

A Joint Proposal for Management of The Los Alamos National Laboratory

Nuclear Watch New Mexico Tri-Valley CAREs

July 18, 2005

Michael G. Loera
Contracting Officer
U S. Department of Energy
National Nuclear Security Administration
NNSA Service Center - Albuquerque
M&O Contract Support Department (MOsD)
P.O. Box 5400
Albuquerque, NM 87185-5400

SOLICITATION NO. DE-RP52-05NA25396

Nuclear Watch of New Mexico
551 Cordova Road #808
Santa Fe, NM, 87501
505.989.7342
505.989.7352 fax
www.nukewatch.org

Tri-Valley CAREs (Communities Against a Radioactive Environment)
2582 Old First Street
Livermore, CA 94551
(925) 443-7148
(925) 443-0177 fax
www.trivalleycares.org

Dear Mr. Loera:

Nuclear Watch New Mexico (NWNM) and Tri-Valley CAREs (TVC) are pleased to submit this joint proposal to the National Nuclear Security Administration (NNSA) for the management contract for Los Alamos National Laboratory (LANL). Quoted requirements from the NNSA's solicitation are italicized. Should you have any questions or need further clarifications, please feel free to contact either one of our organizations.

(iii) A statement specifying the extent of agreement with all terms, conditions, and provisions included in the solicitation and agreement to furnish any or all items upon which prices are offered at the price set opposite each item;

In some instances we are not able to fully agree with all of the terms, conditions, and provisions of the solicitation. This is more fully explained in the sections herein relating to the "Statement of Work." Nevertheless, we are hopeful that the NNSA will see the soundness of and need for

the basic approach we will take while managing the Los Alamos National Laboratory and its nuclear weapons programs, an approach truly directed at discouraging proliferation. Combined with the cost savings, diligence and integrity that we will bring to Lab management, we are confident that the NNSA and the nation will be pleased with our management in the future.

In summary, some of these possible differences are:

- The overall direction of future missions at the Los Alamos National Laboratory (LANL). We propose to downgrade the Lab's nuclear weapons programs and subordinate them under a new Associate Directorship of Nuclear Nonproliferation so that it can be better assured that national and international obligations under the NonProliferation Treaty are met. In particular, we are concerned that the NNSA's directive to "perform nuclear weapons R&D in accordance with program plans approved by the NNSA" will lead to new designs, in turn possibly encouraging a return to full-scale testing.
- Related is the NNSA's directive to meet a yet-to-be specified level of production for plutonium pits, the "triggers" for modern thermonuclear weapons. We believe that the need for pit production needs to be better established, central to which is assessing the operational lifetimes of pits.
- We propose to truly elevate "Science" at LANL to an Associate Directorship and largely decouple it from the Lab's nuclear weapons programs. We will direct "Science" toward resolution of long-term national security needs such as energy independence, conservation and global climate change.
- Similarly, we propose to elevate Environmental Restoration at LANL to an Associate Directorship so that comprehensive cleanup can be expedited, in full cooperation with the New Mexico Environment Department and surrounding communities.
- In our view, the absence of a requirement for clearly needed greater whistleblower protections was noticeably absent in the solicitation. We propose a new Chief Officer of Whistleblower Protection that reports directly to the Director's Office. We also propose that government reimbursement for legal costs be disallowed for all prospective contractors when whistleblower cases are decided against them. This simple measure would save taxpayers considerable sums of money and deeply change the culture at LANL.
- Finally, we decline the opportunity to request indemnification from penalties for occupational safety, nuclear safety, security, fiscal management and environmental violations. In our view, this is the only way to instill real accountability into LANL management. Further, the NNSA should integrate no indemnification into the contract whomever is awarded.

(iv) Names, titles, and telephone and facsimile numbers (and electronic addresses if available) of persons authorized to negotiate on the offeror's behalf with the Government in connection with this solicitation;

James (Jay) Coghlan
Executive Director
Nuclear Watch New Mexico

505.989.7342
505.989.7342 fax
jay@nukewatch.org

(v) Name, title, and signature of person authorized to sign the proposal. Proposals signed by an agent shall be accompanied by evidence of that agent's authority, unless that evidence has been previously furnished to the issuing office.

James (Jay) Coghlan
Executive Director
Nuclear Watch New Mexico
See www.nukewatch.org for evidence of authority.

Signature

Date

VOLUME I, THE OFFER

If the Offeror is requesting indemnification associated with unusually hazardous or nuclear risks, the Offeror shall submit a request for indemnification.

In order to encourage true accountability we are declining indemnification. We call on our competitors to do the same. In any event, in order to promote true and enduring accountability, the NNSA should not offer indemnification.

The Offeror shall provide a Contractor Community Commitment Plan

Our Community Commitment Plan will allow the community to have greater voice in identifying environmental concerns and determining what level of clean-up and risk is acceptable to the community. In addition, our plan will provide the community with greater access and address the economic disparity in the region. We will have an emphasis on hiring local and regional contractors at every practical opportunity, particularly in the cleanup efforts that we believe should receive highest priority.

As part of our Community Commitment Plan we will dramatically shift the relationship between the Lab and the community by incorporating the Precautionary Principle into all areas of LANL's work. The Precautionary Principle is a simple concept that says that an activity must be proven safe. Currently, LANL puts the burden of proof on the community. The community must demonstrate that health issues are linked to releases from the Lab, which is very difficult. In contrast, under our management, the Lab will have to demonstrate that its activities are safe.

Although we are nonprofit organizations, we shall voluntarily pay New Mexico gross receipts taxes on any compensation for management services, which would demonstrate real commitment to improving the lives of New Mexicans. This could ultimately provide up to \$80 million

annually to the State, nearly half of which would go to public education. LANL has never paid taxes to New Mexico because the University of California is a non-profit.

We shall work to better integrate Los Alamos into the rest of the State by expanding civilian sciences at the Lab and providing community training. We will institute two free community access programs. One will allow community groups to identify a potential contamination problem in their community from radioactivity. The Lab will provide free sampling and technical assistance to the community group as defined and requested by the community. In addition, Los Alamos will expand its work on clean, renewable energy and offer free training to community groups on energy independence. For example, projects could include developing biodiesel vehicles, installing solar panels and expanding the use of wind energy. For too long Los Alamos County has been a privileged enclave with only limited benefits for New Mexico. It's time to change that, to better spread both the economic wealth and the Lab's intellectual resources for the greater benefit of all in meeting important regional and national needs for long-term security.

Finally, we propose to increase the access of NGOs to LANL's work. Non-profit watchdog groups provide a great informational service to the public and should be considered an important resource related to public affairs. Also, after 9/11, many LANL environmental, safety and health documents and web sites were restricted from the public. A fresh look at what the public could and should have access to will be implemented under our management.

VOLUME II, TECHNICAL AND MANAGEMENT INFORMATION

Criterion 1. SCIENCE & TECHNOLOGY

The Offeror shall describe its capability to manage world-class Science and Technology programs at the Laboratory for each of the key Statement of Work activities listed below.

(1) Conducting major research and development programs, fostering an environment of scientific skepticism and peer review of research programs.

