

## Questions & Answers

### to Draft RFP

**Question:** With the NNSA giving the new contractor greater latitude in terms of modifying benefits; what safeguards have been applied to protect the current benefits of the existing retirees who had dedicated their lives to serving NNSA for so many years.

**Answer:** The draft RFP states that: The Contractor will be required to become a sponsor of the existing pension plans and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. Further, it is the NNSA's expectation that its contractors fully comply with all applicable rules, regulations, and laws, including those that govern defined benefit (DB) pension plan administration. One of the requirements that must be met is that active contractor employees and retirees are irrevocably entitled to defined benefit pension benefits that they have earned. All other PRBs will continue to be handled in accordance with DOE policy.

**Question:** If a contractor proposes an alternate fee arrangement such as "no fixed fee and all fee earned on a performance incentive basis"; would such a proposal be considered acceptable or ruled non compliant to the RFP. Alternate fee proposal would not exceed the Total Available Fee represented by the RFP.

**Answer:** Section L, paragraph 21, states: "Alternate offers are not solicited and will not be evaluated." Any exceptions or deviations by the Offeror to the terms and conditions stated in this solicitation may be considered as an alternate offer. Therefore, an alternate fee arrangement would be considered a change to the term and condition of fee and may not be considered.

**Question** The B-2 of the DRFP states that the total available fee is subject to adjustment only for a plus or minus 25% change in estimated costs. It further states that "Changes in the estimated costs as a result of cost savings will not impact Total Available Fee". Will these statements allow the contractor to continue to earn fee on PEP work that year when eliminated through cost savings for which the contractor can also earn 20% of the cost savings.

**Answer:** Section B-2(a)(ii) states: "Changes in the estimated costs as a result of cost saving will not impact Total Available Fee." The fee tables in Column 2 of Section L-15, Table 1, are not subject to change based on cost savings. The clause in B-2 refers to changes in the Congressional Site Budgets of plus or minus 25%.

**Question:** With the contract consolidation will NNSA be releasing a single integrated PEP representing the contract (proposal) commitments and performance expectations; or will there continue to be plant specific PEPs.

**Answer:** This is one contract for the three sites and it is expected there will be one Performance Evaluation for this contract.

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**Question:** Will the PEPs continue to represent Base work (fixed fee) and Stretch (performance incentives) work with fee assigned to each category; or will NNSA be introducing a new PEP approach.

**Answer:** The Corporate Performance Evaluation Process is defined annually through Headquarters guidance to all sites. The Performance Evaluation Plan for this contract will be developed in accordance with this guidance.

**Question:** If the contractor can substantially increase the WFO whereby it has a direct and positive affect on plant operating costs; can the contractor recognize this offset as a cost savings for that fiscal year?

**Answer:** There is a separate contract fee on WFO work. Substantial growth in WFO would not be eligible for cost savings payment but could be recognized through other contract features, such as Performance Incentives.

**Question:** With the NNSA having reduced the Total Available Fee that will be represented in the new contract; are they also negotiating a reduction of the Total Available Fee offered the incumbent contractors for option years awarded prior to the new contract? Per the Y-12 and Pantex contracts posted on your website; the Y-12 incumbent has a total available fee of \$52.5M and the Pantex incumbent \$35.2M for GFY2011. Total of \$87.7M.

**Answer:** This comment does not pertain to this solicitation.

**Question:** With the solicitation identifying two primary objectives, (1) sustained weapons production, and (2) integration of the plants to achieve a more cost efficient operation; and NNSA establishing two methods for the contractor earning related fee (i.e. performance incentive fee and cost savings fee); how will NNSA maintain autonomy between the two objectives to ensure fee is not paid twice for the same accomplishments. Section F-7 (e) of the package states that the Merger Transformation Plan shall also include Performance Fee Incentives for use in the Performance Evaluation Plan. Appears that fee could be paid twice.

**Answer:** NNSA will not pay fee twice for given deliverables. The Corporate Performance Evaluation Process establishes an annual Performance Evaluation Plan (PEP) for the M&O contractors. This establishes the goals and objectives within a given year and how the fee is allocated. The cost saving fee will be paid under the contract based on the cost saving validated and sustained.

**Question:** With the need to reduce government costs and the anticipated budget reductions that will undoubtedly impact all departments including Energy; has the NNSA ever thought of hiring these two dozen highly skilled managers themselves and saving the government (taxpayers) a tremendous amount of money that could be used to fund more of the NNSA's needs and/or reducing the nation's deficit.

