

# **Q – Contract Strategy for National Nuclear Security Administration Nuclear Weapons Complex - Request for Information**

**Notice Date**

January 23, 2008

**Notice Type**

Special Notice

**NAICS**

561210

**Contracting Office**

U.S. Department of Energy, National Nuclear Security Administration (NNSA),  
NNSA Service Center, M&O Contract Support Division, PO Box 5400,  
Albuquerque, NM

**ZIP Code**

87185-5400

**Solicitation Number**

DE-RP52-08NA28487

**Response Due**

February 13, 2008: request for one-on-one meeting with NNSA

February 20, 2008: written comments if applicable

**Description****PURPOSE OF THIS REQUEST FOR INFORMATION (RFI)**

This is the second RFI issued by NNSA to support its efforts to develop and implement a contracting strategy that will promote more effective and efficient technical and business operations in support of a more responsive and cost effective Nuclear Weapons Complex (NWC). The purpose of this second RFI is to begin focusing the exchange of information on potential contracting strategies, options and provisions that will achieve NNSA objectives while promoting vigorous full and open competition for new contracts through elimination of barriers to competition. NNSA is soliciting information from industry and other interested parties, including other Federal agencies with similar contracting objectives, through written comments and one-on-one meetings. The NNSA Service Center has established a website at [www.doeal.gov/mocontracts/](http://www.doeal.gov/mocontracts/) for the dissemination of information related to this initiative. This website is the principal distribution medium for the exchange of written information among all interested parties. We are currently planning to hold one-on-one meetings in late February/early March 2008, face-to-face at a location to be determined later and announced on the website. The one-on-one meetings are intended to allow candid

and uninhibited disclosure of information consistent with FAR 15.201(a). Requests for one-on-one meetings should be submitted to Ms. Kim Gallegos, Contracting Officer, via e-mail at [kgallegos@doeal.gov](mailto:kgallegos@doeal.gov) no later than 5:00 p.m. MST, February 13, 2008. Written comments should be submitted to Ms. Gallegos no later than 5:00 p.m. MST, February 20, 2008, and they may be submitted in lieu of a one-on-one meeting or in addition to a one-on-one meeting. If requested, and as normal practice, communication between NNSA and a respondent regarding this RFI will be treated as business proprietary and will be kept confidential to the extent allowed by law.

#### RESULTS FROM NNSA'S FIRST RFI

NNSA released its first RFI on September 10, 2007, and received responses from over 20 interested parties who proposed over 35 different ideas and options for NNSA to consider in its contract strategy. The first RFI is available for review on [www.doeal.gov/mocontracts/](http://www.doeal.gov/mocontracts/) and includes tables identifying the current Management and Operating (M&O) contracts for the eight Nuclear Weapons Complex sites, the scope of weapons production activities at those sites, and support costs for common functional activities. Based on a review of all of the responses to the first RFI, NNSA has identified potential options for inclusion in its contract strategy which were derived in large part from the responses. NNSA requests input from industry and other interested parties on these options and any other options that responders believe would help NNSA to achieve its objective of promoting more effective and efficient technical and business operations in support of a more responsive and cost-effective Nuclear Weapons Complex.

#### POTENTIAL OPTIONS

As stated in the first RFI, NNSA is interested in options that result in complex-wide improvements in the following areas:

- Reduced cost and improved performance through streamlining of the organization with reduction of management layers, elimination of unnecessary redundancies, outsourcing appropriate activities, and integration and leveraging of technical and business expertise at multiple sites;
- More uniform program execution with improved integration of resources and priorities;
- Increased standardization of technical processes and application of best practices to improve process results and capabilities including safety and security;
- Improved inter-site coordination, cooperation, information sharing and technical integration;
- Improved workforce planning, maintenance of critical skills, and human capital management;
- Increased contractor authority and accountability in accomplishing the NNSA mission; and
- Sustained competition.

