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CHAPTER I. Objectives, Scope, and Requirements**1.0 OBJECTIVE**

The objective of this Contract is to obtain management expertise and leadership necessary to support National Nuclear Security Administration (NNSA) and broader national security requirements at the Nevada National Security Site (NNSS) and satellite facilities.

The Contractor shall be fully responsible for the performance and integration of the functions required to support NNSA Stockpile Stewardship and Management Program activities, Nuclear Nonproliferation activities, National Emergency Response activities, Nuclear Counter-Terrorism, and Infrastructure, Maintenance, and Recapitalization (including the DOE Nuclear Criticality Safety Program) projects. In addition, the Contractor will also support Environmental Management activities and other activities assigned for Department of Energy (DOE) offices. Beyond DOE/NNSA, the Contractor shall provide unique services to ongoing missions for other Government agencies or privately owned organizations, as appropriate.

In addition to achieving Presidential goals outlined in the April 2010 Nuclear Posture Review, this Contract will strengthen NNSA's vision for a fully integrated and interdependent Nuclear Security Enterprise (NSE), consisting of all eight NNSA sites, by achieving the following three specific objectives:

- (i) Safely and securely executing national security missions for the NNSA, DOE, and other Government Agencies;
- (ii) Reducing the cost of performing work; and
- (iii) Executing actions that support operations for the DOE/NNSA enterprise efficiently integrating NNSS activities with the NNSA National Laboratories, other DOE offices and other government agencies.

2.0 BACKGROUND**2.1 The NNSA Mission**

The NNSA, established by Congress per the NNSA Act (Title XXXII) of the National Defense Authorization Act (NDAA) for Fiscal Year 2000, (Public Law 106-65) as a semiautonomous element within DOE. The NNSA ensures the Nation sustains a safe, secure, and effective nuclear deterrent through the application of science, technology, engineering, and manufacturing. To deal with the changing face of nuclear deterrence and more-widely dispersed nuclear knowledge, NNSA, also ensures the United States (U.S.) maintains excellence in nuclear science and technology that is second to none. Within the NSE, the central mission, which includes maintaining the active stockpile, Life Extension Programs (LEPs) and Weapons Dismantlement, is referred to as the Stockpile Stewardship and Management Program. NNSA also works closely with a wide range of international partners, key U.S. federal agencies, the U.S. national laboratories, and the private sector to secure, safeguard, and/or dispose of dangerous nuclear and radiological material, and detect and control the proliferation of related weapons of mass destruction (WMD) technology and expertise. In addition, NNSA is the U.S. government's primary capability for radiological and nuclear emergency response and for providing security to the nation from the threat of nuclear terrorism by maintaining a high

level of readiness for protecting and serving the U.S. and its allies through the development, implementation and coordination of programs and systems designed to serve as a last line of defense in the event of a nuclear terrorist incident or other types of radiological accident. The NNSA also manages the nation's only multi-purpose criticality experiments facility at the NNSS, which serves multiple missions within the DOE, other government agencies and non-governmental entities.

2.2 The NNSA Organization

The NNSA's nuclear security enterprise spans eight sites, including three national laboratories, four plants, and the NNSS. Each site's technical expertise enables NNSA to accomplish its work across NNSA's four mission areas.

NNSA relies on Management and Operating (M&O) Contractors to manage day-to-day site operations and to adhere to its policies when operating its laboratories, production plants, NNSS, and other facilities in the NSE in compliance with legal requirements and DOE/NNSA policies. NNSA sets the program and performance requirements to be accomplished by the Contractor. The Contractor has the flexibility to use its expertise and ingenuity to determine how the work is to be accomplished and is accountable for assuring safe, secure, effective, and efficient operations, and providing directed deliverables in accordance with the terms and conditions of this Contract.

NNSA also established a system where federally-run field offices oversee the M&O contractors for each site. The field offices provide the conduit between Headquarters (HQ) program and the M&O contractors for oversight and execution of the individual contracts.

2.3 Locations of Performance

The NNSS is a unique expanse of Federally-controlled land and facilities in a remote region of southern Nevada. The primary mission of the NNSS is to provide facilities, infrastructure, and personnel that the national security laboratories and other organizations can use to conduct nuclear and non-nuclear experiments essential to maintaining the nuclear weapons stockpile and national security. It is the primary location with the nuclear security enterprise where experiments using radiological and other high hazard materials are conducted. It is the only location where high explosive (HE) driven plutonium experiments can be conducted. In addition, to perform this national security work development and deployment of state of the art diagnostics and instrumentation, data analysis, storage of programmatic materials, conduct of criticality, counterterrorism, and counter-proliferation activities and experiments must be successfully achieved. The NNSS represents the US' unique capability to support the underground nuclear test readiness program by executing the complex dynamic experiments that involve Special Nuclear Materials or hazardous materials. The NNSS is also home to the US' unique criticality experiments capability at the National Criticality Experiments Research Center.

The approximately 1,375 square miles that make up the NNSS are surrounded by the U.S. Air Force Nellis Test and Training Range and unpopulated land controlled by the Bureau of Land Management. The biological, geological, hydrological, meteorological, and radiological environments are well characterized. The Final Environmental Impact Statement for the Nevada Test Site and Off-Site Locations in the State of Nevada and the

associated Record of Decision allow for the execution of a variety of complex and unique projects and experiments while ensuring the protection of the public and the environment. In addition, work is also performed at satellite facilities in Los Alamos and Albuquerque, New Mexico (NM); Livermore and Santa Barbara, California (CA); Nellis Air Force Base (AFB), Las Vegas, Nevada (NV); and Andrews AFB, Suitland, Maryland (MD).

