement a fully open and transparent bid and contracting process that is fair to all potential bidders
- Award contracts based on best-value, not just price, taking into consideration individual site and regional community needs
- Actively support the local communities’ efforts, especially the RDC pilot project, to grow stronger and more capable small businesses that can better serve the needs of the SCMC, NNSA, and DOE
MSC is taking a multi-channel approach to addressing its concerns, including working with:

- LANL
- SCMC, NNSA, and DOE
- Other government agencies
- Community organizations and leaders
- Local, State, and Federal government elected officials

MSC needs your continued support
QUESTIONS?
Regional Coalition of LANL Communities

Doug McCrary
Acquisition Services Management (ASM) Division

September 11, 2015
'LA-UR-15-23250'
UNCLASSIFIED
Institutional Procurement Commitments
FY14 and FY15

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<tr>
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<th>September FY2014</th>
<th>August FY2015</th>
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<tr>
<td>Millions</td>
<td>$536</td>
<td>$572</td>
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UNCLASSIFIED
## FY2014- FY2015 Goals and Achievements by %

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<th>FY 2014 Achievement</th>
<th>FY 2015 Goals</th>
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<tr>
<td>Small Business (SB)</td>
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<td>57.4%</td>
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<td>15%</td>
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<td>35%</td>
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<td>NM (LB/SB)</td>
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<td>NA</td>
<td>47.2</td>
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## FY 2014-2015 Small Business Achievements by $ Value

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<td>NNM (LB/SB)</td>
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<tr>
<td>NM (LB/SB)</td>
<td>$276M</td>
<td>$282M</td>
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FY14 - FY15 Procurement % of total Spend

FY'14 Procurement Spend approx. $530M

- Construction: 4%
- Engineering: 5%
- Environmental: 4%
- Goods: 27%
- IT: 18%
- Services: 42%

FY'15 Procurement Spend approx. $599M

- Construction: 5.7%
- Engineering: 7.8%
- Environmental: 3.1%
- Goods: 23.5%
- IT: 29.3%
- Services: 30.7%
Business Opportunity Website

Acquisition Services Management (ASM) Division
Small Business Program Office (ASM-SBP)

Program Manager
Christopher Fresquez

Small Business Advocate
James Carrigan

Small Business Advocate
Yvonne Gonzales

Small Business Advocate
James Kloepel
Los Alamos National Laboratory
Small Business Program Office Contact Information

Call Us: (505) 667-4419

Write Us: business@lanl.gov

Visit Us: http://business.lanl.gov
September 11, 2015

The Honorable Senator Udall;
The Honorable Senator Heinrich;
The Honorable Congressman Lujan;
The Honorable Congresswoman Lujan Grisham;
The Honorable Congressman Pearce

Dear Senators and Members of Congress:

We are writing this letter in support for an ongoing effort to back New Mexico businesses supporting the efforts of the Department of Energy (DOE) and the National Nuclear Security Administration (NNSA) at Los Alamos National Laboratory (LANL), work that is making a big difference in the regional economy. Over the last three years, the Regional Coalition of LANL Communities (RCLC) has been working with the LANL Major Subcontractors Consortium (MSC) on tracking taxpayer dollars for procurement of goods and services at LANL. Particularly, the RCLC has followed how DOE’s centralized procurement system, the Supply Chain Management Center (SCMC), can work with local NM small businesses to ensure they are given a fair opportunity to compete for NNSA and DOE contracts.

In the recent past, SCMC officials informed RCLC communities that long-standing New Mexico small businesses would not be adversely impacted by the activities of the SCMC and their own relationship with securing LANL contracts. Local businesses that do contract work for LANL in our regional area were informed to form local partnerships, cut costs, and update purchasing systems to meet LANL procurement requirements in an effort to become more competitive on both the local and national front. Despite laboring to reach this standard, multiple small businesses are under the imminent threat of losing LANL contracts to out-of-state small- and large businesses affiliated with the SCMC.

Losing local business contracts would be detrimental to our local economy and the livelihoods of employees and business owners. NM Labs, LANL and Sandia National Laboratories (SNL), amount to roughly 50 percent of all NNSA procurement, making it so that the investment in-state is considerable when NNSA makes its investments. As we have learned from the LANL MSC, contractors are increasingly losing business to the SCMC—not to local or other national competitors—which seems to be creeping beyond goods, into service contracts with other organizations outside of New Mexico.