Listed below are potential contracting options that may help NNSA to achieve its objectives. The options are organized according to the acquisition alternatives identified in the first RFI: consolidation of M&O contracts, transfer of discrete work scope from one or more current contracts to other existing or new contracts, use of other types of facility management contracts on a single or multiple facility basis, and use of function-based contracts (i.e. construction, information technology) applicable to two or more sites (with provision to be expanded to other sites). The order in which they are listed is no indication of NNSA's view of their relative importance or priority. Each option includes a general rationale and a listing of potential results that expand on or reinforce the above list of desired complex-wide improvements. The list below includes results that could be positive or negative and is not all inclusive. NNSA will assess ideas based upon the anticipated net outcome and will not just react to individual elements based upon perceived positive or negative characteristics. Input is requested from industry and other interested parties on these options and any others that responders believe would help NNSA to achieve its objective of promoting more effective and efficient technical and business operations in support of a more responsive and cost-effective Nuclear Weapons Complex. Specifically, industry and other interested parties are requested to (1) provide comments on the options listed below; (2) identify contract options not listed below that they would like NNSA to consider including other types of non-M&O contracts; and (3) provide any ideas for implementation. Comments on the options themselves or their potential results such as expected magnitude of cost reduction are welcome, whether positive or negative. NNSA is also interested in receiving comments on the likelihood that an industry-identified option or the options listed below would stimulate robust competition during a source selection.

#### A. OPTIONS FOR CONSOLIDATING TWO OR MORE M&O CONTRACTS

Option A.1: Consolidate Pantex Plant and Y-12 Plant requirements and work scope under a single M&O contract competition

- General rationale: Pantex and Y-12 are both nuclear weapons production plants with interfacing production missions, and both contracts have the same expiration date of September 30, 2010.
- Potential results:
  - Similar or identical employee benefit program(s) allowing for a mobile production workforce; e.g., an employee can move from a job at the Pantex Plant to a job at the Y-12 Plant without any break in service and without having to be re-hired by another M&O contractor. Similarly, an employee at Pantex could be transferred to Y-12 on a part-time basis without the need for a Pantex contractor to bill the Y-12 contractor for the service.

- Similar or identical employee benefit program promoting reduced costs, e.g., medical plans could leverage larger buying volumes at discounted prices.
- Leveraging of best technical expertise available at the two sites rather than trying to duplicate expertise at multiple sites competing for similar capabilities and resources.
- Enhanced and more efficient security for Special Nuclear Materials (SNM) through common security approaches at the affected sites and multi-site protective forces.
- Improved and more efficient Federal Oversight through reduced production contract interfaces and budgets.
- Potential concerns at the State and Local community levels.
- Contract consolidation is expected to produce cost savings through consolidation of individual site overhead and support functions in order to service the whole contract. NNSA believes that a minimum 10 percent cost savings from contract consolidation is a realistic expectation and that greater savings should be the goal.

Option A.2: Consolidate the Kansas City Plant (KCP) and Sandia National Laboratories (SNL) management and mission requirements under a single M&O contract competition. Physical infrastructure will remain under consideration as described in the Complex Transformation SPEIS and the KCRIMS Environmental Assessment.

- General rationale: Better ensures integrated design, manufacturing and out-sourcing than with separate contracts. Promotes exchange of manpower among the facilities of the combined institution, and promotes more efficient operations by taking advantage of private sector capabilities and capacities.
- Potential results:
  - More effective and efficient design and production.
  - Increased contractor authority and accountability in accomplishing the NNSA mission through a single roll-up of production requirements and a single integrated non-nuclear production budget.
  - Leveraging of best technical expertise available at the two sites rather than trying to duplicate expertise at multiple sites competing for similar capabilities and resources.
  - Contract consolidation is expected to produce cost savings through consolidation of individual site overhead and support functions in order to service the whole contract. NNSA believes that a minimum 10 percent cost savings from contract consolidation is a realistic expectation and that greater savings should be the goal; however, there is a risk that blending SNL's higher overhead cost burdens with those of KCP could increase overall costs.