With respect to Science and Technology R&D the RFP Statement of Work immediately goes to the NNSA's nuclear weapons programs. Suffice it to say there is an inherent contradiction between the classified nature of these programs and "fostering an environment of scientific skepticism and peer review of research programs" that is difficult to resolve. This is also exacerbated by the embarrassing security scandals that LANL suffers from time to time.

First, as a baseline, for non-classified work we will implement a program so that truly independent peers can review the Lab's science. This will include scientists from academia, industry, defense labs, or possibly other DOE labs run by different management and M & O contractors. We will ensure that any award fee must be a real award for meeting or exceeding expectations, not an assumption that is rubber stamped by self-interested parties.

In addition, we are proposing a fundamental redirection of the Laboratory's missions that would reduce the amount of classified research to begin with and expand civilian sciences toward meeting critical long-term national security needs such as energy independence and addressing the threat of global climate change. This would *a priori* nurture an environment of greater scientific skepticism and more open peer review. Within the nuclear weapons programs themselves, we believe that there is already too much classification. Under our management we

would prioritize review of classification procedures and encourage declassification to the fullest extent possible. For example, we certainly don't believe that nuclear weapons designs or inappropriately detailed maps of nuclear weapons facilities should become public knowledge, but suspect that much else could be declassified. Finally, and this is pervasive throughout all aspects of our future management, we would afford greater protections to whistleblowers. Given the Lab's troubled history on this subject, we assert that this is the appropriate litmus test for genuine efforts to foster an environment of scientific skepticism and peer review of research programs, and challenge our competitors to do the same.

Regarding specific elements of proscribed work under the Statement of Work for nuclear weapons work (quoted in italics below) we pledge to fulfill the mandated responsibilities as follows:

3.1.1. Nuclear Weapons.

3.1.1.1. Stockpile Certification.

The Contractor shall provide elements of Stockpile Certification to include the following:

- 1. Laboratory Director's annual assessment of the stockpile;*
- 2. A nuclear weapons quality assurance and stockpile evaluation program to detect defects and determine their effect on safety, security and reliability of the stockpile...*
- 3. Continue technical support, and military liaison and training programs for the DOD in support of Laboratory assigned nuclear weapons in the stockpile.*

Our fundamental position is that all nuclear weapons activities should be conducted in a purely custodial role while all nuclear arsenals await irreversible dismantlement. In the year 2000 the United States and the other nuclear weapons signatories to the NonProliferation Treaty (NPT) made a binding pledge to implement 13 concrete steps toward nuclear disarmament. It is in our highest national security interests to fulfill those pledges because a failure to do so can have deep negative impact on discouraging the proliferation of nuclear weapons. Both of the two past presidential candidates agreed that the proliferation of nuclear weapons is our nation's highest national security concern.

We view with alarm recent statements such as made by Linton Brooks, NNSA Administrator, that "[t]he evolution away from tested designs resulting from the inevitable accumulations of small changes over the lifetimes of these systems means that we can count on increasing uncertainty in the long-term certification of warheads in the stockpile." We further note the JASONS, the government's most distinguished advisors on nuclear weapons, have for a decade warned that it was of the highest priority to ensure that already extensively tested nuclear weapons should be replicated (if any weapons or components needed replication to begin with) as absolutely as close to their original designs as possible. Thus, in the interests of helping to better assure annual certification of the stockpile and to resist mounting pressure to return to full-scale testing we will take a direction of remanufacturing components only as demonstrably necessary and as close to original design as possible. However, that is generally secondary to our proposed custodial role, one in which we will give far greater emphasis to Enhanced Surveillance (in which apparently LANL and the complex have a backlog) and dismantlements for both retired weapons and reductions of the deployed strategic force under the Moscow Treaty.

3.1.1.2. Stockpile Stewardship.

We increasingly view the Stockpile Stewardship Program as one doomed for failure, perhaps by design. We note that the recent tri-lab study “Sustaining the Nuclear Enterprise – A New Approach” states, “. . . the current application of SSP [the Stockpile Stewardship Program] looks increasingly unsustainable.” That study essentially called for the transformation of both the U.S. nuclear weapons stockpile and “nuclear enterprise” through the Reliable Replacement Warhead Program. We regard these ideas as inimical to our highest national security interests of discouraging nuclear weapons proliferation by example. Under our management, we would subordinate the need of providing an interim nuclear deterrent to the overarching need to discourage international nuclear weapons proliferation by concrete example. Again, we would adopt a custodial maintenance program for nuclear weapons while all arsenals await dismantlement.

We don’t believe that there are serious inherent safety design flaws to U.S. nuclear weapons that operational and institutional controls cannot meet (speaking of which we would start with lowering the high alert ready-to-launch status of some 2,000 warheads). Concerning reliability, as Dr. Sidney Drell, a longtime JASONS member, recently observed:

One direct way to simplify the process of certifying the reliability and effectiveness of the warheads and to sustain confidence over a longer period of time is to increase their performance margins. . . . A straightforward way to do this that requires no explosive testing to validate is by adjusting the boost [tritium] boost gas fill in the primary during scheduled maintenance or remanufacturing activities.”

What this effectively does is seriously discredit the NNSA’s proclaimed rationale that the exorbitantly expensive, speculative and convoluted Stockpile Stewardship Program is needed to preserve U.S. nuclear weapons safety and reliability. That safety and reliability can be effectively guaranteed through routine maintenance, one that aligns with a truly custodial stewardship program. While meeting the nation’s greatest interests, it is precisely that approach we intend to take while encouraging universal nuclear disarmament.

The Contractor shall conduct elements of stockpile stewardship to include the following:

A. Simulation Codes and Computational Resources

As explained above the Stockpile Stewardship Program is on a fundamentally wrong footing. Ensuring U.S. nuclear weapons safety and reliability can be done through routine maintenance activities while the stockpile awaits dismantlement. The elaborate and expensive Advanced Computing Initiative is not needed and can be directed toward critical national security needs such as energy efficiency, reducing energy supply vulnerabilities, and global climate change modeling, among others.

B. Surveillance and Surety

We support augmenting the Enhanced Surveillance Campaign, which clearly the weapons labs and complex have not given priority to as subset to our custodial stewardship program while the

arsenal awaits dismantlement. We oppose surety efforts that may be a cover for introducing weapons modifications and performance “improvements.”

C. Scientific Capabilities, Experiments and Tests

We don’t believe that “new scientific tools and capabilities that address fundamental questions related to the stockpile” are truly needed. Again, routine maintenance operations can more than adequately ensure the safety and reliability of the U.S. nuclear weapons stockpile while it awaits dismantlement. We oppose efforts “necessary to maintain nuclear underground test readiness according to defined National timelines,” especially efforts to shorten the lead-time in which to return to full-scale testing. That would be a provocative step that would surely help to encourage nuclear weapons proliferation.