**Answer:** The government is not considering federalizing this contract as all Site personnel are now employees of contractors, thus federalizing would involve many more than just the senior management at the Sites.

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**Question:** The solicitation identifies that the new contract is fully cost reimbursable. The contractor will be providing a management team of two dozen or so professionals with their total represented cost (annual salaries, benefits, pension, 401K etc.) paid by the government. The contractors will not incur any cost relating to these employees. Although the existing plant employees are transferred (temporarily) to the new contractor, for the duration of the contract; they are in reality long term site employees. The new contractor will have no cost and very little financial risk if they perform as well as they will represent within their proposals. Why does NNSA believe that a Total Available Fee of up to \$46M and a Cost Savings potential fee of another \$46M is necessary to acquire an experienced contractor capable of successfully operating these plants. This represents a total potential fee (profit) of \$92M to the new contractor for, in essence, seconding two dozen people to the government.

**Answer:** The Government is not considering federalizing this contract as all Site employees are now contractors, thus federalizing would involve many more than just the senior management at the Sites.

**Question:** Regarding past performance, can the Contractor be assured that relevant work they have done as a non-lead partner will be evaluated by the Government sponsor (specifically DOE sponsors) of that work? Some DOE sponsors in the past have argued they cannot evaluate specific Contractor work inside, for example, an LLC, despite the fact that it is clear which company of the LLC provides the management for that activity and the relevant work is evaluated in the annual appraisal.

**Answer:** The Corporate Experience and Past Performance Information Form will be revised to provide the following: "If the work was done as a non-lead team member, it is the Offeror's responsibility to provide adequate information to facilitate the Government's Past Performance Questionnaire from references."

**Question:** Why has NNSA limited this proposal to 100 pages when the proposal needs to describe how the mission will be accomplished and improved, how savings will be realized, how the UPF will be managed and executed, and represents a value initially of about \$1.7B annually for three site locations? The last competition for the Nevada Test Site (now NNSS) was 150 pages and the recent LANL and LLNL proposals were in excess of 200 pages. We recommend about 200 pages to respond adequately to the RFP for Y-12/Pantex/SRTO Option.

**Answer:** The page limitation for volume II is being reconsidered by the Source Evaluation Board based on comments received.

**Question:** Is there a reason NNSA is not requesting the offeror to address how they will approach specific aspects of the SOW as prior RFP's have done?

**Answer:** It is the Source Evaluation Board's belief that by responding to the evaluation criteria, as stated, an offeror will have to be able to meet the specific aspects of the Statement of Work.

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**Question:** On September 08, 2011 the NNSA released a Special Notice of Intent to Award a one year contract extension to the incumbent, BWXT-Y12 LLC, contract at Y-12. Is it NNSA's intention to negotiate a reduction in fee for this extension; as the pending Y-12/Pantex M&O competition includes the potential for a significant reduction in fee for the next 10 year contract. It appears no reduction in fee was negotiated for the first one year contract extension. Will the negotiated fee be made public information?

**Answer:** Any changes to the current M&O contract to include fee modifications are posted to the NNSA website at [www.doeal.gov](http://www.doeal.gov).

**Question:** Section J, Appendix A "Project Management" states "(A) The Contractor shall perform design and construction activities for all projects under \$10M (Expense and General Plant Projects). New projects over \$10M, including Expense and Line Item, may be included if determined by the NNSA to be in the government's best interest." Could NNSA please provide a list of those projects under \$10M and those new projects over \$10M as referenced in the above section?

**Answer:** All planned projects over \$10M for the three sites can be seen in the Ten Year Site Plans (TYSP) posted on the NNSA website. NNSA priorities determine funding for those projects on an annual basis. The projects under \$10M are also located in the TYSPs; however, these projects are more dynamic and change with priorities at the sites year-by-year.

**Question:** Is the new SOW language the definitive management approach (short of a GOCO) that consolidates responsibility and accountability for the NSE stockpile surety into the contract for the new Y-12, PX, and SRTO consolidated contract?

**Answer:** The new language pertains to the "integration of production" versus "stockpile surety." The process of assuring the surety of the nuclear weapons stockpile is not changed by the new language.

**Question:** Will the Contractor be given the requisite contracting authority over all other contracts that impact or relate to the surety of the stockpile, cost and schedule in compliance with the Presidential Stockpile Memo?