- Similar or identical employee benefit program allowing for a mobile non-nuclear production workforce;
- Similar or identical employee benefit program promoting reduced costs, e.g., medical plans could leverage larger buying volumes at discounted prices; however, blending of SNL benefit programs with those at KCP is likely to increase NNSA costs due to the relatively higher value and cost of the SNL benefit program.
- Improved and more efficient Federal Oversight through reduced production contract interfaces and budgets
- Potential concerns at the State and Local community levels.
- Would require an early termination of the SNL contract or extension of the current KCP contract to align the terms of the existing two contracts

**B. OPTIONS FOR TRANSFERRING DISCRETE WORK SCOPE FROM ONE OR MORE CURRENT M&O CONTRACT(S) TO OTHER EXISTING OR NEW CONTRACTS.**

Option B.1: Transfer management of tritium operations performed at the Savannah River Site (SRS) to the scope of the Pantex Plant and Y-12 Plant consolidated contract that would be competed under Option A.1 above.

- General rationale: While tritium is not SNM, this option would combine all nuclear-related production not performed at a laboratory, plus all nuclear-related stockpile surveillance and maintenance under a single production contract.
- Potential results:
  - Same potential results as Option A.1 with potentially greater efficiencies and cost savings.

Option B.2: Transfer management of tritium operations at SRS and nuclear production activities performed at Los Alamos National Laboratory to the scope of the Pantex Plant and Y-12 Plant consolidated contract that would be competed under Option A.1 above.

- General rationale: Combine all nuclear-related production under a single contract.
- Potential results:
  - Same potential results as Option A.1 with potential for significantly greater efficiencies and cost savings.

Option B.3: Transfer management of tritium operations at SRS to the scope of the KCP and SNL consolidated contract that would be competed under Option A.2 above.

- General rationale: Combine all non-SNM production under a single production contract.
- Potential results:
  - Same potential results as Option A.2 with potential for greater efficiencies and cost savings.
  - Enhance the interface between tritium reservoir manufacturing at KCP and handling and filling of the reservoirs at SRS.
  - Mixes nuclear and non-nuclear operations which may add to the overall cost of operations.

Option B.4: Transfer management of production operations and associated vendor qualification at SNL to the scope of the KCP contract that would be competed before December 31, 2010. This does not imply the physical relocation of those activities.

- General rationale: Combine all non-nuclear production under a single production contract.
- Potential results:
  - The integration of currently separate but inter-related activities would be expected to foster more effective and efficient production operations.
  - With the production activities removed from its work scope, SNL would be better aligned with its initial mission as an R&D engineering laboratory.

#### C. OPTIONS FOR USE OF OTHER TYPES OF FACILITY MANAGEMENT CONTRACTS ON A SINGLE OR MULTIPLE FACILITY BASIS

Option C.1: Obtain nuclear production services and products from a Contractor Owned/Contractor Operated facility with a Nuclear Regulatory Commission (NRC) license for SNM. This could be achieved through use of alternatively financed construction resulting in new facilities at NNSA sites that already manage SNM. Conversely, it could also be achieved by obtaining services and products from existing NRC-licensed facilities.

- General rationale: Avoid most construction costs for some new Government Owned/Contractor Operated facilities. The alternatively financed construction approach has been used by DOE for administrative and other general purpose facilities. The Naval Reactors Program obtains services and products from NRC-licensed privately owned facilities. In the case of uranium processing it has been suggested that there is an opportunity to leverage uranium production for the commercial uranium industry with the needs of the nuclear weapons program.