3.1.1.3. Research and Development (R&D). *The Contractor shall develop program plans, in conjunction with NNSA, for nuclear weapons R&D activities, and perform nuclear weapons R&D in accordance with program plans approved by the NNSA. The Contractor shall explore and document nuclear weapons technology and systems concepts and perform and document feasibility studies and engineering development of nuclear weapons to meet NNSA and DOD requirements. The Contractor shall formulate and document nuclear weapon concepts that will meet DOD mission requirements. The Contractor shall perform and document R&D to support the NNSA technology base and engineering that will assure nuclear competency and effectively support the varied demands of nuclear weapon activities and minimize the possibility of failing to anticipate significant scientific or technological advances that impact national security. The Contractor shall provide R&D and engineering support related to international mutual defense agreements.*

We are anxious to provide R&D and engineering support related to international mutual defense agreements, the most important and most global being, in our view, the 1970 NonProliferation Treaty (NPT). Signed by nearly 190 countries, the NPT required its declared nuclear weapons powers to enter into serious negotiations leading to nuclear disarmament, in exchange for which the non-weapons states promised to never acquire them. As a whole, the NPT has been incredibly successful in curbing the proliferation of nuclear weapons. It is of paramount importance that the U.S., as the world greatest military and economic power, provides strong leadership by example in bringing the NPT into full fruition.

According to the U.S. Constitution all international treaties entered into by this country become “the supreme Law of the Land.” Additionally, the mandate to disarm has been reaffirmed and strengthened by a World Court opinion and pledges made by the U.S. and other nuclear weapons powers at the 2000 NPT Review Conference. Thus, as managers of a significant federal installation, we would be bound by the Constitution to provide not only R&D and engineering support toward the NPT’s ultimate aim of ridding the world of nuclear weapons, but to also advise and assist the federal government toward that end.

That is what we intend to do. This clearly sets us apart from our competitors, leading us to assert that the NNSA would be wise to award the contract to our bid since it will likely be the only one that is fully legally compliant. Further, we believe that it sets the most prudent national security course of doing all we can do to discourage the proliferation of nuclear weapons while taking multilateral and progressive steps toward that end. In practical terms of setting the course for

LANL's nuclear weapons programs, this means following a model of genuine custodial stewardship and providing the technical underpinnings for detecting illicit full-scale tests and clandestine weapons programs.

We fear, perhaps, that the NNSA may not quite see eye-to-eye with us over the necessary course of U.S. nuclear weapons programs. Nevertheless, we trust that because the constitutional duty appears so clear that the Administration will inevitably conclude that our path is correct. In that spirit, and perhaps indicative of the NNSA's evolving position, it was a relief to us that the draft RFP's proscription that the contractor shall "[e]xplore advanced nuclear weapons technology and systems concepts" was stripped from the final RFP. We believe that was a clear reference to the now defunct Advanced Concepts Initiative, commonly understood to involve "mini-nukes" and other more "usable" nuclear weapons. Still, it troubles us that "[t]he Contractor shall formulate and document nuclear weapons concepts that will meet DOD mission requirements" is retained in the final RFP. In our view, the constitutional duty of the Department of Defense to follow the NPT framework is also clear, that is the missions for nuclear weapons are to be phased out in a timeline to be determined by serious negotiations to be held under the NPT.

The Contractor shall participate in the Advanced Simulation and Computing Campaign and other associated research on complex and large-scale national problems in computational science.

We intend to direct the above capabilities toward large-scale national problems such as global climate change and energy conservation and distribution efficiency.

Conducting major production/manufacturing programs and scaling production capacity to changing mission requirements.

D. Production and Manufacturing (from Statement of Work 3.1.1.2. Stockpile Stewardship) Maintain manufacturing capability for plutonium-based pits of various designs for the primary of nuclear weapons. This activity implements specialized manufacturing and testing techniques for this warhead component. The Contractor shall manufacture pits for the stockpile in quantities specified by NNSA... Perform all life cycle management responsibilities in design, engineering development, component acceptance and stockpile certification to support weapon alterations, modifications, refurbishments and replacements.

Our first priority will be to determine operational pit lifetimes in order to establish a rational basis for pit production requirements. The NNSA's central premise is that future pit production needs is based on an "upward bathtub curve," which has yet to be demonstrated, that plutonium pits will inevitably be impacted by aging effects. The 24,000-year half-life of Pu-239 argues against that to begin with. It is known that decades ago LANL set aside weapons-configured Pu-239 for the express purpose of studying aging effects on pit performance. LANL should release that resulting data in order to clarify the specific needs for resumed pit production, which clearly could have a negative proliferation impact (especially in the event that a Modern Pit Facility (MPF) for resumed industrial-scale bomb production is implemented). The JASONs explicitly stated in 1999 that pit lifetimes should be discussed in the 60 to 90 year timeframe, without delineating an upward boundary. This is in contrast to the NNSA's operating premise of pit lifetimes in the 40-year range, which is driving massive expenditures into LANL's plutonium facilities and possibly the MPF. The NNSA's premise has yet to be validated. Because of the

possible negative proliferation repercussions and economic costs that premise should not be the driver until fully demonstrated.

With respect to supporting weapon alterations, modifications, refurbishments and replacements, that is completely antithetical to our prudent approach of maintaining stockpile safety and reliability through routine maintenance and adhering to original design specifications as much as possible, while the arsenal awaits dismantlement. Further, under our management, all necessary manufacturing campaigns will only be conducted once the related facilities have new or completely updated safety bases and all Unresolved Safety Questions are indeed resolved, with concurrence by the Defense Nuclear Facilities Safety Board (DNFSB).

3.1.1.5 Nuclear Materials and Dismantlement

The Contractor shall conduct a Nuclear Materials and Stockpile Management Program that has four strategic thrusts: nuclear materials; manufacturing and surveillance; materials and process technologies; and stabilization technologies. The Program includes: ensuring, through a nuclear-materials-based approach, stockpile evaluation; weapons dismantlement and component disassembly; nuclear materials storage, processing, and disposition; residue elimination, waste minimization, and environmental and mixed-waste management; test-component remanufacture; materials characterization; site cleanup and materials stabilization... The Contractor shall support dismantlement program activities...

The performance of our predecessor the University of California (UC) in nuclear materials stabilization has been disgraceful. The DOE Inspector General reported in August 2004 that the nuclear materials stabilization program at LANL would be completed at least eight years behind schedule and at an additional cost of \$78 million. Further, the DNFSB has cited that program's failure as one root cause of serious personnel contamination incidences. Our management will give top priority efficient nuclear materials stabilization at the greatest possible savings to the taxpayer.

Above all, we will give top priority to supporting dismantlements, an effort we are eager to undertake. Moreover, in further distinction from our competitors, we assert that our fundamental approach of a genuinely custodial program for nuclear weapons is the only approach truly compatible with supporting dismantlements. Currently, the aggressive schedule of refurbishments under Life Extension Programs is tying up the facilities' floor spaces also used for dismantlements. We are pleased that "we have got it right" toward meeting the nation's critical need to dismantle warheads, a need that will grow only more urgent under the Moscow Treaty.

3.1.3. Closure of Technical Area-18

We are pleased to enthusiastically support this priority mission. We will make a point of keeping NM Governor Bill Richardson informed of progress since he has expressed a keen interest in the issue.

