

Congress of the United States
Washington, DC 20510

August 10, 2017

The Honorable Frank G. Klotz
Under Secretary for Nuclear Security
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Solicitation: DE-SOL-0011206

Dear General Klotz:

We write regarding the forthcoming Request for Proposals (RFP) for the management and operation of Los Alamos National Laboratory. As one of the largest science and technology institutes in the world, LANL plays a critical role in our national security and we are deeply committed to its success.

Our paramount concern for the new M&O contract is assuring the safety and health of the employees, the public and protecting the environment while enabling the lab to continue to meet its crucial national security missions. In pursuit of this goal, we expect the Department to conduct an open and fair competitive bidding process. In addition, we recommend that NNSA take care to consider both past performance and current capabilities in the most accurate and relevant ways to ensure that the best candidate is ultimately selected.

As the cornerstone of our nation's nuclear research, development, and production, New Mexico has long taken immense pride in our state's contributions to national security. That said, there has always been an understanding that DOE and its contractors will assure the highest standards of security and safety possible in operating its laboratories. As such, we believe the RFP should include strong requirements that will ensure the contractor maintains safe and secure operations at LANL. Additionally, the NNSA should make clear it will hold the new M&O contractor fully accountable for any violations, including appropriate penalties for serious security and safety lapses.

For over 70 years, LANL and its employees have been inextricably linked to northern New Mexico. The business community provides critical support to the important work of the lab, and the local governments and schools help attract and support its diverse workforce. In light of the critical nature of the partnership between LANL and northern New Mexico, we urge you to protect or strengthen the RFP in the following key areas.

- 1) **Workforce recruitment and retention:** We believe it is critical that the contract protect the jobs of the existing workforce, including right of first refusal, hiring preference and protection of benefits and pensions. We encourage NNSA to explicitly express these commitments as soon as possible to ensure continuity and retention of the current workforce. In addition, the contractor should have flexibility and incentives to establish competitive compensation and benefits packages that strengthen workforce recruitment and retention, especially for women and underrepresented minorities in critical areas that impact national security. We strongly oppose any provisions permitting contractors to renege on obligations to current and former employees while we support provisions assuring all existing labor union agreements are honored.
- 2) **Partnership with the Community:** Given the regional economic dominance of the laboratory, we strongly believe the contractor should be required to be an engaged and a constructive partner to the communities in northern New Mexico, the eight northern pueblos, and the citizens of the State of New Mexico. Because the geographic proximity of the community to the lab presents unique interdependence, the contractor should continue to support all existing contracts, agreements and MOUs with state and local governments. . The establishment of the Manhattan Project National Historic Park represents an opportunity to promote regional economic development and the contract should reflect any necessary support needed to continue this ongoing collaboration between the Department of Energy and the National Park Service. Reflecting the special relationship with the community required for the successful operation of the lab, we ask that NNSA include community engagement as an evaluation criterion in the final RFP. A failure to include an adequate Community Commitment Plan in the new M&O contract could cause unnecessary disruptions in local community relations with the laboratory.
- 3) **Regional and small business purchasing:** LANL's existing Regional Purchasing Program has contributed to a strong ecosystem of small businesses that contribute to the success of the lab. Last year, LANL procured over 40 percent of its subcontracted goods and services in New Mexico of which \$260 million went to small businesses in the state. Subcontracting with local companies improves efficiency, provides site-tailored, value-added goods and services while also building regional capacity that helps recruit new employees and their families. We request that the RFP require the contractor to maximize procurement opportunities for northern New Mexico businesses and continue the existing 5 percent price preference for small businesses in the region. We also request that NNSA require the contractor to submit a plan as part of the RFP to increase small business contracting over the life of the contract.
- 4) **Technology transfer:** The federal investment in research and development at LANL should be maximally leveraged to advance the nation's technological edge for innovation in the global economy. Technology transfer should be considered a substantive evaluation criterion for the performance period of the contract. Furthermore, performance evaluation should be based on economic impact criteria such as utilization of laboratory-generated technology by

small businesses and regional job creation and retention. The contractor should also be encouraged to support regional economic competitiveness through projects such as LANL's Feynman Center for Innovation, the Regional Development Corporation's Venture Acceleration Fund and ProjectY Cowork Los Alamos, a standalone nonprofit dedicated to collaboration, increasing business formations, and accelerating regional job creation. NNSA should require the contractor to report annually the national and local economic impact of its tech transfer efforts and how they strengthen regional capacity in technologies that support the laboratory's missions.

- 5) **Regional university partnerships:** Regional universities already provide an important workforce pipeline for LANL and are a key resource for strengthening local technical capacity. We support efforts to increase innovation-based economic development by the laboratory partnering with regional universities. We suggest that the RFP include incentives for inclusion of regional universities in the contractor leadership team and that contractors propose ways to strategically enhance partnerships with local academia and develop regional technology infrastructure. We also hope the existing New Mexico Consortium will be sustained and strengthened in the next contract.
- 6) **STEM education and charitable giving:** A robust regional science and mathematics education program at the K-12 and university levels promotes the nation's competitiveness in the global market, contributes to developing a diverse, well-educated, and scientifically literate workforce, and helps maintain the nation's world technical leadership. We deeply appreciate the ongoing contributions of LANL and its employees to local education and charitable giving. The RFP should encourage the contractor to continue this important work in the community, especially in preparing and inspiring a diverse future generation of scientists and engineers. In particular, a minimum of three million dollars should be included as an allowable expense for the contractor's community commitment plan to address education, business support, and charitable giving.

Finally, the state and local governments are concerned about the possible loss of significant tax revenue if the new M&O contractor is a nonprofit. In the event the new contractor is not subject to the state's gross receipts tax, we ask you to work with the State of New Mexico and local jurisdictions and seriously consider other options to maintain support for the cost of local services the NNSA relies upon.

We appreciate your careful consideration of each of these six key areas in the development of the final RFP. We also urge you to seriously consider the formal comments submitted last month by representatives of the community and local and tribal governments. When a site tour and proposal conference are scheduled, community leaders would welcome an opportunity to meet with the potential bidders to discuss the unique relationship between the lab and the region.

In addition to high-quality science and engineering work, Los Alamos National Laboratory and its employees play a central role in the community and are essential to the economy of New

Mexico. We urge NNSA to ensure that LANL will continue to attract and retain the world-class talent and workforce necessary to fulfill its primary mission and responsibilities as the nation's premier national security science laboratory.

Sincerely,



TOM UDALL
United States Senator



MARTIN HEINRICH
United States Senator



STEVE PEARCE
Member of Congress

BEN RAY LUJÁN
Member of Congress



MICHELLE LUJÁN GRISHAM
Member of Congress