3.0 SCOPE

This Contract is comprehensive with an objective to perform and integrate all necessary operational, coordination, and management functions at the NNSS and satellite facilities required to support NNSA and broader national security missions assigned to these facilities. This includes, but is not limited to, all ongoing missions and functions, as well as those that may be assigned during the term of the Contract.

The Contractor shall be fully responsible and accountable for the safe and secure accomplishment of all work, whether performed by its own personnel, team members, or subcontractors. The Contractor shall be responsible for all integration, planning and coordination of activities; management and execution of all programs; support and execution of large and small projects; and completing operations and other activities as described in this Statement of Work (SOW).

3.1 Mission

The work structure and functional activities of the site is defined in Section J, Appendix A, Chapter II Work Scope Structure.

The Contractor shall provide support and infrastructure for experiments and activities at the NNSS and Satellite facilities. The Contractor shall be responsible for integrating and executing a wide range of facility and operational activities in support of DOE/NNSA missions that includes: nuclear, nuclear explosive, high explosive and high/moderate hazard operations; remote field experiment; support for the operation of critical assemblies; system design, fabrication, installation, and implementation; physical and environmental science; nuclear waste management systems and technology; design and fabrication of electronic, mechanical, optical and structural systems; remote and robotic sensing; management of multi-laboratory facilities, mining, engineering, and construction operations; chemical, explosives, and hazardous materials systems and technologies; and waste management for various categories of waste. The Contractor shall be responsible for a wide-range of nuclear, high hazard, and non-nuclear facilities, laboratories, and systems that support the custom design, construction, and fielding of experimental systems ranging from small electronic and remote sensing packages that are fielded in complex systems in hostile environments for use throughout the world. The term “nuclear facilities” is defined as those facilities, activities, or operations that involve, or will involve, radioactive and/or fissionable materials in such form and quantity that a nuclear hazard potentially exists to workers, the public, or the environment. “High hazard” are those facilities, activities, and operations such as detonation of high explosives, planned chemical releases, and live fire exercises. “Nonnuclear

Section J, Appendix A, Statement of Work facilities” are those facilities, activities, or operations where a nuclear hazard potential does not exist.

In performing work under this Contract, the Contractor shall establish and maintain a cooperative working relationship with the National Security Laboratories and other Government Agencies and their associated Contractors.

At a minimum the Contractor shall:

- (i) Serve as the Site operator and integrator for all activities, performed by all parties, on the NNSS;
- (ii) Provide the nuclear and non-nuclear test beds, infrastructure, appropriate scientific, engineering, experimental platforms, and technical staff to support defense and national security-related nuclear and nonnuclear experiments at the NNSS and offsite locations, including maintaining the NNSS capability to conduct an underground nuclear test within the required readiness time;
- (iii) Provide nuclear facility safety management and conduct of operations at NNSS nuclear facilities such as the Device Assembly Facility (DAF), the U1a Complex, the Joint Actinide Shock Physics Experimental Research (JASPER) facility, and Area 3/5 Waste Management Sites;
- (iv) Provide radiological, high hazard and non-nuclear facility operations and safety management at NNSS radiological, high hazard, and non-nuclear facilities, tunnels, and operations on the NNSS, including management of the land, facilities, personal property and emergency planning and preparedness;
- (v) Design, develop, test and deploy state of the art new technologies and experimental platforms to advance U.S. capability of technical collections systems for national security applications.
- (vi) Provide laboratory and field capabilities to assess threats and manage radiological emergencies involving a variety of hazardous situations;
- (vii) Provide expertise, remote sensing and site safety management of underground activities including seven active tunnel systems, large scale above ground HE experiments, chemical/biological simulant and radiological controlled releases, and aerial operations that include runways and airdrops;
- (viii) Provide response and detection for a broad array of ground and airborne (fixed- and rotary-winged aircraft) capabilities to assigned National Emergency Response programs;

- (ix) Perform the onsite physical environmental restoration (in conjunction with the Environmental Restoration contractor) and waste management programs including staging, storage, treatment, transportation, and disposal of wastes, including classified waste, generated through operation and environmental restoration programs at the NNSS or other DOE or NNSA locations;
- (x) Capitalize on the unique resources and capabilities available at the NNSS and satellite facilities to manage and perform, compatible with NNSA work, a variety of reimbursable work for other governmental organizations in support of national security goals and programs;
- (xi) Provide air space management coordination and support for “Special Use” airspace for all air traffic;
- (xii) Participate in the testing and development of all types of Unmanned Aerial Systems UASs for various customers;
- (xiii) Conduct safeguards and security programs (excluding protective force services), including but not limited to, physical and technical security planning, classified information and cyber security, and personnel security; and
- (xiv) Maintain, operate, modernize, and/or dispose of NNSS base, common, or shared infrastructure, including Maintenance, Operations of Facilities, Safety Operations, Recapitalization, and Construction, as appropriate.

