



REGIONAL COALITION of LANL COMMUNITIES

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

REGIONAL COALITION MEETING MINUTES

Santa Fe County Chambers, 102 Grant Avenue, Santa Fe, NM
August 11, 2017 | 9:00a—11:00a

A. Call to Order – Chair Javier Gonzales | 9:08a-

- a. 20 total audience members

B. Confirmation of Quorum – Chair Javier Gonzales – Approved

Attendees: Mayor Javier Gonzales, Commissioner Barney Trujillo, Councilor Chris Chandler, Representative Ron Lovato, Commissioner Mark Gallegos, Councilor Darien Fernández, Mayor Alice Lucero; **Excused:** Commissioner Henry Roybal, Lt. Governor Ward Yeppa

C. Approval of Agenda – Chair Mayor Javier Gonzales | 9:09a-

- a. **Approved** - Motioned by: Councilor Chandler, County of Los Alamos; Second: Commissioner Trujillo, County of Rio Arriba

D. Approval of Meeting Minutes - Chair Mayor Javier Gonzales

- a. **Approved** - Motioned by: Commissioner Trujillo, County of Rio Arriba; Second: Councilor Chandler, County of Los Alamos

E. Discussion/Action Items | 9:10–10:03a

a. Executive Director Update

- i. Naming of EM contractor - The transition period is negotiable, even though the RFP originally stated 90-day transition period. Negotiations may happen between contractors to allow for shorter transition.
- ii. 2017 ECA National Cleanup Workshop in September is a great opportunity to learn about cleanup efforts across the country and continue to build relationships with federal leadership. Will send out more details via email.
- iii. Board is welcome to join the San Ildefonso Board meeting at 12pm after the RCLC meeting concludes.
- iv. NNSA Draft RFP stakeholder letters in Board packets includes a letter from Congressional Delegation, which dovetails many of the critical issues addressed within the Regional Coalition's letter. The Coalition will be closely watching the development of this issue.

b. NM Congressional Delegation, Patrick Duran | 9:20a

- i. NM Delegation received 7 to 8 letters from concerned stakeholders regarding the NNSA LANL Draft RFP. The Delegation chose to address these letters by writing their own letter of concerns to NNSA.
- ii. National Defense Authorization Act (NDAA) seeks to strengthen NNSA lab infrastructure. The delegation worked with House Armed Services Committee to increase General Plant Projects (GPP) funding threshold for NNSA labs from \$10M to \$20M.
- iii. The Impact Foundation Bill establishes a DOE foundation to provide a more flexible source of private funds for tech transfer entrepreneurship and regional economic development and capacity building.
- iv. Cooperative Research & Development Fund Authorization Act authorizes dedicated funds to provide government share of cooperative research and development agreements to support maturing lab technology and transfers to private sector.
- v. Q&A
 - i. Mayor Gonzales – Can the Congressman Ben Ray Lujan's schedule be forwarded to Coalition members? Patrick responded that public meetings are sent through press advisories. Congressman is scheduled to be in Los Alamos to attend the Community Leaders Update and other meetings on August 23. Will send Congressman's schedule while visiting New Mexico.
 - ii. Andrea Romero – Can the Coalition receive copies of said bills and any other relevant legislation that the Coalition might provide support for? Patrick replied yes. (Posted to website in September 2017.)

c. NNSA Draft Solicitation for LANL M&O Contract Competition, Jack Jekowski | 9:29-10:03a

- i. Andrea Romero – 2004 National Academy of Sciences study on "Maintaining High Scientific Quality at Los Alamos and Lawrence Livermore National Laboratories". This study discusses how LANL is different from any other site within DOE complex, what the M&O Proposal should contain, why particular interest is given to acquisitions process, and other recommendations such as workforce support.
 - i. Mayor Gonzales – Were these recommendations and key provisions incorporated within the previous LANL contract requirements? How many of these recommendations made it into the current Draft RFP? Andrea commented that in the previous contract, yes, these recommendations were included. Jack Jekowski responded that none of the recommendations from the previous contract were incorporated into current Draft RFP. This current RFP is very streamlined and standardized.