As elected and tribal representatives of our regional community, we deeply understand the need to be great stewards of taxpayer dollars spent on goods and services, however we do not believe that the only value that can be added in that regard is solely related to the bottom-line. We, along with the MSC, believe that a vibrant and competitive economy with many participants is a core tenet of federal procurement rules and regulations in ensuring the relative needs of each DOE complex are met.
We ask that the NNSA and DOE create a more balanced approach that allows for both regional and national contract awards. Our local communities need the business opportunities to serve the Laboratory because our region has unfortunately struggled to grow its economy at the same quality and rate that LANL provides in other industries. We want to ensure that the DOE stands by its Code of Federal Regulations (DOE CFR 970.5226-3) referring to its ‘Community Commitment,’ stating that DOE has made it part of its mandate to be a constructive partner in the geographic region in which DOE conducts its business.

We specifically ask that the NNSA recognize the diverse interest of our community and our stakeholders, give back when possible, and engage our regional stakeholders when deciding on issues and concerns of material interest. We are aligned with the LANL MSC in requesting the following:

1. We ask that the SCMC be required to fully engage in a fair and open bid process in which any qualifying business can bid, should they meet the requirements. We ask that the NNSA and DOE forego any closed bid process where only invitations to bid are provided to pre-selected businesses.
2. End the ‘race to the bottom’ on selecting the lowest price bidders and rather seek out the best overall value for quality contractors that can deliver for a fair price while engaging in and supporting a vibrant local economy that benefits everyone, specifically DOE’s work.
3. Actively support efforts to fund the proposed northern New Mexico’s Regional Development Corporation pilot project for DOE/NNSA local procurement.

We are grateful for your time and throughput on this issue and hope that we can receive a response in a timely manner given the level of possible repercussions to local business owners and contractors already providing goods and services at LANL. We are in alignment with the attached SCMC Position Paper developed by LANL MSC should you require additional background information on the issue. Please contact us directly with any additional questions, comments or additional items.

Sincerely,

Chair, Commissioner Barney Trujillo, Rio Arriba County
Vice Chair, Javier Gonzales, Mayor of Santa Fe
Secretary/Treasurer, Chair Kristin Henderson, Los Alamos County Council
Mayor Alice Lucero, City of Española
Governor Raymond Loretto, Pueblo of Jemez
Governor Earl Salazar, Ohkay Owingeh
Commissioner Henry Roybal, Santa Fe County
Commissioner Mark Gallegos, Taos County
Councilor Andrew Gonzales, Town of Taos

CC: Patrick Woehrle, Office Director & Protocol, Los Alamos National Laboratory
    New Mexico Association of Commerce and Industry
September 11, 2015

Dr. Monica C. Regalbuto
Associate Principal Deputy Assistant Secretary
U.S. Department of Energy
Office of Environmental Management
1000 Independence Ave., SW
Washington, DC 20585

Dear Assistant Secretary Dr. Regalbuto,

We are writing this letter to offer support for an ongoing program that is making a difference in New Mexico by strengthening the workforce in northern New Mexico and at Los Alamos National Laboratory. We are pleased that the Department of Energy’s Office of Environmental Management (DOE-EM) is addressing critical community issues in New Mexico by supporting the Accelerate Technical Training and Job Placement Program (locally known as ‘Accelerate’), and we are asking for future support of the positive impact we are having on the lives of students across northern NM.

The Regional Development Corporation (RDC) and six NM colleges are collaborating with Los Alamos National Laboratory (LANL), LANL Major Sub-Contractors, and private sector entities on Accelerate to address workforce issues. The overall goal of the program is to graduate more technical career students, prepare them for career and educational advancement, and place them in excellent jobs.

The time now is critical on training great workforce for the future of our Laboratories. It is expected that LANL will lose 36% of its workforce over the next five years. Substantial workforce training is needed to prepare workers for technology jobs at LANL and other northern New Mexico technology industries. The region’s two- and four-year colleges recruit, serve, enroll, and graduate a majority of non-traditional students and transitional workers into technology industries, many through certificate and associate degree programs. Despite dedicated local efforts, graduation rates remain low, averaging just 14% regionally, and companies often have difficulty finding skilled workers. Along with the need to increase graduation rates, it is widely acknowledged that graduating students lack the basic career skills required to compete for professional positions and advance in careers.

The Accelerate program is successfully addressing these issues. An independent 2015 program evaluation found that students participating in the Accelerate program showed a 20% increase in graduation rates over non-participating students. In addition, 44% of Accelerate student interning with regional employers were offered jobs by those employers.
A well-trained, highly skilled workforce pipeline is vital to the future of LANL and northern New Mexico. The Accelerate program is the kind of concerted effort that should be supported in order to properly train workers, fill the technical workforce pipeline, and provide the highest quality of work.

The program is currently four months into the fifth year of a five-year DOE-EM grant award. We appreciate the opportunity to show support for this program, and request that you give consideration to continued financial assistance in the future.