The Contractor is expected to move to a higher level of performance throughout the term of the Contract by making the following process enhancements:

Improve integration, partnering, and support among the Nevada Enterprise (NvE) Contractors to promote early on-site problem solving and assist in NvE site issues, consolidation of business and management elements, and drive verifiable cost efficiencies that can be reinvested to better enable mission;

- (i) Develop and deploy effective strategic planning and communication for the mission in the environment of changing budgets and technical and regulatory requirements;
- (ii) Ensure that the infrastructure and facilities are efficiently operated in a safe, secure, and compliant posture, and that an acceptable defined level of readiness is sustained at all facilities;
- (iii) Demonstrate a culture of continuous improvement for required disciplines (such as cross-functional skill development, flexibility in job classifications, outsourcing of appropriate products, quality, scheduling for continuous output, cost controls) and the associated metrics to demonstrate performance; and

- (iv) Assure effective human resource management and the availability of critical skills and capabilities. Ensure operations are performed timely and efficiently that are responsive to programmatic shifts and priorities.

3.2 Operational Excellence

Operational excellence is the expected underlying philosophy and mindset for operating the NNSS and satellite facilities. This incorporates the principle that compliance with regulations and standards shall be accomplished while performing missions on time, at a reasonable cost, while protecting human health and the environment, and conserving the Government's assets. Operational excellence shall include a focus on the requisite rigor and discipline in all aspects of Contractor activities and, in particular, holding management and staff accountable to commitments. To achieve this operational excellence, it is essential that operations at the NNSS be performed in a manner that meets DOE mission and regulatory objectives. Therefore, a disciplined, effective and efficient management system to meet and exceed current industry performance in productivity, safety, and security is a significant objective of this Contract.

3.3 Scope and Financial Management

The Contractor shall support the DOE/NNSA Planning, Programming, Budgeting and Evaluation (PPBE) process. In supporting PPBE, the Contractor shall provide financial data for Government systems, such as:

- Standard Accounting and Reporting System (STARS)
 - STARS information is provided under the Institutional Cost Reporting Categories
- iMANAGE
- Enterprise Portfolio Analysis Tool (EPAT)
- Facilities Information Management System (FIMS)
- Enterprise Management Information System, Generation 2 (G2)

The Contractor shall maintain financial cost reporting systems to provide detailed cost reports for cost, scope, and schedule for direct and indirect costs for all work performed under this Contract. The cost reports shall include labor costs, leave/hours not worked, staff augmentation, fringe, pension, legacy, materials, services-subcontractors, direct service centers, other expenses, capital, labor category, and full-time equivalent (FTE) resource usage for all direct and indirect costs and use cost benefit analyses to determine the appropriate level of support functions and risks. The Contractor shall provide NNSA transparency into those financial cost reporting systems and shall provide routine reports to allow NNSA visibility into program and cost management supporting reports to external sources (see Section J, Appendix K Program Management and Cost Reports). The Contractor's financial cost reporting systems shall support the DOE STARS, iMANAGE, EPAT and support systems, such as FIMS, as well as other Government systems as they are developed and implemented.

The NNSA will provide the initial cost information, FTE data and scope framework on the effective date of the Contract. The Contractor shall develop a

baseline for all Contractor direct programs and indirect support costs in accordance with DOE institutional cost reporting categories. The baseline shall include cost, scope of work, and schedule with a change control process. Baselines will be used for implementing the cost reduction features under this Contract. The baseline will be reviewed and approved annually by the Contracting Officer.

The Contractor shall have tools in place to: 1) manage mission and indirect changes in scope, cost, and schedule; 2) compare actual costs of work performed (ACWP) to budgeted costs of work performed (BCWP); 3) accurately forecast estimated costs to complete (ETC) and estimated total costs at completion (EAC); and 4) document deviations from the baselines described above in this paragraph and, on a timely basis, notify the Contracting Officer of such changes. The Contractor shall not make retroactive changes to records pertaining to work performed that will change previously-reported costs, except for correction of errors and routine accounting adjustments and shall not make retroactive changes for funding fluctuations or revisions in EAC.

3.4 Enterprise Success

The Contractor shall actively identify and participate with NNSA and other NNSA M&O Contractors as part of an “enterprise organization” to evaluate, plan, develop and implement strategic initiative activities that optimize mission and business operations across the NSE. The goal of these initiatives is to increase the efficiency and cost effectiveness from a business and mission perspective.

The Contractor shall lead and/or participate in strategic business and management initiatives that result in:

- Improved partnering collaborations with the National Security Laboratories to integrate more effectively and efficiently;
- Improved cost estimation practices for all Contractor work;
- Streamlined business operations and reduced operational costs enterprise-wide;
- Implement best practices enterprise wide for efficient, safe, secure high-paced parallel nuclear operations;
- Improved risk-management practices, including risk-informed, mission supportive, cost-efficient, safety basis processes.
- More consistent work practices and operational processes;
- Better pricing, better products, more timely delivery;
- Reduced administrative costs and lead times for both the Contractor and the DOE/NNSA;
- Greater standardization and interchangeability of processes and priorities across the NSE; and
- Increased awards to small business entities.

NNSA expects these and other initiatives to result in a shift to an enterprise focus, based on the Contractor who possesses the most expertise and experience level within the NSE.

The Contractor shall cooperate with NNSA and NSE Contractors in identifying potential cross-NSE benefits to be derived from implementing common practices and goals across the NSE in the areas of mission workload and enterprise functional support.

The Contractor and NNSA shall establish performance incentives with performance measures and targets for strategic efforts that result in enterprise performance improvement overall for the Government.

4.0 ADMINISTRATIVE AND TECHNICAL REQUIREMENTS

4.1 Integrated Safety Management (ISM), Integrated Safeguards and Security Management (ISSM), Environmental Management System (EMS), and Quality Assurance Systems (QAS)

The Contractor shall ensure that the principles of ISM, ISSM, EMS, and QAS are integrated into its operations and that its Contractor Assurance System (CAS) reflects Contractor integrated performance related to these systems.