- ii. Jack Jekowski has been in the Nuclear Weapons DOE Atomic Energy Commission for 52 years. Started with EGNG in Boston and came to Los Alamos to set up EGNG office in 1970. A strong advocate for a beneficial rebid on LANL's M&O Contract and for national security interests.
- iii. DOE and NNSA have a number of competitions on the horizon. Nevada National Security Site just completed award to Honeywell. A Lockheed Martin subsidiary, NVS3T, was originally awarded, but was rescinded within two business days because Lockheed Martin did not properly complete paperwork with DOE. It failed to report that Leidos Innovations was the parent company of NVS3T before it was awarded the contract. Hanford Support Services Contract is run by Leidos Mission Support Alliance, which is formally a Lockheed Martin team.
- iv. Mayor Gonzales – What are the chances that our critical community issues will be included within this upcoming contract? What else can the Coalition do to ensure these issues are indeed included within next Prime Contract? Jekowski commented that although we may not hear back from the NNSA, there may be an opportunity for the Coalition and Delegation to leverage influence to probe NNSA. The NNSA usually takes input seriously through convening expertise within their departments, most notably legal and contract expertise, and do consider historical onsite practices. Typically, there is no response until the next event, which in this case is the final RFP for a conclusive round of comments. There is a possibility that the final RFP will be made without opportunity for further comment. Jekowski's primary recommendation is for the RCLC and Congressional Delegation to engage Governor Susana Martinez and her office. Jekowski spoke with Barbara Brazil, Assistant Deputy Director of State Economic Development Department about the upcoming M&O Contract. Brazil is working with Secretary Matt Geisel to get this issue on Governor Martinez's agenda.
 - i. On a competition of this size, they typically give respondents 40 days.
 - ii. It is common for public / non-profit industries to announce bidding teams, while private industry tends to stay quiet. Thus, it is possible some bidders won't release their names.
- v. Awarding low contract fees is major concern and a common occurrence within the DOE as Congress has observed a lack of success with for-profit models implemented for LANL and Livermore. It was originally believed that through providing a robust performance fee, it would attract more talented competitors with effective systems and experience of private sector to improve upon safety, security, etc. However, there is a general consensus this model has proved not as successful as originally anticipated. From 2012-2014, major corporate executives of large entities told DOE that 3% performance fee was not sufficient because corporate entities, in most cases, are publicly traded companies, they have to report to stakeholders and boards, and often receive a 5-6% profit fee outside of DOE.
 - i. Mayor Gonzales – Would this concern of lower fees also have the potential to decrease overall investments to communities, outlined within a community investment fund with a lower performance fee? Jekowski responded yes. The Draft RFP has a 1% fixed fee on revenue. We assume a \$2.5 billion Lab budget, \$25 million base-fee with an additional half-percentage (0.5%) fee for nuclear weapons work with a total potential fee pool of \$35 million. LANS originally started at \$65-70M and dropped down to about \$50M due to a decreased in performance fee. Performance fee is shared among corporate partners awarded M&O contract, thus limiting the profit of each partner to about \$10-15M. This impacts the overall funds they can reasonably give back to the community and still maintain profit margins. LANS commitment to local communities is notable because even when their fee was lowered, they still maintained their financial commitment within the Community Commitment Plan (CCP).
 - ii. Mayor Gonzales – Are there high-level career contractors (long-term DOE employees with good experience in procurement processes and running contracts) working on these high-stake contract procurements? What is the concern that these procurements are happening in absence of experienced employees? Jekowski answered that there are many federal employees with decades of experience that have retired and thus the historical knowledge base has diminished. This has definitely impacted the overall procurement process.
 - iii. Councilor Chandler – In addition to community commitment, what is the likelihood of preserving workforce needs such as salaries and benefits? Is it unrealistic to expect the previous employee benefits package will be carried forward into the next contract? Jekowski commented that the current Draft RFP is conforming to industry standards for benefits packages, with no more than 105% of benefits identified by statistical analysis by credentialed benefits providers. With the Sandia Labs' transition, many employees quit before contract was awarded because they were averse to risking their benefits package with a new contractor.
 - iv. Representative Lovato – What might be the impacts on small business objectives and goals considering the 1% fee? Jekowski replied that the 1% fee may or may not impact small business initiatives currently supported by LANS. In 2005 RFP, there was an attachment with detailed requirements for the bidders to demonstrate that they would work within Northern New Mexico and local small businesses, which resulted in arrangements with RDC and 5% procurement preference. This is not present in the current RFP.
 - v. Commissioner Trujillo – Is the Small Business Administration (SBA) weighing in on the RFP's 1% performance fee? Jekowski answered that in the past, SBA has proactively engaged with NNSA and watches NNSA closely. Los Alamos is unique and needs to be treated differently than many other laboratories in the

