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June 14, 2016

Ms. Kimberly Tate
Contracting Officer
Department of Energy
Environmental Management Consolidated Business Center
250 E. Fifth Street, Suite 500
Cincinnati, Ohio 45202

Re: DOE EMCBC Solicitation No. DE-SOL-0008109, Los Alamos Legacy Clean-up Contract (LLCC) Draft RFP

Dear Ms. Tate:

Members of the Small Environmental Business Action Coalition (SEBAC) have reviewed the U.S. Department of Energy Environmental Management Consolidated Business Center (DOE EMCBC) Los Alamos Legacy Clean-up Contract (LLCC) draft RFP. The RFP is comprehensive, clear and well written. We appreciate the inclusion of defined requirements for the utilization of small businesses, including specific percentages for SB, 8(a) SDB, WOSB and VOSBs. However, the draft RFP significantly reduces small business subcontracting from historical levels at both Los Alamos and at other recent DOE EM sites (e.g., Oak Ridge, Hanford, Savannah River, etc.). We recommend that the mandatory subcontracting level to SBs, currently ~17.5%, be reconsidered and that 30% of total contract dollars be required to be subcontracted to small businesses. While this is below historical levels at LANL of 50% or more, it is in line with previous DOE EM contracts and is supported by the nature of the work under the contract, much of which is well-suited to small business performance.

LANL and DOE EM Small Business History

Small business subcontractors have provided tremendous value to DOE EM and should be rewarded for the performance that they have demonstrated at LANL and other EM sites. The performance based, fixed price contracts that small businesses are awarded, whether competitive or sole source, require innovation and cost savings to deal with fixed price, schedule, safety, quality risks that are passed on to small business subcontractors. LANS and, previously, UC, has had a long history of small business subcontracting with more than 50% of EM expenditures awarded to small business prior to the 3706 TRU Waste repackaging and shipping project.

LANS, UC, and other DOE primes did not subcontract the very significant amounts that they did because of any artificial requirement for small business subcontracting. They subcontracted the work to successfully pass along risk in fixed price contracts which were performed safely and cost

effectively. Small business also provided technical skills that LANS did not have in-house. Small business subcontracting was a good deal for DOE, the local community, and taxpayer. A strong small business community near major DOE EM sites is a benefit to DOE EM.

Given the history of small business success and volume of work at LANL, DOE EM should require at least 30% of total contract dollars to be awarded to small business, with a focus on the proven small business area of strength: environmental remediation projects and support services as specified by the Consent Order.

DOE EM has this 30% commitment to small business on very successful prior contracts, for example:

Hanford's River Corridor Cleanup Project (RCCP)

- Maximum 40% self-performance for RCCP vs. 65% for LLCC
- Minimum 30% total dollars required for small business vs 17.5% for LLCC
- Tremendous small business innovation and cost savings on high hazard and first-of-a-kind, one-of-a-kind environmental remediation project with similar scope to LLCC Consent Order projects

Oak Ridge East Tennessee Technology Park Environmental Remediation (ETTP)

- Maximum 40% self-performance for ETTP vs. 65% for LLCC
- Minimum 30% total dollars required for small business vs 17.5% for LLCC

At LANL, small business performed the majority of work under the EM program prior to the 3706 project as shown in Table 1. Once 3706 started, three things happened:

1. At least >\$30M in contracts awarded to small business subcontractors for execution in FY11 were cancelled.
 - TerranearPMC >\$10M
 - Eberline >\$10M
 - LATA \$5M
 - Lakeworth \$2M
 - ARS International and Southwest Research Institute \$3M-\$5M
2. The vast majority of LANS focus and funding was directed to 3706 with EnergySolutions as the contractor.
3. The RCRA Corrective Actions Program Consent Order projects, the strong suit for small business, were essentially mothballed.
4. Table 1 shows the impact of 3706 on the small business community.