4.2 Work Authorization (WA) System

Specific work requirements under this Contract will be established annually and updated as needed by the Contracting Officer in accordance with DOE Order 412.2 entitled "Work Authorization System" and the Contract's Section I Clause entitled "Department of Energy Acquisition Regulation (DEAR) 970.5211-1, Work Authorization."

4.3 Information Technology (IT) and Cybersecurity

The Contractor shall support NNSA's efforts to optimize the efficiency of the NvE by consolidating IT infrastructure/services and eliminate redundant systems, to increase efficiency through mobility and cloud computing, and to improve business processes to better integrate across sites. To accomplish these goals, the Contractor shall develop a single, integrated "to-be" vision that uses the best available technologies and management practices from both Government and commercial sources to improve and achieve performance excellence, including fiscal efficiency. Desktop and back-office computing capabilities shall be compatible with those used by NNSA. Back-office functions shall include, but not be limited to, payroll, finance, project management, and human resources.

In the area of cybersecurity, the Contractor shall ensure data confidentiality, integrity, and availability; and implement technology designs that provide effective network monitoring, limit an intruder's ability to traverse the network and mitigate new vulnerabilities in a timely manner. The Contractor shall develop enhanced information security protection tools for information systems, applications, and networks within both classified and unclassified environments; and ensure compliance with NNSA's defense-in-depth cybersecurity strategy.

All deliverables that involve information technology that use internet protocol shall comply with Internet Protocol version 6 (IPv6) standards, the Homeland Security Presidential Directive-12 (HSPD-12), and interoperate with both IPv6

and IPV4 systems and products. If the Contractor plans to offer a deliverable that involves IT that is not initially compliant, the Contractor shall (1) obtain Contracting Officer's approval before starting work on the deliverable; (2) provide a migration path and firm commitment to upgrade to IPv6 and HSPD-12 compatibility for all application and product features, and (3) have IPv6 technical support for fielded product management, development and implementation available.

The Contractor, prior to using any Contractor-owned software and systems where reimbursement is expected, shall obtain the Contracting Officer's approval. Per the Section I clause DEAR 970.5227-2 Rights in Data - Technology Transfer (Dec 2000) Alternate I (Dec 2000) (NNSA Class Deviation Oct 2011), the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any Contractor-owned software and systems brought in and used. Said license shall be limited to the continued work by successor Contractors.

4.4 Governance

Governance is the system of management and controls exercised in the stewardship of the organization. The governance system shall be consistent with NNSA governance documents. Contractors must self-govern and deliver mission results in a safe and secure manner. The Contractor shall implement governance through a collaborative partnership with NNSA to form the self-governance framework by which the mission is accomplished in an effective and efficient manner. The governance framework invokes trust and confidence between parties, defines expectations and authorities and verifies performance by using objectives, requirements, assessments, metrics and rewards. The Contractor will focus on NNSA transformation activities that maximize the ability to complete the mission in a way that ensures effective and efficient stewardship of the taxpayers' money. The Contractor shall streamline operations and reduce costs to maximize mission accomplishment through a common understanding of expectations and performance accountability, supported by a strong Contractor Assurance System (CAS). The Contractor shall have a CAS as a subordinate and supporting feature of Governance as described in 4.4.1 below.

4.4.1 Contractor Assurance System: The Contractor shall have a Contractor designed and used system to manage performance consistent with Contract requirements. The CAS shall be a primary tool used by Contractor management to measure and improve performance, ensure that mission objectives and Contract requirements are met; ensure that workers, the public and the environment are protected; and ensure that operations, facilities, and business systems are efficiently and effectively operated and maintained. An effective CAS integrates Contractor management, supports corporate parent governance and facilitates Government oversight systems. NNSA oversight shall not be relied upon by the Contractor as the primary feedback in assessing its performance. The Contractor is fully accountable for performing its own assessment of these areas and to provide transparency of the system information to the Field Office for use in its oversight activities.

4.4.2 Standards and Directives Reform: The Contractor shall submit a plan within 180 days after start of Base Term that identifies standards (e.g., International Organization for Standardization (ISO) 9001, 14001, 18001, or other international or industry standards) to be used to replace other DOE requirements and provide the ability for the Contractor to operate with industry best practices. The plan shall describe how quickly the Contractor will achieve ISO certifications or other recommended standards but commit to completion no later than by the end of the second year of the Base Term. In addition, the Contractor, as part of its governance, shall continuously evaluate and examine DOE directives, orders, and requirements to propose needed exemptions or modifications to allow the Contractor to operate in the most effective and efficient manner and to assist in delivering cost savings to the Government.