DOE complex. DOE's budget is being squeezed from many directions despite the increasing NNSA budget for nuclear weapons. The result, many times, is felt in cutting costs in procurements. In the SCMC Kansas City model, they look at vendors nationally who can provide the lowest costs for services. However, this strategy can also sacrifice quality of customer service and opportunities such as door-to-door servicing. Procurement needs to be balanced with the needs of NNM. Surrounding communities need to be vibrant and supportive of the Lab, and not solely concerned with what will provide the "biggest bang for the buck". Worst-case scenario: 1% performance fee, non-profit model, NNM loses \$30-40 million per year in GRT, and reduces contract allowable interactions with education system and economic development organizations. This would result in disenfranchised relationships between LANL and its communities with critical short and long-term consequences.

- vi. Mayor Gonzales – It is an important recommendation for the Coalition to connect with the Governor's office. The worst-case scenario could certainly compromise economic development initiatives that are greatly needed in NNM. With squeezed DOE budgets, trend of lower fees and expansion of nuclear research and development, there could be devastating long-term environmental and health impacts to our region if the issue of fee and right contractor are not selected.

d. Budget Update, Steve Lynne | 10:04a-

- i. Member contribution funds were recorded for Ohkay Owingeh
 - i. Mayor Gonzales – Is the RCLC subject to any audit regulations? Steve replied no. Due to the small size of the Coalition, a full audit by Los Alamos County is not required. The current audit role has a tiered approach.

e. Action Items | 10:07a-

- i. **Action:** Discuss / approve new RCLC quarterly meeting schedule
 - i. Andrea Romero – based on estimated budget for new meeting schedule, we are well within budget confines to host retreats. It is up to the Board's pleasure to decide if we want to have a retreat every quarter and when we want to begin hosting quarterly meetings.
 - i. Mayor Gonzales – Recommendation to begin quarterly meetings in October. No meeting in Sept.
 - ii. Mayor Lucero – Suggestion to attempt Thursday night retreat in October and determine if we want to continue retreats after that.
 - ii. **Approved** - Motioned by: Mayor Lucero, City of Española; Second: Representative Lovato, Ohkay Owingeh
- ii. **Action:** Approve travel to Washington, DC in Aug/Sept to discuss LANL M&O contract
 - i. Mayor Gonzales – Asked Andrea to notify Board through a memo if a trip to DC is required before the next meeting.
 - ii. **Approved** - Motioned by: Mayor Lucero, City of Española; Second: Councilor Chandler, Los Alamos County
- iii. **Action:** Approve travel to ECA Intergovernmental Meeting, November 15-17
 - i. **Approved** - Motioned by: Commissioner Gallegos, County of Taos; Second: Mayor Lucero, City of Española

F. Public Comment | 10:18a-

- a. Val Alonzo – REDI Conference is scheduled for September 21. Conference theme is "Navigating Our Economic Future". Representative Ben Ray Luján and Michelle Lujan Grisham will be in attendance. The Coalition is strongly encouraged to attend this regional event.

G. Meeting Adjourned | -10:21a