Sincerely,

Chair, Commissioner Barney Trujillo, Rio Arriba County
Vice Chair, Javier Gonzales, Mayor of Santa Fe
Secretary/Treasurer, Chair Kristin Henderson, Los Alamos County Council
Mayor Alice Lucero, City of Española
Governor Raymond Loretto, Pueblo of Jemez
Governor Earl Salazar, Ohkay Owingeh
Commissioner Henry Roybal, Santa Fe County
Commissioner Mark Gallegos, Taos County
Councilor Andrew Gonzales, Town of Taos

CC: Senator Martin Heinrich, U.S. Senate
    Senator Tom Udall, U.S. Senate
    Representative Ben Ray Luján, U.S. House of Representatives
    Doug Hintze, Director of Environmental Management, Los Alamos
## Summary of Receipts and Disbursements

### Inception to date, as of 9/08/15

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LANL Waste Review under WIPP Corrective Action Order

- Federal lab violated NMED permit when they mishandled 1,026 containers of hazardous waste. LANL determined that some of this waste may not be in compliance with requirements under the Resource Conservation and Recovery Act (RCRA).
- Talking points from LANL attached. LANL representative to speak on issue at October meeting.

Meeting with Carla Rachkowski of Accelerate Program

- Graduation rate increase by 20% for students participating in program. 44% of Accelerate student interning with regional employers were offered jobs by those employers.
- Looking for continued funding from DOE EM for future years. Looking for RCLC support in their request.
- Letter written by RCLC in support of program.

SCMC Organization in Support for NM Suppliers and Contractors

- Organizing alliance in support of local contractors to counteract increased procurement dollars spent on centralized Supply Chain Management Center in Kansas City with Honeywell Corporation
- Energy Communities Alliance (ECA) taking up issue at national level, as South Carolina and the Savannah River Site feeling the same repercussions on the centralized purchasing.
- Letter written in support of LANL MSC and efforts to pursue local procurement in support of regional businesses

Environmental Management Site-Specific Advisory Board Chairs Meeting

  - She’s dedicated to field operations and community involvement
  - Interested in utilizing technologies to expedite cleanup process
  - Asst. Secretary Whitney focusing now on assisting the ‘Assistant Secretary in carrying out program and policy direction under EM’s jurisdiction, and to serve as the alter ego of the Assistant Secretary.’
- Contracting for EM-LA Environmental Management Projects
  - EM Los Alamos to Post FY16 Contracts after Bridge Contract completed –
    - No new news on how contracting will be approached
- Los Alamos still has some corrective action to institute under the directive order

Meeting with James Ross, NM Governor’s Federal Affairs Cabinet Secretary

Upcoming

- JLH Media/Executive Director Services Review
- DOE Cleanup Workshop – RCLC Executive Board will be in attendance
- Update on mishandled waste from LANL at October meeting
Summary
To address corrective actions required to reduce, eliminate, and prevent recurrence of a transuranic waste drum breach, Los Alamos National Laboratory conducted an Extent of Condition review of waste handling procedures and processes associated with legacy transuranic waste processed at the lab since 2005. During the review, lab officials found that some treatment methods and procedures were not in compliance with environmental requirements under the Resource Conservation and Recovery Act (RCRA). Of the 9,778-drum inventory, the EOC evaluation identified 1,204 potential non-compliances of 1,026 containers, roughly 10 percent of the inventory. None of these potential non-compliances present significant safety concerns.

The non-compliances include the following:

- Unpermitted treatment at a unit not authorized in the Permit by the addition of organic kitty litter in an impermissible manner;
- Unpermitted treatment at a unit not authorized in the Permit through use of neutralizing agents;
- Mixing potentially incompatible materials with waste in containers; and
- Inadequate waste characterization; failure to manage and label waste containers, and meet generator requirements for off-site transportation of potentially ignitable (D001) and corrosive (D002) hazardous wastes (LA-CIN01).

_D001 and D002 are RCRA codes used to classify waste. LA-CIN-01 is the waste stream being evaluated for the D001 and D002 characteristics._

Questions and Answers

Q. What was the intent of the Extent of Condition review?

A. Our initial response to the February 2014 event at the Waste Isolation Pilot Plant (WIPP) focused on the specific waste stream that was the cause of the radiological release – we called this the nitrate salt waste stream. After this investigation was completed, we expanded the review to a comprehensive examination of procedures used in the handling and packaging of all other waste streams at Los Alamos since 2005 to evaluate whether any other similar risks might exist.