4.4.3 Parent Organization(s)

- (i) The Contractor is encouraged to identify opportunities for the use of parent corporate systems and corporate home and branch office personnel for site operations for the purposes of monitoring site performance, assisting the site in meeting its mission and operational requirements, streamlining the Contractor's administrative and business systems, improving performance, and adapting private sector expertise to site issues.
- (ii) The term "systems" means any discrete process, procedure, program, document or instrument where cost of use under this contract can be identified and quantified to the parent corporation.
- (iii) The Contractor, prior to using any parent corporate systems or home and branch office personnel where reimbursement is expected, shall submit a plan to the Contracting Officer for review and approval. In reviewing the plan, the Contracting Officer will consider the extent to which each separate element of the Plan is more efficient in meeting mission and operational requirements; represents an overall cost savings to the Government; brings value-added expertise; assists the monitoring of performance; and whether data is readily transferable to a successor Contractor.
- (iv) Per the Section I clause DEAR 970.5227-2 Rights in Data-Technology Transfer (Dec 2000) Alternate I (Dec 2000) (NNSA Class Deviation Oct 2011), the Contractor hereby grants the Government an irrevocable, nonexclusive, paid-up license, by or for the Government, in any Contractor-owned software and systems brought in and used in the performance of this Contract. Said license shall be limited to the continued operations of the NNSA by successor Contractors.
- (v) The parent organization(s) shall establish an oversight entity, independent and autonomous from NNSA management that shall ensure successful contract performance by identifying opportunities

Section J, Appendix A, Statement of Work for the parent organization(s) to engage with NNSS management to address NNSS performance issues and demonstrate resolution of those issues. The parent organization shall discuss oversight mechanism results and initiatives with senior NNSA leadership each quarter.

(vi) The parent organization(s) shall also establish an audit entity (e.g., audit committee), independent and autonomous from NNSS management, that shall perform financial reporting, risk management, internal control, ethics, compliance with laws and regulations and the site code of conduct, and the internal audit and external audit and review processes. The audit entity shall be established consistent with best practices identified by the Institute of Internal Auditors (IIA) and The Sarbanes Oxley Act of 2002, Section 301.

The audit entity shall provide the Contracting Officer with annual reports of its activities. On an annual basis, the audit entity shall brief the Contracting Officer, or other delegate, as to its perspective on the:

- (1) Health of the Contractor's control environment;
- (2) Effectiveness of corrective action plans resulting from audit and review findings;
- (3) Significant financial and operational risk facing the organization; and
- (4) Adequacy of the Contractor's internal audit activity and staffing.

4.4.4 Award Fee Plan: The Contractor shall participate in the formulation of Performance Evaluation Management Plans (PEMP) that covers a defined period of time. The PEMP shall include performance objectives, goals, and measures.

4.4.5 Performance Metrics: The Contractor shall propose a list of performance metrics that provide Contractor and NNSA management an overall assessment of the "health of the operation" quickly and accurately. Once established, the metrics shall be part of the CAS and be provided with transparency to aid in the identification and understanding of significant performance issues. The metrics should be updated as required and flowed through the CAS system.

4.5 Contractor Human Resources and Labor Relations

The Contractor shall have the flexibility to restructure the workforce and make changes to employee benefits throughout the term of the Contract, as may be permitted by this Contract and applicable law, to maximize efficiencies. The Contractor shall be responsible for identification and maintenance of critical skills and for the employment of all professional, technical, skilled, and other personnel engaged and to be engaged by the Contractor in the work hereunder, and for the training of personnel, including apprentice programs. Persons employed by the Contractor or its subcontractors or consultants shall not be deemed employees of the Government. The Contractor shall follow the Human Resources (HR) requirements pertaining to workforce transition and management in accordance

Section J, Appendix A, Statement of Work with Section J, Appendix A, Chapter III, Human Resources. The Contractor shall maintain, refresh, and provide qualified personnel to successfully implement the scope of work of the contract.

The Contractor shall provide labor relations management support for all matters relating to bargaining unit employees and collective bargaining agreements, including such activities as hiring and terminations; work rules development and administration; dispute resolution; wage and fringe benefits; and labor agreement negotiations and compliance.

4.6 Environmental Permits and Applications

In recognition of the Contractor's responsibility to operate in compliance with all applicable environmental requirements, the Contractor is responsible for signing environmental permits and applications as "operator or co-operator" at the sites.

- (i) If bonds, insurance, or administrative fees are required as a condition for such permits, such costs shall be allowable. In the event that such costs are determined by NNSA to be excessive or unreasonable, NNSA shall provide the regulatory agency with an acceptable form of financial responsibility.
- (ii) The Contractor shall accept, in its own name, service of notices of violations or alleged violations (NOVs/NOAVs) issued by Federal or State regulators to the Contractor resulting from the Contractor's performance of work under this Contract, without regard to liability. The allowability of the costs associated with fines and penalties shall be subject to clauses of this Contract. The Contractor shall notify the Contracting Officer promptly when it receives service from the regulators of NOVs/NOAVs and fines and penalties. Nothing stated above shall affect the Contractor's right to challenge or contest the applicability or validity of such NOVs/NOAVs and fines and penalties.
- (iii) In the event of termination or expiration of this Contract, NNSA will require the new Contractor to accept transfer of all environmental permits executed by the Contractor.
- (iv) When providing NNSA with permits and applications that are to be signed or co- signed by NNSA, the Contractor will accompany such document with a certification statement, signed by the appropriate Contractor corporate officer, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

4.7 Defense Nuclear Facilities Board and Other Government Agencies Support and Liaison

The Contractor shall support NNSA in interacting with various Government agencies and regulatory/oversight bodies such as the Defense Nuclear Facilities Safety Board (DNFSB), Department of Defense (DOD), Inspector General (IG), General Accounting Office (GAO), national and state regulatory agencies, congressional and senate bodies and members. The Contractor shall conduct activities in accordance with those DOE commitments to the DNFSB and other

government agencies and regulatory/oversight bodies as contained in implementation plans and other DOE correspondence. The Contractor shall support preparation of responses to issues and recommendations, which affect or can affect Contract work. The Contractor shall fully cooperate with the DNFSB and other government agencies and regulatory/oversight bodies to provide access to such work areas, personnel, and information as necessary. The Contractor shall maintain a document process consistent with the applicable DOE manual on interface with the DNFSB and other regulatory/oversight bodies. The Contractor shall be accountable for ensuring that subcontractors adhere to these requirements.