3.2 Defense Nuclear Nonproliferation

We believe that the future of Los Alamos National Laboratory truly lies in this arena. Accordingly, we propose to create an Associate Directorship for Nuclear Nonproliferation under

which the lab's nuclear weapons programs would be subordinated. Once again, because of our basic approach of a custodial stewardship program for nuclear weapons, we are particularly well suited to lead the Lab in meeting its supreme mission of "Reducing the Nuclear Danger" worldwide, first and foremost by concrete example. As part of that, the Lab truly has an important role to play in providing the technical underpinnings for verifying international compliance with the NPT, observance of the Comprehensive Test Ban Treaty, dismantlement requirements and detecting clandestine nuclear weapons and materials enrichment programs. As to the proscription that the Contractor shall conduct "a treaty verification technology program," we will absolutely take that to heart and for demonstration purposes apply it here at "home" first. Finally, we look forward to playing a leading role in promoting the disposition of fissile materials (i.e., plutonium and Highly Enriched Uranium) through research and development of viable vitrification and immobilization technologies so that excess weapons material can never be reused or ever become a commodity in national and international commerce.

(3) Recruiting and retaining critical scientific and engineering skills, and developing the next generation of scientific personnel.

By placing an emphasis on civilian sciences and moving Los Alamos away from aggressive nuclear weapons programs to a "curatorship" model, we will offer new incentive to work at Los Alamos. Many young and talented scientists see through the current Stockpile Stewardship Program and choose not to work on the infinite preservation and advancement of nuclear weapons. By diversifying the work at Los Alamos we will strengthen the science and expand the workforce by becoming more attractive to populations reluctant to work at the Lab. Further, we believe that we can cultivate deeper commitments to national and public service by redirecting the Lab toward cleanup and addressing long-range national security threats such as the lack of national energy independence and global climate change.

(4) Advancing science through technological innovation, public and private sector collaboration, and technology transfer to enhance U.S. economic competitiveness and national security.

By expanding our work into civilian sciences, specifically clean, renewable energy technologies, energy efficiency and conservation, green manufacturing techniques, soil and groundwater remediation technologies and a major effort to help resolve the threat of global warming, we will position the Lab and our country to continue to lead technologically while addressing critical needs. Los Alamos' new work on civilian sciences will transfer to the private and public sector, finally leaving the Cold War mentality behind while stimulating economic vitality.

(5) Leading enhanced communications, cooperation and integration across the Nuclear Weapons Complex (NNSA Headquarters/Site Offices/Service Center, Weapons Laboratories, Production Plants and Test Site) that will result in improvements in performance of the Nuclear Weapons Complex.

Our unique management team brings together decades of experience sharing resources and information across the DOE complex. Both Nuclear Watch of New Mexico and Tri-Valley CAREs are members of the Alliance for Nuclear Accountability, a network of grassroots groups that monitor DOE facilities. We bring with us decades of research, information and experience working directly with NNSA, DOE and laboratory scientists across the complex. Additionally,

we note that the Statement of Work proscribes that “[p]articular emphasis shall be given on ensuring cross-site coordination with Lawrence Livermore National Laboratory.” This will be a natural strength of the Nuclear Watch/Tri Valley CAREs partnership given that both have closely monitored their neighboring labs (LANL and LLNL respectively) in the past and have engaged in a number of collaborative projects.

(6) Integrating the performance of world-class science and technology with laboratory operations, business operations, and laboratory management.

We don’t believe that the overwhelming emphasis on nuclear weapons at LANL is truly compatible with maintaining long-term world-class science and technology. First, we seek to address this by de-coupling “Science” from nuclear weapons work. Second, we propose to take a concrete institutional step to better integrate “Science” with laboratory operations, business operations, and Laboratory management by raising “Science” to its own Associate Directorship. Present management, in effect, argues that all of the Labs programs are infused with science. We want more than that. We want “Science” elevated to the level that it truly deserves and directed to benefit humanity at large.

(b)Criterion 2. LABORATORY OPERATIONS

The Offeror shall describe its capability to manage Laboratory operations for each of the Statement of Work activities listed below. In describing its capability, the Offeror shall include information on: (1) its approach to and experience in managing these key Statement of Work activities, and (2) its approach for continuous improvement in contract performance (as set forth in the Contract’s Section H Clauses H-1 through H-11) including the involvement of its parent organization.

We will implement an annual audit to certify LANL’s compliance with the NonProliferation Treaty (NPT) and, as needed, propose program changes. In so doing, we will provide a marked contrast to the current "Stockpile Stewardship" program, which runs counter to the NPT by aggressively seeking to refurbish and indefinitely preserve every nuclear weapon type in the U.S.’s “enduring” arsenal. We view with alarm today’s increasing momentum toward completely new designs, believing that this will lead to a more dangerous world.

Lab nuclear nonproliferation programs currently receive only one dollar for every ten that goes into its core nuclear weapons research, testing and production programs. We shall invert that ratio. The stalled dismantlement of nuclear weapons shall be given the highest priority.

We will move to limit LANL’s nuclear weapons activities to an appropriate "curatorship" role, ensuring the safety and reliability of the existing arsenal as it awaits dismantlement. While curatorship is not in and of itself disarmament, as called for by the NPT, it is a step in the right direction and will demonstrate a commitment to halting the global proliferation of nuclear and other unconventional weapons.

(1) Safeguards and Security. Address the Statement of Work requirements, including your capability to achieve an institutionalized security conscious culture that performs work securely and assigns unambiguous roles, responsibilities, authorities, and accountability while integrating excellence in safeguards and security into all Laboratory activities.

We will address safeguards and security concerns through a number of new initiatives or re-prioritized efforts. Two examples are acceleration to the stabilization of nuclear materials and the closure of TA-18, both of which lead to less nuclear materials to safeguard and secure to begin with. Similarly, we propose to review classification procedures to determine what is legitimately classified and what is not, with the end point being that perhaps there is far less that actually needs to be secured.

Concerning “guns, guards and gates” and cyber security, we will consult closely with our collegial organization, the Project on Government Oversight, who has been at the forefront of a number of DOE security issues (indeed, DOE has even partially adopted some of their positions). In addition to searches upon entering a facility, we would require security to check individuals as they exit a facility in order to discourage the misappropriation of Lab equipment or materials. We will also seek to better protect security whistleblowers, being mindful of a recent negative example at LLNL. We will insist on personal and organizational accountability and punishment as merited for any serious security infractions, something which our predecessor failed to do in the case of the “missing hard drives.”

With respect to LANL’s plutonium and other operations with special nuclear material, we will limit them to the functions needed to support the “curatorship” and dismantlement of nuclear weapons. Our management team would additionally support a DOE complex-wide analysis of the most secure storage option(s) for special nuclear materials. Our approach would bring both the potential storage site(s) and the surrounding communities and/or First Nations into the discussion of where to most safely and securely store nuclear materials.

In terms of strengthening the United States’ long-range security, under our management the Lab’s strategic direction would radically shift from being 60% funded for core nuclear weapons programs to other more beneficial programs, such as energy independence and defending against the potentially devastating effects of global climate change. Current Lab funding for research in renewable energy technologies is zero and climate change research is miniscule as a percentage of the Lab’s \$2.2 billion budget. With respect to reducing the global threat from terrorism, we shall initiate vigorous investigation into preventing the conditions that breed terrorism to begin with.

