

Laboratory Retiree Group
P.O. Box 546
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Subject: Comments on NNSA Draft Request for Proposal No. DE-SOL-0011206

The Board of Directors of the Laboratory Retiree Group (LRG) appreciates the opportunity to comment on the Draft RFP for the Management and Operating (M&O) contract for Los Alamos National Laboratory (“the Laboratory”). In Part A below are some initial remarks about the LRG and the unique circumstances of Los Alamos and northern New Mexico. These are intended to help provide a better understanding and appreciation of the LRG comments about the draft RFP that follow in part B.

Part A. Initial Remarks

The Laboratory Retiree Group.

The Laboratory Retiree Group is a non-profit corporation whose purposes are to communicate with, and serve the needs and interests of retirees from the Laboratory. A significant function of the LRG is to advocate for retirees and their concerns. The LRG currently has about 600 members; most live in northern New Mexico. Laboratory retirees provide significant contributions to the vitality of the Laboratory and also make substantial contributions to their communities through countless hours of volunteer work. Sustaining the well being of the Laboratory’s retirees is vital to the well being of the Laboratory, Los Alamos, and the region.

Unique circumstances of Los Alamos and northern New Mexico.

Los Alamos was chosen for the location of nuclear weapons development work in the 1940s because it provided a natural solution to a major security concern: it was isolated and hard to get to. Although access to Los Alamos is easier now, it remains more isolated than much of the rest of the nation. As a result, Los Alamos and the northern New Mexico region must rely on a limited range of choices for goods and services. Within the region, and in New Mexico, there is an increasing shortage of medical doctors, nurses, and health care facilities. This is a serious problem and concern that affects Laboratory retirees as well as current employees. The Laboratory is the largest single employer in northern New Mexico, and laboratory wages, pensions, and health care expenditures have major economic impacts on the region. Further, the Laboratory’s retirement and benefits plans are factors that may affect the Laboratory’s ability to attract and retain the top-notch employees that are essential to the success of the Laboratory and NNSA.

Part B. Comments on the Draft RFP for the M&O contract for Los Alamos National Laboratory.

The following comments and concerns were written by the Board of Directors of LRG on behalf of LRG membership. NNSA has so far provided public access to only four portions of the Draft RFP for the Los Alamos M&O Contract competition. The comments, and paragraph references

that follow, refer to one of them, called Section J, Appendix A - "Statement of Work". The LRG would appreciate having access to the full Draft RFP as soon as possible.

Draft RFP Paragraph 4.1 "Assumption of Existing Pension and Benefit Plans" (page 36)

The statement that "Incumbent Employees shall remain in their existing pension plans (or comparable successor plans if continuation of the existing plans is not practicable)" is commendable. But there is no mention of current retirees. And what are the circumstances that would make it not practicable to continue the existing plans?

Draft RFP Paragraph 4.1.1 "... new benefit plans or change benefits under existing plans ..." (p 36-37), and

Draft RFP Paragraph 4.1.3 "If the Contractor seeks to terminate any benefit plan ..." (page 37)

The LRG has similar comments and recommendations about both these paragraphs. The LRG is very concerned about the lack of a requirement for involvement by current employees and retirees in a decision about a change that may have a profound effect on their well being and lives. The LRG recommends that employees and retirees affected by any change or termination of retirement or other benefit plan have the opportunity to comment and participate in the decision to change or terminate a plan. The LRG also recommends that notice for any such change be given at least 90 days beforehand. The LRG further recommends that the RFP contain a statement that after any change or termination of a retirement or other benefit plan the changed or new plan should provide benefits that are substantially equivalent to those in the current plan.

Draft RFP Paragraph 4.4 "Pension Plans" (pages 39-40)

The two paragraphs under this heading imply, but do not explicitly state, that the costs of administering pension plans, and maintaining their qualified status are reimbursable items in the new M&O contract. The LRG recommends that the RFP include a statement that they are reimbursable in the new contract. Also, the paragraphs only mentions current employees. The LRG also recommends that the RFP state that the costs of administering and maintaining the qualified status of the pension for retirees is also reimbursable in the new contract. The LRG further recommends that RFP state that the costs of health care plans for both current employees and retirees are reimbursable in the new contract.

Draft RFP Paragraph 4.4.1 "Any pension plan ... shall be maintained as a separate pension plan ..." (pages 39-40)

The LRG is concerned that, as written, this paragraph may require that the pension plan for current employees be separated from that for retirees. The current LANS Defined Benefit pension plan (also called "TCP-1") includes retirees as well as current employees. Those who have retired during the LANS M&O contract have received credit for service that clearly will not have been performed under the new contract. Thus, this paragraph seems to require that the pension plan for LANS retirees be separated from the plan for employees, which seems detrimental to employees as well as retirees, and would likely cost more to administer than a single plan. The LRG recommends that the RFP clarify whether such a separation will be required in the new contract, and provide the reasons for such a separation.

Draft RFP Paragraph 4.4.2 “The Contractor will be reimbursed for pension contributions ...”
(page 40)

The LRG commends NNSA for including this in the Draft RFP. Do these statements also apply to Contractor contributions to the pension plan that are needed to maintain the qualified status of the plans as described in Paragraph 4.4?

Draft RFP Paragraphs under 4.4.5 “Terminating Plans” (p 42), and
Draft RFP Paragraphs under 4.4.6 “Post Contract Responsibilities for Pension and Other Benefit Plans” (pages 43-44)

The LRG has similar comments and recommendations about both these paragraphs. As with Draft RFP Paragraphs 4.1.1, and 4.1.3, the LRG is very concerned about the lack of a requirement for involvement by current employees and retirees in a decision about a change that may have a profound effect on their well being and lives. The LRG recommends that employees and retirees affected by any termination of retirement or other benefit plan have the opportunity to comment and participate in the decision to terminate any plan. The LRG also recommends that notice for any such change be given at least 90 days beforehand. The LRG further recommends that the RFP contain a statement that after any termination of a retirement or other benefit plan, any new plan should provide benefits that are substantially equivalent to those in the current plan.

Finally, the LRG notes that the Draft RFP has no requirement for community or regional support by the new Contractor. The current Contractor provides substantial support for the community and the region through programs funded by the Contractor, as well as through Gross Receipts Tax payments. The LRG recommends that the RFP contain provisions for significant support for the community and the region, if possible at a level comparable to or greater than what the current Contractor is providing.

The LRG welcomes the opportunity to discuss these comments and concerns in greater detail, if desired, at NNSA’s earliest convenience.

Thank you very much for your attention to LRG comments and concerns.

Sincerely,

(original copy signed by Dale Thompson and Leigh House, July 25, 2017)

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