4.8 Interfaces with Other Site Users

Within the NNSS and satellite locations, there are multiple Contractors responsible for a variety of broad-based programs. Within 90 calendar days after the start of the transition period, the Contractor shall submit, for NNSA approval, an Interface Management Plan (IMP) for the affected sites to identify and manage site interfaces/services between DOE, NNSA, DOE/NNSA Contractors, and tenant entities engaged in onsite activities. The IMP should identify any costs related to other site users. For the various sites/entities, services that require interface agreements shall be provided in accordance with existing or newly developed Memoranda of Understanding (MOU) or other appropriate agreements. The Contractor will provide input to the Nevada Field Office (NFO) regarding effective support toward common site operational objectives, training, access, and reporting.

4.9 Privacy Act System of Records

The Contractor shall design, develop, and maintain a system of records on individuals to accomplish an agency function in accordance with the Contract's Section I Clauses entitled "Federal Acquisition Regulation (FAR) 52.224-1 Privacy Notification" and "FAR 52.224-2, Privacy Act." The applicable systems of records are available on the Federal Register. A list of applicable records will be finalized after contract award.

CHAPTER II. Work Scope Structure

1.0 INTRODUCTION

Specific work requirements under this Contract will be established annually by the Contracting Officer in accordance with the Chapter I, Section 4.2 above entitled "Work Authorization System." The Contracting Officer will issue Work Authorizations for each major work area to be accomplished in a given year. These Work Authorizations will conform to the Scope of Work of this Contract and further affect the General Requirements specified in this section.

2.0 GENERAL REQUIREMENTS

2.1 Programs

The Contractor shall provide the nuclear and non-nuclear test beds, infrastructure, and appropriate scientific, engineering, and technical staff to support defense-related nuclear and nonnuclear experiments at the NNSS and offsite locations as

well as other national security programs, including maintaining the NNSS capability to conduct an underground nuclear test within the required readiness time.

2.2 DOE and NNSA Strategic Planning Process

The Contractor shall contribute to NNSA's strategic planning process by participating in the PPBE process, including but not limited to development of planning budgets, programmatic implementation plan input, and milestones of execution. The goal of the DOE and NNSA planning processes is to safely and securely integrate programmatic work to maximize scientific and technical work accomplishment, while minimizing duplication between programs and sites and providing for major investments in facilities within essentially fixed budgets. The Contractor shall conduct strategic planning processes incorporating risk management and develop appropriate plans consistent with NNSA missions and goals.

2.3 Technology and Business Integration

The Contractor shall use available technology and management practices from both Government and commercial sources to improve and achieve excellence. The Contractor shall propose and participate with other NNSA Contractors and other Federal Contractors and agencies to support these efficiencies. If a stockpile stewardship function were centralized at a single site, the Government would provide these centralized materials and services to the other sites. Therefore, the DOE reserves the right to reassign missions, both core and non-core responsibilities, when it is in the best interest of the Government, and require the Contractor to propose and support such initiatives.

2.4 Site Directed Research, Development and Demonstration (SDRD) Program

The Contractor shall conduct a DOE approved Site Directed Research, Development and Demonstration (SDRD) Program that supports NNSA and other government agency national security goals and requirements to encourage advanced research, development, and demonstration work to enhance the science and technology capabilities and core competencies required to fulfill the NNSS mission. Associated with this program, the Contractor shall annually prepare proposal(s) to for submission during the annual call for DOE Nuclear Safety Research and Development (NSRD) proposals to further advance the technical basis and efficiency of nuclear safety as applied to the NSE mission.

2.5 Project Management

The Contractor shall establish, maintain, and use a project management system, including an Earned Value Management System (EVMS) meeting the requirements of the American National Standards Institute (ANSI) standard ANSI/EIA-748 (American National Standards Institute/Electronic Industry Alliance). The Contractor shall apply the project management system, using a graded approach, to all projects. The Contractor shall develop, plan, and execute projects to ensure all mission objectives are appropriately controlled and successfully achieved. When requested, the Contractor shall provide project management support to NNSA or an Other Government Agency (OGA).

3.0 DEFENSE PROGRAM REQUIREMENTS

The Office of Defense Programs (DP) for the NNSA ensures the Nation sustains a safe, secure, and effective nuclear deterrent through the application of science, technology, engineering, and manufacturing through the science-based Stockpile Stewardship and Management Program (SSMP). To deal with the changing face of nuclear deterrence and more-widely dispersed nuclear knowledge, the SSMP, also requires excellence in nuclear science and technology by replacing the functions of nuclear tests with a combination of nonnuclear and nuclear experiments, highly accurate physics modeling, and improved computational power to simulate and predict nuclear weapon performance over a wide range of conditions and scenarios. The Stockpile Stewardship (SS) portion of the SSMP provides the necessary tools to assess the stockpile, maintain its performance, continuously improve safety, respond to technological surprise and support future treaties. The SS includes research, development, computer simulation, and inertial confinement fusion activities to maintain the safety, security and effectiveness of the nuclear weapons stockpile; provides a technical basis for the annual assessment; develops modernization options, such as multipoint safety; and quantifies and mitigates the effects of aging on the stockpile.