(2) Environment, Safety and Health (ES&H). *Address the Statement of Work requirements, including your capability to achieve an institutionalized ES&H conscious culture that performs work safely and assigns unambiguous roles, responsibilities, authorities; and accountability while integrating excellence in ES&H into all Laboratory activities.*

Under present management, there has been extensive soil, groundwater and airborne contamination at LANL. Workers have been contaminated at LANL; some have become ill or have died as a result of their on-the-job exposures. Our team acknowledges that the former management team failed to sufficiently protect employees, communities or New Mexico’s environment. Our team places health and safety at the center of our operations.

First, we will not use our non-profit status to shield ourselves from paying fines arising from health and safety violations, including, but not limited, to nuclear safety violations under the

Price-Anderson Act. We shall hold our team liable for all fines up to the total dollar amount of the management fee (including bonuses).

We will allow and facilitate inspections by OSHA and state safety officials, at least annually (not OSHA-like inspections, but OSHA itself).

We will rely heavily upon the guidance of the Defense Nuclear Facilities Safety Board (DNFSB) to first identify and then aggressively correct safety problems. In particular, we will implement new and complete safety bases for all nuclear facilities, some of which the DNSFB has pointed out have not been updated in eight years. We believe that this will be a key step in truly institutionalizing safety into the Lab culture and operations, a step that our predecessor has appeared to be incapable of.

We believe that our predecessor's failure to prioritize and complete the stabilization of dangerous nuclear materials has been a root cause for safety problems and repeated instances of occupational contamination. We are truly interested in eliminating root causes and propose to make nuclear materials stabilization a top, top priority.

We will require HAZ WHOPPER training for workers involved in environmental remediation activities. According to reports, workers trained and certified in HAZ WHOPPER have fewer work-related accidents.

In addition, we will perform and fulfill responsibilities as mandated by the relevant DOE order. The DNFSB has long complained of a lack of formality and standardization of operations at LANL. We urge the NNSA to require all bidders to follow DOE ES&H orders directly, with penalties for noncompliance. We understand that the NNSA began trying in August 2004 to implement "complex-wide" Integrated Safety Management (ISM) at LANL's nuclear facilities. First, ISM should be implemented across the board at both the Lab's nuclear and non-nuclear facilities. We shall prevent the currently LANL-interpreted Work Smart Standards from having any middleman role in adversely influencing our performance while directly meeting DOE orders.

Finally, we pledge complete cooperation with the New Mexico Environment Department (NMED), particularly in meeting the goals and milestones of NMED's Order of Consent. We enthusiastically look forward to State-mandated cleanup. Further, we intend to the extent practicable to hire local/regional cleanup contractors to help further economic development.

(3) Facility Operations and Infrastructure. *Address the Statement of Work requirements, including your capability to effectively use an Earned-Value/resource loaded Project Management System across the Laboratory that delivers projects on schedule, within budget, and meets mission performance.*

The first thing we will do is prohibit application of the "design-build" concept to major projects. With the Department's legendary cost overruns we think it absurd that any DOE site should be allowed to use that approach. Unfortunately, this is the case at LANL with ongoing "design-build" of the \$800 million Chemical and Metallurgical Research Building Replacement Project slated for a large inventory of special nuclear materials. Under our management "design-build"

will be immediately stopped because DOE and/or its contractors so often fail to get it right even with meticulous planning in advance.

Second, since the National Environmental Policy Act (NEPA) requires major federal projects to undergo environmental review and provide for public comment, we will make a concerted effort to fully engage the public. The tangible benefits of doing so are clear. One concrete example is that the DOE failed to include wildfire as a risk to the Lab in the draft 1999 LANL Site-Wide Environmental Impact Statement (SWEIS). DOE was compelled by public comment to do so in the Final SWEIS, which was fortunate since the Lab had a "game plan" when the real thing broke out in the form of the 2000 Cerro Grande Fire. We think the public has an important role to play in LANL facilities operations and infrastructure, particularly when new projects or missions are proposed. We are anxious to assist the Lab and the public in the preparation of a new LANL SWEIS, which, we believe, should be a road map for changed missions and cleanup at the Lab.

Third, we think that there is probably no better way to ensure the safety of all operations at LANL's facilities other than to invite the Defense Nuclear Facilities Safety Board (DNFSB) to become intimately involved in them. For example, under our management, we would invite the Safety Board to get involved early in the design phase of new facilities so that occupational and public safety can be better guaranteed.

(4) Environmental Management. Address the Statement of Work requirements, including your capability to achieve in an effective and efficient manner, environmental restoration, decontamination and decommissioning, closure and waste management operations.

Top priority would be given to comprehensive Lab cleanup in close cooperation with the State of New Mexico. Under NukeWatch/TVC management a strong preference would be given to New Mexican subcontractors. Besides prompting regional economic development, the pride that we New Mexicans would take in cleaning up our own land will motivate exceptional performance.

Under present management, there has been extensive soil, groundwater and airborne contamination at LANL. This contamination is a result of years of emissions of radionuclides and toxins into the air, discharges of radioactive liquids into canyon systems and on mesas above the Rio Grande. Workers have been contaminated at LANL. Clearly, business-as-usual has not been sufficient to protect employees, communities or New Mexico's environment. We shall better "incentivize" health and safety.

(c) Criterion 3. BUSINESS OPERATIONS

The Offeror shall describe its capability to manage (as described in the Statement of Work's Section 5.0 introductory paragraph) business operations at the Laboratory for each of the Statement of Work activities listed below. In describing its capability, the Offeror shall include information on: (1) its approach to and experience in managing these key Statement of Work activities, and (2) its approach for continuous improvement in contract performance (as set forth in the Contract's Section H Clauses H-1 through H-11) including the involvement of its parent organization.

(1) Financial Management.

(2) Purchasing Management.

(3) Personal Property.

The costs associated with any standdown of operations will be the responsibility of the contractor and therefore not allowable costs. We pledge to pay these, even as non-profit organizations. Any improprieties concerning purchasing management and personal property will be vigorously investigated and punished as merited. In addition to searches upon entering a facility, we would require security to check individuals as they exit a facility in order to discourage the misappropriation of Lab equipment or materials.

Common to everything that we would do under our management, we would be protective of whistleblowers, an attribute that our predecessor was notably lacking in during recent fiscal scandals. We would not ask the government to pay our legal costs in the event that a whistleblower case was decided against us. This alone, if applied to all prospective contractors, would deeply impact the LANL culture and greatly reduce possible future abuse.

We propose to pay fines and penalties for all violations, be they fiscal, ES&H, security or nuclear safety-related. In the interests of promoting true accountability, we call on our competitors to pledge to the same. Their refusal would clearly illustrate their narrow self-interests and lack of true care in conserving taxpayers' money.

(4) Information Resources Management.

Under our management we would seek to be far more open to the public without undermining security concerns. Having said that, we would review classification procedures in order to determine whether or not there is already far too much classification. Our proposed fundamental shift toward far less nuclear weapons work would make the management of information far more open to begin with. Information management should also be integrated into the Community Commitment Plan with an aim toward better meeting societal needs.