<i>Fiscal Year</i>	<i>TOTAL COST</i>	<i>SMBIZ</i>	<i>SB % of Total \$</i>	<i>LANS FTEs (Avg - rounded)</i>
FY11	179,922,324	66,027,139	36.7%	278
FY 11 w/o 3706	179,922,324	96,027,139	53.4%	278
FY12	172,905,387	25,123,636	14.5%	280
FY13	166,233,735	21,338,227	12.8%	270
FY14	182,785,617	24,062,518	13.2%	302
FY15	140,022,157	19,720,092	14.1%	269
FY16 (- APR)	--	--	--	253

Table 1 LANL Small Business Subcontracting Impacts of the 3706 Project

Further supporting the position that LANS emphasized small business subcontracting is the many small business subcontracts awarded by LANS with only one significant large business contract (EnergySolutions). The following were all small business contracts which encompassed virtually all of the LANS subcontracting for Consent Order projects:

- Canyon Aggregate Area Investigations and Remediation-at least 8 projects
- Regional Drilling: Three MTOAs and >12 individual wells
- MTOA Sampling and Monitoring: GW/SW/Sediments
- TA-21 including MDA-B: removal, D&D, waste T&D
- MTOA 1 Waste Treatment, T&D: TA-54 focus
- MTOA 2 Waste Characterization and Processing: TRU focus
- MTOA 3 Environmental Remediation, D&D
- MTOA 4 Technical Services for EM Projects
- MTOA 6 Analytical Services
- MTOA Waste T&D
- Multiple D&D Projects, including the first DOE-EM LASO contract for TA-21 Balance of Plant D&D Services

Small Business Subcontracting Recommendation

DOE EM should establish a goal of 30% of subcontract dollars for small business as they have done for RCCP and ETTP. The current draft RFP has a higher than historical self-performance goal for LANL EM work, with self-performance established at 65% instead of the historical range of 50% or less. In addition, if the new contractor were to perform 65%, they would need new hires in addition to LANS ADEM staff. Those hires would be sourced primarily from luring employees away from small business, thereby weakening the strong small business community that DOE EM needs to accomplish its fixed price, performance based environmental remediation work.

We recommend the following:

- Self-performance should be set at a maximum of 50% to 60%.
- SB performance should be at least 30% of total dollars. For example, if self-performance is set at 55%, small business plan goal could be 70% instead of 50%.

A review of the FY 2017 budget, as summarized in Table 2, demonstrates the viability of this recommendation.

	2017	SB % Goal	SB \$ Goal
Total Budget	189,000,000	32%	60,631,600
Soil & GW	93,366,000	60%	56,019,600
Waste Management	92,240,000	5%	4,612,000
D&D	-	60%	-
Misc/Other	3,394,000	0%	-
Proposed LLCC SB Plan	Dollars	%	
Self Perform	\$ 103,950,000	55%	
Subcontract	\$ 85,050,000	45%	
SB Subcontract	\$ 59,535,000	70%	
SB Total Dollars %		32%	

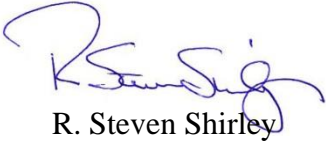
Table 2 Proposed Adjusted LANL Legacy Cleanup Contract Small Business Goals in FY2017 Budget

Summary

We appreciate the commitments that DOE EM has made to the Environmental Small Business Community in the draft RFP. However, the percentage of work for small business is far below historical levels and does not account for the quality, safety, and cost effectiveness of SEBAC members and/or other SBs performing complex environmental remediation projects for DOD,

USEPA, DOE and other federal agencies. Establishing a goal of 30% of total contract dollars for small business is reasonable given the nature of the work under the contract, the capabilities of the environmental small business community, and the precedent established by DOE EM on the RCCP and ETPP contracts.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Shirley", with a large, stylized flourish at the end.

R. Steven Shirley
Vice President
SEBAC

Cc: SEBAC Files