- Commenters should consider the Office of Management and Budget’s guidance documents, specifically OMB Circular A-11, Appendix B, and OMB Circular A-94 on differentiating between capital and operating leases, as well as DOE Order 413.3A, Program and Project Management for the Acquisition of Capital Assets (for the requirements for CD-0 and CD-1 – to Design Review), in developing options involving the use of alternative financing.
- In the recently issued Draft Complex Transformation Supplemental Programmatic Environmental Impact Statement (DOE/EIS-0236-S4) NNSA concluded that it was not reasonable to consider alternatives that would move nuclear production operations involving Category I and II quantities of SNM to DOE sites that do not already manage these quantities of SNM. Commenters should take this into account in developing options for use of Contractor Owned/Contractor Operated facilities or for use of existing NRC-licensed facilities.
- Potential results:
  - Significantly reduce NNSA capital construction costs, especially projected costs for uranium operations and reduce NNSA management and oversight requirements by taking advantage of private sector capabilities to provide human and capital infrastructure.
  - Competition may be narrowed to companies that currently own or could obtain an existing facility with an NRC license to manage SNM.

Option C.2: Use of commercial sources to obtain non-nuclear products and services within the timeframe of overall Transformation, from a Contractor Owned/Contractor Operated non-nuclear production facility after a decision is made regarding proposals to modernize the production of non-nuclear components, currently performed at the Kansas City Plant.

- General rationale: NNSA is considering moving this activity from a government owned to a government leased facility. This could open up the potential for other transformational changes. For example, environmental, safety, and health oversight could transition to non-DOE Federal and State authorities. It may be possible to further transition from a Federal lease to more of a Department of Defense model, under which NNSA purchases product as a primary customer and may have no direct involvement in how the facility is operated or what other customers it serves. This evolution could provide NNSA with a more effective and efficient production capability for non-nuclear parts that are not readily available through outsourcing by SNL.
- Potential results:

- Significantly reduce costs for non-nuclear production and reduce NNSA management and oversight requirements by taking advantage of private sector capabilities to provide human and capital infrastructure.
- Timing: The current proposals for modernizing non-nuclear production activities in the Kansas City area would be completed in the 2010-2012 timeframe. After that, NNSA could reconsider the nature of its relationship with facility management and operations, review options for the contracting structure, and conduct additional refinement of its federal oversight and contract management structure. Responders may want to primarily focus on this later period for their recommendations, suggestions, issues, and opportunities. However, responders are not limited to this later time period in their input if they so choose.

**D. USE OF FUNCTION-BASED CONTRACTS APPLICABLE TO TWO OR MORE SITES (WITH PROVISION TO BE EXPANDED TO OTHER SITES)**

The RFI responses identified a broad set of functions currently included within the scope of NNSA's M&O contracts as candidates for separate function-based NNSA prime contracts. These candidates include:

- Plant/Facility Maintenance plus small General Purpose Projects.
- Design and Construction Program Management for large projects.
- Utilities Management.
- Energy Management.
- Environmental Management including Facility Decontamination and Decommissioning.
- Waste Management.
- Protective Force Management.
- Administrative Support (procurement/purchasing, financial management, staffing and personnel management, legal, travel, training).
- Supply-Chain Management.
- Information Resources/Information Technology Management/Records Management.
- Multi-site administration of employee pension and benefit programs.

NNSA is interested in receiving information concerning the following:

- The potential benefits, including magnitude of cost savings and other benefits, from a reduction in federally funded infrastructure and human resources, from either a separate prime NNSA contract or multiple NNSA prime contracts. A separate prime contract could deal with these functions individually or in combination, it could cover all sites or different combinations of sites; for example, one RFI response proposed a complex-wide Shared Services Support Activity for a large

combination of functions that would allow the site management contractors to focus more directly on their primary missions. Other responses were focused on single or a limited number of functions provided to sites in a common geographic area.

- The potential issues and drawbacks associated with separate prime contracts for these functions or other functions not on this list, such as impact on mission performance at the site and increased burden for NNSA contract management and oversight.
- How the single or multiple prime contracts should be structured, and in understanding experiences/recommendations in defining and controlling interfaces among contractors at multiple contractor sites.