(d)Criterion 4. LABORATORY ORGANIZATION

The Offeror shall describe its organization structure (include an organization chart) of all major functional areas to manage the Laboratory that, as a minimum, addresses the following:

Please see the enclosed attachment with the LANL organizational chart as of November 2004 and our proposed organizational chart.

(1) The Offeror's philosophy and rationale for the organization structure and organization responsibilities;

Given that our management would be a radical overhaul and redirection of Laboratory missions or, in some cases, giving much higher priority to existing missions, we propose a dramatic restructuring of the Lab's organizational chart.

Starting at the top, we would keep an overall Lab Directorship. To the Chief Officers that report directly to the Directorship we would add a Chief Officer for Whistleblower Protection whose responsibility would be to investigate and determine the validity of any whistleblowers' claims.

If found valid, that Chief Officer would, in consultation with the Director, have the authority to order the relevant Associate Directorship to rapidly address and resolve the underlying issues. However, in an effort to obviate the need for whistleblowers to begin with, the Chief Officer of Whistleblower Protection would be in charge of a forum for employee complaints concerning operations, fiscal management, safety and the environment. That forum would be modeled on the Hanford Joint Council. We believe that, taken together, these steps toward greater whistleblower protection will pay ample dividends by improving all facets of Laboratory performance. However, in the interests of preserving a level playing for us in the bidding competition we respectfully request that the government make this a condition of the contract, one that is sure to help truly change the LANL culture and save taxpayers money. Finally, as a matter of institutional policy, if they deem it necessary all Chief Officers would have the right to bypass the Director and report any suspected abuses or violations directly to the DOE Inspector General.

Presently attached to the Lab Directorship is “Communications and External Relations.” To that title we would add “and FOIA [Freedom of Information Act] Responses.”

Currently eight Associate Directorships serve under the Laboratory Director. We would transform the Threat Reduction Associate Directorship into the Nuclear Nonproliferation Associate Directorship, responsible for encouraging and verifying compliance with the NonProliferation Treaty at home and abroad. Under that office the existing Associate Directorships of Nuclear Weapons Programs, Weapons Physics, and Weapons Engineering and Manufacturing (to be renamed Weapons Remanufacturing) would be subordinated, losing their independent status. This is to organizationally align with our program of genuine custodial stewardship of nuclear weapons while they await dismantlement. To further implement that program, we would also create a new Associate Directorship of Dismantlements and Material Disposition.

We believe that new separate Associate Directorships for Environmental Restoration and Science are needed. The former would focus on expedited comprehensive cleanup at LANL, in close cooperation with the New Mexico Environment Department. The later would help to restore “great science” at the Lab, with emphases on resolving pressing national and international security needs such as developing economical renewable energy technologies and addressing global climate change. We would eliminate the Associate Directorship of Strategic Research, as all Associate Directorships are expected to engage in their own strategic research, but brought into cohesion Lab-wide on the level of the Director’s Office.

The remaining Associate Directorships, Security & Facility Operations, Technical Services, and Administration, would remain. However, under our management, all offices would be streamlined and redundancies rooted out to the fullest extent possible. Moreover, while implementing our organizational restructuring, we would take conscious steps to prevent “the same old monkeys, different trees” syndrome.

(2) the duties and linkage of the parent organization to the proposed Laboratory organization structure including, if any, the duties, structure and composition of governing board(s);

Nuclear Watch New Mexico (NWNM) and Tri-Valley CAREs (TVC) are the parent organizations, and would act as top management for LANL. Both organizations have boards of directors that formulate organizational policy and carry out legal and fiduciary responsibilities.

(3) the proposed lines of authority and responsibility, and how the major functional areas as well as the parent organization will work together;

As parent organizations, NWNM and TVS will co-share authority and responsibility.

(4) how the Offeror's organization structure fosters world-class Science and Technology and excellence in Laboratory Operations and Business Operations, as well as promoting individual and organization accountability;

Accountability is, of course, at the heart of any contractual relationship, and we intend to truly infuse it into the contract. We shall enforce rigor and honesty in self-assessments, the incorporation of provisions for recompense to the government for cost overruns and gross inefficiencies, liability by both for-profits and non-profits for Price Anderson and other violations, and the encouragement and strong protection of whistleblowers. These are concrete measures that will really ensure accountability, and we doubt that our competitors will do the same.

The most important thing that distinguishes us from our competitors, and that will truly foster world-class Science and Technology at LANL, is our underlying philosophy. We believe that so-called "great science" at the Lab is all too intertwined with nuclear weapons science, a science that is arguably already overly mature, if not internationally provocative and dangerous in encouraging nuclear weapons proliferation by example. We propose to dramatically downgrade the priority given to nuclear weapons work at LANL and assign it to a truly custodial role (also referred to as "curatorship") while all nuclear arsenals await dismantlement. This, in turn, will allow the Laboratory to truly flourish as a center of excellence for "great science." Contradictorily, there is much talk of LANL as the great science center. The fact is that the Lab's nuclear weapons budget has doubled over the last decade, but its DOE-funded Science budget has been slashed, with a 12% requested cut from FY 2005 to FY 2006 alone.

The specific areas of Science below that we propose to redirect the Lab toward (or greatly augment current capabilities) would also redirect the Lab toward making true and critically needed contributions to long-term national security needs. We propose to strongly focus on:

- Energy efficiency, conservation and renewable energy research and development.

- We believe that U.S. national security is seriously impaired by our lack of energy independence. In our view, step #1 is to stem the rapid overuse of our national energy supply through conservation without seriously affecting our quality of life. We believe this can be done through more efficient modes of electric transmission, an area of research that LANL could play (and has to a limited extent already played) a leading role in. Moreover, LANL could augment (but not duplicate) energy efficiency research that is ongoing at the DOE's Lawrence Berkeley National Laboratory and elsewhere in the Nation.

- Second, we would enthusiastically promote vigorous research and development of environmentally friendly, renewable energy technologies. This nation is in urgent need of clean, self-sustaining energy generation. Scientists and engineers at LANL could investigate materials and designs that would make renewable energy more efficient. Also, our advocacy of micro-

generation would, if successful, *a priori* greatly reduce electric transmission losses, enhancing national energy independence.

- We reject the proposal that a renaissance of the nuclear power industry is the answer to America's energy problems due to the intractable problems of high-level waste disposal and proliferation concerns. We note how nuclear energy programs have led to clandestine weapons programs in other countries, a situation which the U.S. cannot object to without being perceived as possibly hypocritical. Finally, we believe given past and proposed huge federal subsidies to the U.S. nuclear power industry that it is simply not the American way of promoting free markets, but rather is taxpayer funded corporate welfare. This again sets us apart from our competitors, specifically the Lockheed Martin Corporation and Bechtel National, Inc. Under our management, we propose to shift the \$10.25 million slated in FY 2006 for nuclear energy research to the below.

- Tying the three above issues together, we would direct the Laboratory toward developing, refining and making economically feasible energy micro-generation, that is to say community generation of energy, using a balanced mix of appropriate renewable energy technologies. We believe that New Mexico is an ideal state for this effort, given the availability of solar, wind, geothermal and biomass (e.g., forest thinnings) resources. We are dismayed that the Lab has had no line item funding for renewable energy technologies since 1999, and would radically change that. Further, because in places New Mexico has third world-like conditions, what potentially could be developed in this state could have international applications, thereby further enhancing our own national security through promoting better international prosperity and stability.