The DP work is defined in two major categories:

- **Directed Stockpile Work:** activity that supports ongoing stockpile maintenance and refurbishment, dismantlement, and Life Extension work as well as the scientific understanding and engineering development capabilities necessary for the refurbishment and certification of the stockpile; and
- **Research, Development, Technology and Experimentation (RDT&E):** activity that conducts new scientific research and combines it with existing data from stockpile surveillance, past nuclear tests, and computer simulations to improve and validate NNSA's models of nuclear weapons performance and physics and to certify the nuclear weapons stockpile. Activities advance the understanding of weapon physics, combined with improved computing power, leading to higher-fidelity predictive models that allow the NNSA complex to confidently conduct annual assessments, develop new technologies for LEPs, and support non-stockpile national security missions.

The Contractor shall provide the nuclear and non-nuclear facilities, test beds, infrastructure, and the most advanced diagnostic data recovery platforms for nuclear and non-nuclear experimental work, and assigned NNSA activities in support of the nuclear weapons stockpile, which includes, but is not limited to:

- Providing the integrating function for work including non-nuclear and nuclear test beds, experimental work, and other operational activities;
- Providing the scientific and technical expertise and experimental platforms that support assessment of the stockpile, including fundamental physics and application of the knowledge and experimental tools to assessments of emerging nuclear threats;

- Establish, exercise, and execute a sustainable dynamic plutonium experimental capability at NNSS to assess the effects of aging and manufacturing process on proposed approaches to stockpile LEPs, significant finding investigations (SFIs), and other issues that affect the viability of the current and future stockpile;
- Supporting nuclear and non-nuclear experiments at the NNSS and offsite locations at the National Nuclear Weapon Laboratories to validate codes, models, and databases for weapons assessment;
- Executing experiments and NNSA assigned work for primary and secondary reuse and LEP options;
- Continuously developing, advancing, fabricating (ruggedize), and delivering (including but not limited to) next generation diagnostics for assigned nuclear and non-nuclear experimental work that advance data capture, including subcritical, hydrodynamic, and dynamic materials experiments,, and deploy into the experimental platform at the NNSS and offsite locations Technologies for advancement, include but are not limited to: streak cameras and solid state fast digital imaging; control, timing and firing systems; neutron diagnosed systems; multi-axis, multi-pulse, radiography; software detection and analysis; signal process and transmission systems; and radiation, chemical, high explosive, biological sensors;
- Providing calibration services for diagnostic equipment supporting NNSA and national security assigned missions;
- Providing re-analysis capability of past underground test data that incorporate system response and quantitative error estimation;
- Conducting experiments on surrogate materials to optimize future platform potential with documentation of accuracy; and,
- Maintaining the NNSS capability to conduct an underground nuclear test within the required readiness timeframe.

4.0 DEFENSE NUCLEAR NONPROLIFERATION REQUIREMENTS

The Office of Defense Nuclear Nonproliferation (DNN) works closely with a wide range of international partners, key U.S. federal agencies, the U.S. national laboratories, and the private sector to secure, safeguard, and/or dispose of dangerous nuclear and radiological material, and detect and control the proliferation of related WMD technology and expertise.

The Contractor shall support U.S. national and nuclear security objectives in reducing global nuclear security threats through the innovation of unilateral and multi-lateral technical capabilities to detect, identify, and characterize: 1) foreign nuclear weapons programs, 2) illicit diversion of special nuclear materials, and 3) global nuclear detonations. In supporting U.S. national and nuclear security objectives in reducing global nuclear security threats, requirements include, but are not limited to:

- Designing, developing, testing and potential deploying of new technologies to advance U.S. capabilities to monitor nonproliferation and arms control treaty and agreement implementation;
- Providing unique training and capacity-building programs;
- Removing, eliminating, securing, safeguarding, and managing dangerous materials;

- Developing technologies to detect nuclear and radiological proliferation worldwide and global detonations; and
- Collaborating internationally to ensure the secure and safe expansion of global nuclear energy and other peaceful uses.

Specifically, many DNN activities involve experimentation and/or operations at NNSS for material and arms control monitoring and nuclear nonproliferation. The Contractor shall execute work, as a minimum, for:

- **Nuclear Test Monitoring:** Develop test beds and technical integration capabilities to perform real-world testing and validation of technologies and processes for 1) monitoring foreign nuclear weapons program activities for compliance with nuclear arms control treaties; and 2) improving the effectiveness of an On-Site Inspection capability.
- **Nuclear Warhead Monitoring:** Develop test beds and technical integration capabilities to perform real-world testing and validation of technologies and processes for 1) detecting and tracking nuclear weapons and material movement, monitoring its storage, or detecting and tracking its diversion; and 2) conducting realistic arms control-related scenarios, including international participation and red teaming, where appropriate.
- **Nuclear Proliferation Detection:** Develop test beds and technical integration capabilities for 1) detecting the use of nuclear material production equipment or processes; 2) detecting activities associated with a foreign nuclear weapons development process; and 3) improving the accuracy and decreasing the timeline for nuclear forensics analyses, geared to properly and promptly inform decision makers in a post-detonation scenario.