**Answer:** The new language pertains to the "integration of production" versus "stockpile surety." The process of assuring the surety of the nuclear weapons stockpile is not changed by the new language. The Contractor performing work under this contract will have no contracting authority over any other M&O contract.

**Question:** Does this new language mean that related programs from the labs will be integrated and that the existing contractor for those sites will have their contracts modified to reflect their accountability to the new NSE integration contractor?

**Answer:** No, there is no plan to modify any of the other M&O contracts. We expect that the new nuclear production contractor will work with the entire Nuclear Security Enterprise in achieving a balanced program and an integrated production environment.

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**Question:** Recognizing that future facilities impact cost, schedule and surety does this mean the new Consolidated contractor will be accountable for the CMRR, Pit Facility, UPF and any other facility that could impact surety or cost?

**Answer:** Of the facilities mentioned, only UPF would be potentially awarded under this contract. The other projects mentioned are not considered as part of this effort.

**Question:** Does this new NSE paradigm that (without fundamentally altering existing contracts but provides the ability moving forward) contractually consolidate future responsibilities under the consolidated integration contractor?

**Answer:** The NSE paradigm is not new. NNSA has long focused on operating as a single, integrated business. As stated earlier, this contract is limited to the production work being performed at Y-12 in Tennessee, Pantex in Texas, and Savannah River Tritium Operations in South Carolina.

**Question:** Will this contract supersede the current contracts for Kansas City, Sandia, Lawrence Livermore, Los Alamos, and N2S2 as they expire?

**Answer:** No. This contract is for the Y-12 and Pantex sites with an Option for Savannah River Tritium Operations.

**Question:** As referenced in Section I-123/DEAR 970.5215-3(a)(4), what is the length of the “performance evaluation period”?

**Answer:** In accordance with current NNSA policy, the performance evaluation period is based on the annual fiscal year.

**Question:** What is the length of the “appraisal period” stated in B-7 (Performance Evaluation Plan), e.g., 6-months or one-year?

**Answer:** In accordance with current NNSA policy, the performance evaluation period (appraisal period) is based on the annual fiscal year.

**Question:** Section J, Appendix A, Chapter I, Scope of Work, Subsection 4.6 (iii) requires the Contractor to “accept, in its own name, service of notices of violations or alleged violations (NOVs/NOAVs) issued by Federal or State regulators ... without regard to liability.” This language could be interpreted to preclude the Contractor from mounting a defense to such charges, even if the allegations are false. Please clarify the intent of the paragraph.

**Answer:** Nothing stated in this particular subsection will affect the Contractor’s right to challenge or contest the applicability or validity of such NOVs/NOAVs and fines and penalties.

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**Question:** Will this Contractor under its Integration Authority have the authority to assign and or change or move production workload between the production sites to include those production activities of the National labs that may impact upon cost and schedule?

**Answer:** No, the Contractor will not be authorized to direct other contractors, but based on enterprise level risk and cost will provide options that NNSA may use to direct such changes. Production quantities are developed jointly between the Department of Defense and the NNSA and issued to Nuclear Security Enterprise contracting community. Work authorization and technical direction to any NNSA contractor can only be made through the appropriate Federal Official(s). As noted in the Statement of Work, “The Contractor shall function as the single integrating contractor for parts and material logistics within the NSE.”

**Question:** Does the new language intend the empowerment of the contractor to take whatever appropriate steps required to integrate any aspect that impacts the surety of the stockpile or associated costs and cost savings?

**Answer:** The new language pertains to the “integration of production” versus “stockpile surety.” The process of assuring the surety of the nuclear weapons stockpile is not changed by the new language. The Contractor will take the lead within the Nuclear Security Enterprise for assimilating information from across the production sites and developing recommendations to appropriate Federal Officials on achieving a balanced and integrated production program. Ultimately, direction to the contracting community will be through the appropriate Federal Official(s).

**Question:** Who will certify the Stockpile for the Presidential Stockpile Memo? Since the revised SOW makes the Consolidated Contractor the single point of contact for the surety of the Stockpile and fulfillment of the Presidential Stockpile Memo. Under the terms of the revised Sow, will the new Y-12, Pantex, SRTO Consolidated “Integration” Contractor now provide the certification of the stockpile?

**Answer:** There is no change to how the stockpile is certified. Mandated by law, this annual certification of the stockpile is based on the technical evaluations made by the national laboratories and on advice from the three laboratory directors, the Commander of U.S. Strategic Command, and the Nuclear Weapons Council. The nuclear production sites support the certification process by providing data to the laboratories.