- If successful, the advantages are manifold. First, we believe that ultimately the American consumer would pay lower utility prices, and in some cases even profit from domestic energy generation (domestic here meaning even down to the level of individual households). Second, the American consumer would be better protected from possible predatory corporate practices such as that alleged of the Enron Corporation during the California energy crisis. Third, there is an obvious strong national security benefit in having a decentralized energy system that would be far less vulnerable to and more resilient in the face of possible terrorist attacks and major adverse natural events such as earthquakes and hurricanes. Finally, there would be less impetus that with greater national energy independence that the United States would become embroiled in foreign conflicts that could have serious unforeseen consequences. In sum, we believe that LANL can have a very vital role in energy efficiency, conservation and the development of renewables.

Global Climate Change.

We strongly believe that global warming is one of the most critical issues that threaten our long-term national security and are dismayed by LANL's apparent lack of focus in better understanding, mapping and confronting this threat. Briefly, global warming may well harm national and international agriculture and forests, accelerate energy consumption (e.g., air conditioning), and cause serious global instability through ever increasing desertification and rising sea levels potentially impacting 100's of millions of people along the world's coast lines. We cannot overstate how we view potential global warming as a most serious national security

threat, one that this national security laboratory should be addressing in a highly focused and structured manner.

We note that research into global warming at the Lab has no distinct budget line item, evidence of the relative low priority it receives. We propose to change that and elevate it to the 8th budget subcategory under “Science” in future congressional budget requests. At the same time, we propose to shift the primary mission focus of LANL’s supercomputers from nuclear weapons simulations and codes to modeling global climate change. Under present management, use of the lab’s supercomputers to address this grave long-term threat appears to occur only on an irregular basis. We are arguing for a dramatic redirection.

Environmental Restoration Technology and Deployment

We note that under that under LANL’s budget category for “Defense Site Acceleration Completion” that there was no funding in FY 2005 and none requested for FY 2006 for Environmental Restoration Technology and Deployment. This strikes us as tragic and misguided, given the Lab’s \$2.2 billion budget, its professed scientific excellence, and its own urgent cleanup needs. Given the latter, LANL is an ideal “in the field” laboratory for the research and development of advanced and efficacious cleanup technologies. We propose to make this a significant effort under “Environmental Research” under the “Science” budget category, an effort that would hopefully return dividends many times over while addressing the monumental task of addressing radioactive and hazardous contamination across the nuclear weapons complex.

(5) ***the extent and nature of participation, as a team member, of small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, or women-owned small business concerns; and,***

We shall exceed all federal requirements in hiring of small business concerns, veteran-owned small business concerns, service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and/or women-owned small business concerns by 5%.

(6) ***how the individual entities will function as a well-integrated, seamless business unit, including holding each other accountable for overall contract performance, if a teaming arrangement (as defined in Federal Acquisition Regulation 9.601) is used.***

We shall not rely heavily on self-assessment committees appointed by our own management, which encourages the appointment of members who have a very high or vested opinion of LANL programs. The failure of the current scheme shows up clearly in the inability of UC and LANL to assess some of its programs as deficient, only to have all programs come to a screeching halt with the stand down. We shall propose a self-evaluation plan that is “objective.” Further, we shall work with the NNSA to delineate some criteria toward the formulation of objective self-assessments. Finally, the NNSA will have the right to be able to observe and ensure the objectivity of the future contractor’s self-assessment process.

(e) Criterion 5. KEY PERSONNEL AND ORAL PRESENTATIONS

(1) The Offeror shall propose "Key Personnel"

Rather than naming individual "Key Personnel" we have proposed positions in a dramatic organizational restructuring that will enhance the ability of LANL to meet the nation's needs.

(2) The Offeror shall describe the scientific background, reputation and recognition in the scientific community, and experience of the proposed Laboratory Director. N/A

(3) The Offeror shall provide written resumes for each of the Key Personnel. N/A

(4) The Offeror's Key Personnel shall prepare a response to three technical/managerial problems at an oral presentation. N/A

(f) Criterion 6. PAST PERFORMANCE

The Offeror shall submit information on past performance requested herein. "Offeror" includes, in the case of a contractor "teaming arrangement"

(1) The Offeror shall submit a completed Past Performance Information Form (PPIF) Section L Attachment entitled "Past Performance Information Form" for no more than three (3) separate contracts (\$50 Million value or more per contract) performed by the Offeror. N/A

(2) Provide a self-assessment of the Offeror's past performance record including those contracts referenced in the PPIF. N/A.

(3) (i) The Offeror shall provide the Past Performance Questionnaire. N/A

(ii) In addition, the Offeror shall complete an operational performance summary (see Section L Attachment entitled "Operational Performance Summary") Attached.

(4) Describe any National/International Recognition/Accomplishments relevant to the Statement of Work.

The two non-profit organizations, and their management personnel, have earned numerous awards. Included among them are special recognitions from the Lawrence Livermore National Laboratory, the U.S. Environmental Protection Agency, the Alameda County (CA) Public Health Department, the Alameda County (CA) Women's Hall of Fame, the Physicians for Social Responsibility, Pax Christi USA, the Land Utilization Alliance, Peace Action, and the Alliance for Nuclear Accountability.

(g) Criterion 7. TRANSITION PLAN

The Offeror shall provide a Transition Plan for the transition activities

This plan resembles the way LANL was restarted after the standdown, only better, less costly and more complete in resolving all safety issues.

Volume III, Cost Information

Nuclear Watch of New Mexico 505.989.7342
 551 Cordova Road #808 505.989.7352 fax
 Santa Fe, NM, 87501 info@nukewatch.org

Primary Point of Contact:
 Jay Coghlan jay@nukewatch.org 505.989.7342

SOLICITATION NO. DE-RP52-05NA25396, July 19, 2005

Michael G. Loera mloera@doeal.gov
 U S. Department of Energy 505.845.5747
 NNSA Service Center – Albuquerque, P.O. Box 5400, Albuquerque, NM 87185-5400

Contract Period	Minimum Fee	Maximum Fee	Proposed Maximum Available Fee
01Oct06 – 30Sep07	\$53,364,816	\$79,736,715	\$53,364,816
01Oct07 – 30Sep08	\$53,364,816	\$79,736,715	\$53,364,816
01Oct08 – 30Sep09	\$53,364,816	\$79,736,715	\$53,364,816
01Oct09 – 30Sep10	\$53,364,816	\$79,736,715	\$53,364,816
01Oct10 – 30Sep11	\$53,364,816	\$79,736,715	\$53,364,816
01Oct11 – 30Sep12	\$53,364,816	\$79,736,715	\$53,364,816
01Oct12 – 30Sep13	\$53,364,816	\$79,736,715	\$53,364,816
Total Proposed Maximum Available Fee			\$373,553,712

Transition Fee: \$3,425,000
 Key Personnel FY 2006: \$1,000,000
 Key Personnel FY 2007: \$2,000,000
 Parent Organization Oversight Plan FY 2006 & 2007: N/A

This cost proposal has been prepared in accordance with applicable FEAR and DAR regulations, the Offeror’s established estimating and accounting policies, and the requirements of this solicitation.