As part of this review, the LANL team also evaluated its waste handling procedures associated with “CIN01” cemented waste processed prior to 1991. An assessment of this material shows evidence of small amounts of liquids. As a result of the review, LANL determined that some of this waste may not be in compliance with requirements under the Resource Conservation and Recovery Act (RCRA). LANL is re-evaluating and re-characterizing some containers of this cemented waste stream and evaluating whether chemical constituents in small amounts of liquids that leached from the cemented waste contain oxidizing (D001) or corrosive (D002) properties. The chemical sampling process is ongoing. During this sampling period, we have taken steps to ensure that the material is safely and securely stored.
Q. Why did it take a year to complete?

A. The Extent of Condition review was exhaustive and thorough. We performed a search of hundreds of procedures and thousands of records associated with the handling and packaging of our transuranic waste streams to ensure that we would not have a repeat of the WIPP event. The review involved nearly 10,000 waste containers.

The review also led to re-evaluation and re-characterization of a subset of the cemented Mixed Transuranic Waste stream CIN01. We are in the process of determining whether chemical constituents in the liquids that “de-watered” from the cemented waste contain any corrosive or oxidizing characteristics. During the analysis of this waste stream, we continue to manage the containers in a RCRA-compliant manner as described in the declaration.

Q. Are you 100 percent confident that another radiological release will not occur?

A. An analysis of the material contained in the drums as part of the Extent of Condition review showed no evidence that a breach similar to the WIPP event will occur in any of these drums.

Q. What is the CIN01 Waste Stream and how is it different?

A. The “CIN01” material being evaluated is cemented waste generated prior to 1991, a small percentage of this waste has been found to include small amounts of liquids that did not “set” in the concrete. As part of our conservative approach to waste handling, we are reassessing the characterization of this material, and managing it in accordance with the LANL RCRA permit. Ongoing testing will confirm whether the waste exhibits a corrosive or oxidizing characteristic.

Q. Do you anticipate any fines from NMED based on this report?

A. The State of New Mexico Environment Department determines fines for environmental issues.

Q. How many of the containers reviewed are at LANL/WIPP/WCS?

A. There are a total of 1,026 containers that were identified by the Extent of Condition review as having non-compliances. These containers are located at the following facilities –

- Los Alamos National Laboratory (LANL): (548)
- Waste Control Specialists (WCS): (65)
- Waste Isolation Pilot Plant (WIPP): (369)

There are 44 containers offsite at mixed low-level waste disposal facilities.

Q. The August 31, 2014 letter submitted to the New Mexico Environment Department identifies a total of 1,204 containers with violations. Can you please explain the difference in numbers between 1,204 and 1,026?

A. The total number of containers identified by LANL with non-compliances is 1,026 containers, of which 548 are at LANL, 369 are at WIPP, 65 are at WCS, and 44 were reclassified and disposed of as
mixed low-level waste. The total number of non-compliances contained in the August 31, 2014 self-disclosure letter and enclosure submitted to NMED total 1,204 containers. The difference in these two numbers is because there is some overlap among the different categories of reported non-compliances, resulting in some containers being included in more than one category.

Q. How safe are the containers.

A. There are no significant safety issues associated with the waste containers identified in this extent of condition review. A formal safety evaluation has been completed. We are confident that the waste is stored safely and presents no significant safety concerns.

Q. How does this report impact the re-opening of WIPP, or the resumption of TRU waste operations at LANL?

A. All questions regarding WIPP should be deferred to WIPP officials.

The corrective actions being taken at LANL will address the additional non-compliances identified in the Extent of Condition review. In the process of conducting the review, we have improved the quality and tracking of our LANL procedures, introduced new engineering safeguards, and enhanced our oversight of waste handling and shipping. We still have a lot of work to perform prior to the resumption of TRU waste operations at LANL, and a resumption schedule has not been finalized.

Q. How can the state and the public be sure that that LANL’s new and improved TRU waste processes are foolproof -that they are properly written and will be followed?

A. The corrective actions taken to date have already led to numerous improvements in the tracking, handling and shipping of all waste streams at LANL. We have improved our procedure-writing process, incorporated expert reviews of our waste handling processes, and taken steps to ensure that our procedures meet the full set of federal and state requirements for compliance.

Q. Are the contents of these containers similar to nitrate salts?

A. No. The waste streams evaluated during this part of the Extent of Condition review are significantly different and more stable waste form.
LANL reports more violations of state’s hazardous waste permit

By Susan Montoya Bryan | AP writer | Posted: Saturday, September 5, 2015 12:05 pm

ALBUQUERQUE — An extensive review at Los Alamos National Laboratory has turned up more violations in how the lab handled hundreds of containers of radioactive waste over the past decade.