#### CONTRACT TYPES AND PROVISIONS TO HELP ACHIEVE A MORE RESPONSIVE INFRASTRUCTURE AND PROMOTE IMPROVED PERFORMANCE AND COST SAVINGS

NNSA is interested in receiving information on contract types/incentives and contractual provisions that could impact the likelihood that a company would decide to compete for one or more of the potential contract options described above. NNSA will make no final decisions regarding specific contract provisions until a formal source selection process is initiated under a Source Evaluation Board (SEB), which would develop request(s) for proposals. However, our desire for future competitions is to receive proposals that are concise and economical to produce, and to eliminate aspects of the process that do not contribute to concise proposals that can be effectively and efficiently prepared and evaluated. Based on recent source selections and the objectives of this contract strategy, NNSA anticipates that an M&O contract RFP would likely include the following:

- NNSA's approach to a Contractor Assurance System (CAS) and Federal oversight as covered by clauses H-1 through H-12 in the LLNL contract (which can be found at [www.doeal.gov](http://www.doeal.gov) along with the other NNSA M&O contracts). NNSA's tritium operations are included in the recently awarded M&O contract for the Savannah River Site. That new contract allows for the transfer of the tritium work to an NNSA contract.
- Requirement to provide a pension and benefit program that is market-based as determined through a formal Benefit-Value analysis verifying that the value of the pension and benefit program is within 105 percent of the value of the pension and benefit programs of a group of comparable companies or institutions.
- A statement of work requirement that NNSA may assign work from one M&O contract to another or otherwise breakout scope from an M&O contract.
- Requirement to submit a multi-year strategy that includes a listing of planned outcomes and improvements including more rapid achievement of improved

- performance results, and projected cost reductions during the initial two-to-three years of the contract with potential requirement for annual updates.
- Emphasis on optimizing work with non-NNSA customers that complements DOE missions while promoting workforce retention and excellence, and spreading overhead costs over a work base larger than the NNSA-funded work to reduce charges to NNSA work and allow more resources for mission work.
  - Inclusion of multi-site fee incentives in annual contractor Performance Evaluation Plans.
  - Expanded use of alternative financing for capital projects.
  - All available fee at risk.
  - Requirements for a financial management system that supports cost reduction incentive proposals or a shared savings incentive model.
  - Requirement to apply an earned-value management system for program activities and projects to track progress and increase cost effectiveness of work performed.
  - Requirement to follow applicable DOE and NNSA Directives that would be listed in a contract appendix including current DOE safety and security orders and manuals.
  - NNSA is likely to evaluate the extent of participation of small businesses as members of any teaming arrangements formed to compete for one or more contracts.
  - NNSA will consider different options for contract terms including the normal 5 year base term and award term.

## PROMOTING COMPETITION

NNSA is interested in receiving input from members of industry on the likelihood that they would compete or re-compete for one or more NNSA contracts under the options described above or other options they suggest. NNSA would also like to receive industry input on barriers to competition or re-competition which could include aspects of recent RFPs and the contracting options and contract types and provisions described above. In addition, industry is asked to provide the following information:

- Does your company currently have the capability, including key personnel, and relevant experience, to manage and operate multiple sites under the A. Options for consolidating NNSA M&O contracts or the B. Options for transferring scope from one contract to another? If not, do you believe that you could structure an organization (e.g., a teaming arrangement) that could?
- Are there any physical, financial, legal, or technological barriers to competition or other additional risks to your company that NNSA should consider in planning a competition under any of the options?
- If you would be a potential competitor under Option C.1, Obtain nuclear production services and products from a Contractor Owned/Contractor Operated facility,

- Do you currently own a facility with a Nuclear Regulatory Commission (NRC) license to own, acquire, deliver, receive, process, use or transfer SNM?
- If you do not currently own such a facility, could you obtain such a facility or obtain the required NRC License for another facility that you own or could obtain?
- Are there any other barriers to competition or additional risks to your company that NNSA should consider?

**Disclaimer**

This RFI is issued solely for information and planning purposes and does not constitute a solicitation. In accordance with FAR 15.201 (e), responses to this notice are not offers and cannot be accepted by the Government to form a binding contract. Respondents are solely responsible for all expenses associated with responding to this RFI and responses to this RFI will not be returned.

**Source**

[FedBizOpps Link to This Notice](#)  
NNSA WEB SITE