The Contracting Officer is granted the right to examine the Offeror’s books and records, at any time prior to contract award, which formed the basis for the cost proposal.

A statement identifying whether the Offeror’s organization is subject to the Cost Accounting Standards (CAS) and the current status of the Offeror’s Disclosure Statement.

VOLUME III, COST INFORMATION

- (a) *The Offeror shall provide the following written information for the evaluation of Volume III, Cost Information, as identified below.*
- (b) *Offeror's shall provide a separately priced cost proposal that consists of the*
- (1) Offeror's maximum available fee for the period of FY 2007 through FY 2013;*
 - (2) the Offeror's estimated cost to perform the phase-in transition period (December 01, 2005 through May 31, 2006); (3) the Offeror's Key Personnel costs for FY 2006 (June 1, 2006 – September 30, 2006, partial year) and FY 2007; and (4) the Offeror's estimated costs for the Parent Organization's Oversight Plan for FY 2006 (June 1, 2006 – September 30, 2006, partial year) FY 2007 . Items (2) through (4) shall be priced on a cost-reimbursable, no fee basis.*

See Below.

- (d) *With regards to transition, Key Personnel, and Parent Organization's Oversight Plan costs, the Offeror shall provide narrative support sufficient to explain the development of the costs proposed.*

We believe the transition costs should just about equal the cost of LANL's standdown. For an explanation of Key Personnel, see below.

- (e) *If a teaming arrangement is proposed, the Offeror must provide a cost summary of the total that clearly identifies by cost element, the portion of the cost proposal that pertains to each participant including subcontractors.*

N/A

- (f) *Complete, as the first page of the cost proposal, a proposal cover sheet that includes the following information:*

Cover Page Attached.

- (f) Fee.**

This is the first contract to be "let" through an open and competitive process since the University of California began managing the LANL site in 1943. In this context, the provision to permit extension of the first openly bid contract for incremental periods up to 15 years beyond the initial 5-year term is inappropriate. Practically speaking, this provision means twenty years could pass before there would be a second opportunity for an open process.

We seek to ensure that workers, communities and the public have an opportunity to comment on and influence the provisions of the contract and the selection of the contractor. Twenty years is too long to wait for a second comment opportunity. Therefore, we propose that our contract be up for re-bid in five years, and that that provision should apply to our competitors as well.

- (1) *For the Contract's Basic Term (FY 2007 through FY 2013), the Offeror shall propose a maximum available fee between \$53,364,816 and not to exceed \$79,736,715 by completing the*

table below and including the completed table in the written information in the Offeror's Volume III. If the Offeror proposes a teaming arrangement with a subcontractor or small business concern as a team member, the Offeror's proposed maximum available fee shall be proposed in accordance with the restrictions of Contract Section B-2 (i).

As a public service, while we straighten out LANL's failings, we will accept the Minimum Fee. We expect our competitors to come in at a higher price, thus enhancing the attractiveness of our offer.

MAXIMUM AVAILABLE FEE			
Contract Period	Minimum Fee	Maximum Fee	Proposed Maximum Available Fee
01Oct06 – 30Sep07	\$53,364,816	\$79,736,715	\$53,364,816
01Oct07 – 30Sep08	\$53,364,816	\$79,736,715	\$53,364,816
01Oct08 – 30Sep09	\$53,364,816	\$79,736,715	\$53,364,816
01Oct09 – 30Sep10	\$53,364,816	\$79,736,715	\$53,364,816
01Oct10 – 30Sep11	\$53,364,816	\$79,736,715	\$53,364,816
01Oct11 – 30Sep12	\$53,364,816	\$79,736,715	\$53,364,816
01Oct12 – 30Sep13	\$53,364,816	\$79,736,715	\$53,364,816
Total Proposed Maximum Available Fee			\$373,553,712

(2) The Offeror's proposed maximum available fee shall be incorporated in Clause B-2 (c) (1) of the Contract.

We propose that the entire fee should be variable. The possible fees shall start low, and then be increased only for our excellent, proved contractor performance.

We propose that the award fee be treated as just that – as an award, and not as a given – it could be a valuable tool in encouraging our superior performance. In the past, UC received the award fee every year, despite repeated instances of poor performance. In the future, if we perform poorly, either in its science programs or management, the award fee should be substantially reduced, if awarded at all.

(f) Transition Costs.

For the Contract's Transition Term (December 01, 2005 through May 31, 2006), provide a summary by major cost element of the costs to perform the phase-in transition activities specified in the Offeror's Transition Plan. Each cost element in (1) through (3) below shall be supported by a detailed exhibit or schedule that includes the following cost information, as applicable. A separate fee is not allowable.

(1) Labor: Identify proposed transition labor hours and unburdened labor rates by labor category and or/specific individual (including Key Personnel). Explain the basis for the Offeror's labor hour and labor rate estimates.

20 Key personnel at \$100,000 for 6 months = \$1,000,000

50 New Division, Group Leaders, and managers at \$75,000 for 6 months = \$1,875,000

(2) *Indirects: Identify the cost elements included in each indirect rate cost pool and allocation base. Explain the basis of estimate for each indirect cost rate proposed and the methods used to derive the proposed rates.*

\$100,000

(3) *Materials, Equipment, Subcontracts, and Other Direct Costs: Provide an exhibit that summarizes proposed materials, equipment, services, space/lease costs, travel, and other direct cost items relating to the transition effort.*

Materials - \$50,000

Equipment - \$50,000

Subcontracts - \$300,000

Other - \$50,000

Total - \$450,000

(h) Key Personnel.

For FY 2006 (June 1, 2006 through September 30, 2006 (partial year)) and FY 2007 separately identify and provide a total summary of each major cost element of the annual costs of the Offeror's proposed Key Personnel's costs include annual salaries (prorated for FY 2006 accordingly), fringe benefits, applicable indirect rates, and other directly associated costs such as relocation (if not priced in the transition period) and travel. For each Key Personnel proposed, identify the individual's position, name and basis for determining the proposed annual salary.

We believe the benchmark compensation allowed in RFP Amendment No. 002 of \$473,318 is an obscene amount of money for anyone who wants to genuinely be involved in reducing the nuclear danger and enhancing national security. In order to save taxpayers' money, we propose the following:

20 Key personnel at \$100,000 for 6 month transition period = \$1,000,000

20 Key personnel at \$100,000 yearly = \$2,000,000

(i) Parent Organization's Oversight Plan. *For FY 2006 (June 1, 2006 through September 30, 2006 (partial year)) and FY 2007 separately identify and provide a summary of the estimated costs of the Offeror's parent organization's oversight plan by major activity. Describe each activity and provide the basis for the activity's cost estimate. Costs shall only include: the actual direct labor costs of the persons performing such services; a percentage factor of direct labor costs to cover fringe benefits and payroll taxes; travel; and other direct costs. No other costs or a separate fee are allowable.*

N/A.

Respectfully submitted,

Jay Coghlan
Executive Director
Nuclear Watch New Mexico