The latest revelations are on top of the permit violations that the lab first reported last year in the wake of a radiation release at the federal government’s underground nuclear waste dump in Southern New Mexico.

That release was caused by a container that had been inappropriately packed at Los Alamos. The incident forced the indefinite closure of the repository, leaving in limbo the cleanup of decades worth of plutonium-contaminated waste at defense sites around the country. The price tag for resuming operations at the Waste Isolation Pilot Plant near Carlsbad is expected to top a half-billion dollars.

The lab reviewed more than 200 variations of the procedures that had been used between October 2005 and May 2014 to decontaminate about 10,000 containers of waste. The review found that some of the same procedural missteps made with the drum that leaked radiation also were made in the handling of more than 1,000 other containers.

But LANL Director Charlie McMillan and U.S. Department of Energy Los Alamos Field Office Manager Kimberly Davis Lebak said in a letter sent this week to the New Mexico Environment Department that the containers highlighted in the latest review were different than the drum that leaked radiation.

“Our staffs have completed a technical evaluation of these non-compliances and concluded that they do not present a credible safety concern to workers or the public and do not pose a threat to human health or the environment,” they wrote.

Still, the lab’s lack of compliance is a big concern for the state Environment Department, which oversees a permit that allows Los Alamos to handle hazardous waste. “The one thing I can say is we’re going to continue to hold their feet to the fire on this,” said Kathryn Roberts, director of the department’s Resource Protection Division.

The corrective action Los Alamos is taking to address the problems related to the waste stream that resulted in the radiation leak also will cover the latest violations, Roberts said.

“It’s going to address all those fundamental problems that stem from those procedures that were deficient in a lot of ways,” she said. “Those are still going to be revised, and we’re going to have new processes in place, and we’re going to scrutinize those very, very closely.”

The lab first notified the state of the latest violations during a meeting in July. The report
released this week provides details.

Watchdog Greg Mello of the Los Alamos Study Group pointed to the lab’s history of noncompliance, saying outside observers would disagree that there are not safety or environmental concerns.

Mello said the report indicates some waste was illegally treated, some contained incompatible chemicals such as organic cat litter and some may have been mislabeled as safe to handle.

Among the containers are more than 630 stored at Los Alamos, WIPP and another facility in West Texas in which mixed waste has been blended with concrete. The containers may include corrosive or ignitable materials, but officials say more tests need to be done on the contents.

The state recently settled with the federal government over the radiation release at WIPP, but Mello said under the terms, the state agreed not to enforce penalties against Los Alamos for compliance issues that are self-disclosed.

“This does not leave the state in a good place,” he said, suggesting the contractor that runs the lab believes it is above the law.

Los Alamos lab “is too big and complicated for NMED [the New Mexico Environment Department] to regulate without a special enforcement squad,” he said.
## Regional Coalition of LANL Communities

### Meetings at a Glance – October, November, December 2015

<table>
<thead>
<tr>
<th>MEETING DATE</th>
<th>POTENTIAL BUSINESS ITEMS</th>
<th>POTENTIAL BRIEFING ITEMS</th>
</tr>
</thead>
</table>
| October 9<sup>th</sup> Taos County Chambers | • Closed session for second half of meeting to review JLH Contract  
• Take action on EM contract structure for local contractors.  
• Recap on DOE National Cleanup Workshop  
• Approve on 2016 calendar for meeting locations | EM-LA  
Update from EM-LA on 1,000+ counts of mismanaged waste and way forward.  
Contractors & EM Contracts  
Structure of EM contracts going forward and how we go about protecting our local contractors. |
| November 13<sup>th</sup> Jemez Pueblo Council Chambers | • Take action on approval of new NMED Consent Order Agreement  
• Workforce goal-setting with LANL  
• Recap of ED annual work review and way forward | NMED  
Briefing on Consent Order Agreement  
EM-LA  
- Contracting structure for EM contracts  
- Danny Katzman in-depth presentation on Chromium Plume |
| December 11<sup>th</sup> City of Santa Fe Council Chambers |                                                                                          | WIPP & Interim Waste Storage  
John Heaton to discuss lobby for additional waste storage |

### Issues to watch:

- Life Cycle Baseline Cost
- WIPP
- Chromium Plume Campaign
- RDX Explosives Cleanup Campaign
- Other Environmental Campaign Priorities
- Consent Order conclusion of 2015 and new proposal for post-2015

- LANL Major Subcontractor – SCMC and procurement issues, clean up revamping efforts
- Economic Development Priorities
- Federal Manhattan Park Construction and Planning
- DOE funding for FY16 and FY17
- REDI-Net Updates
- Jobs at LANL