5.0 NATIONAL INCIDENT RESPONSE REQUIREMENTS

NNSA's National Incident Response (NIR) (formerly National Emergency Response) Program is the U.S. government's primary capability for radiological and nuclear emergency response and for providing security to the nation from the threat of nuclear terrorism. The NIR program maintains a high level of readiness for protecting and serving the U.S. and its allies through the development, implementation and coordination of programs and systems designed to serve as a last line of defense in the event of a nuclear terrorist incident or other types of radiological accident. This readiness level provides the U.S. government with quickly deployable, dedicated resources capable of responding rapidly and comprehensively to nuclear or radiological incidents worldwide. The NIR program for the Contractor focuses on the following key areas:

- **Radiological search** – detecting nuclear or radiological materials during a particular event.
- **Render safe** – disabling a potentially yield-producing nuclear device by gaining access and performing diagnostics and disablement operations. Also, safely disposing of the components and supporting nuclear forensics
- **Consequence management** – addressing the consequence of a nuclear or radiological incident, including a terrorist attack, on people and the environment.

In support of the NIR program, the Contractor shall maintain and/or support a variety of emergency response assets and capabilities. These assets and capabilities encompass four core competencies: core knowledge of U.S. nuclear weapons, “dirty bombs” and crude nuclear devices; core knowledge of use and interpretation of specialized radiation detection equipment; core technical operations; and core technical support requirements. The assets and capabilities that the Contractor shall maintain include, but are not limited to:

- Aerial Measuring System (AMS): characterizing ground-deposited radiation from aerial (fixed- and rotary-wing aircraft) platforms with radiological measuring equipment, computer analysis of aerial measurements, and equipment to locate lost radioactive sources, conduct aerial surveys, or map large areas of contamination.
- Accident Response Group (ARG)/Joint Technical Operations Team (JTOT) support: providing technical response element comprised of scientists, technical specialists, crisis managers, and equipment ready for short-notice dispatch to the scene of a U.S. nuclear weapon accident.
- Federal Radiological Monitoring and Assessment Center (FRMAC): coordinating the interagency entity for federal offsite radiological monitoring and assessment activities for nuclear accidents or incidents and is responsible for providing a single source of compiled, quality controlled monitoring and assessment data to the lead federal agency involved in the national incident response.
- Radiological Assistance Program (RAP): providing advice and radiological assistance for incidents involving radioactive materials that pose a threat to public health and safety or the environment by providing field deployable teams of health physics professionals equipped to conduct radiological search, monitoring, and assessment activities.
- Radiation Emergency Assistance Center/Training Site (REAC/TS): providing medical advice, specialized training, and onsite assistance for the treatment of all types of radiation exposure accidents.
- Emergency Communications Network (ECN): providing mobile and stationary classified network (equipment & personnel) support for onsite and deployed Emergency Response assets.
- National Technical Nuclear Forensics (NTNF): providing technical specialists, equipment and facilities for conducting Pre-Detonation and Post-Detonation operations related to Improvised Nuclear Devices and/or Radiological Dispersal Devices.
- Nuclear/Radiological Advisory Team (NRAT): providing scientific advisory support in the areas of Nuclear Physics and Radiation for deployed NNSA/HQ Nuclear Incident Team and technical specialists and equipment in the area of radiological/nuclear search supporting other federal agencies.

6.0 INFRASTRUCTURE AND SAFETY REQUIREMENTS

6.1 Operations of Facilities

Operation of NNSA nuclear and non-nuclear facilities, including, but not limited to, labor, equipment, utilities, general services, leases, operation of equipment, Environment, Safety, Health & Quality (ESH&Q), nuclear safety, configuration

Section J, Appendix A, Statement of Work management, and waste management activities required to run NNSA facilities in a safe and secure manner. Current facilities include:

- 6.1.1** Major Nuclear Facilities at NNS JASPER, DAF, U1a Complex, Area 3/5 (requiring specialists (including but not limited to) in radiological, conventional high explosive, system engineering, mining, fire protection, material control and accountability, fissile material handling, safety basis, operational readiness, waste management, security, classification)
- 6.1.2** Radiological Facilities such as Radiological/Nuclear Countermeasures Test and Evaluation Complex (RNCTEC) (requiring some of the same expertise as mentioned in 6.1.1)
- 6.1.3** High Hazard Facilities such as Nonproliferation Test and Evaluation Complex (NPTEC)/Port Gaston (requiring expertise (including but not limited to) in various forms of high explosives, biological simulant, both hazardous and nonhazardous chemicals, mining)
- 6.1.4** Tunnels (requiring expertise (including but not limited to) in mining, ground support, industrial hygiene).
- 6.1.5** Low Hazard such as Shipping/Receiving, Warehouses, Cafeteria, Office Buildings, and facilities with activities such as classified machining, component dismantlement and disposition, detonator testing.

6.2 Maintenance

Recurring day-to-day work that is required to sustain and preserve plant, property, assets, systems, roads, and equipment in a condition suitable for it to be used for its designated purpose and to maintain retired facilities to adequately mitigate risk until disposition. The Contractor shall reduce deferred maintenance across the NNS.

6.3 Recapitalization

Enhancements which include improvements to property, plant, and equipment (PP&E) that result in better quality, higher capacity, or an extended useful life, or work to accommodate regulatory and other requirement changes. Includes non-line item required infrastructure improvements for aged infrastructure such as Mercury and forward redevelopment and NNS road, power, communications and security improvements.

6.4 Line Item Construction

Large construction projects to replace obsolete or unreliable infrastructure to reduce safety and program risk as well as improve productivity and sustainability.

6.5 National Criticality Safety Program

The Contractor shall safely and efficiently support NCERC operations.

7.0 DEFENSE NUCLEAR SECURITY REQUIREMENTS

The Office of Defense Nuclear Security (DNS) develops and sets requirements for the NNSA security programs to protect, control, and account for materials, information, and facilities across the nuclear security enterprise.

The Contractor shall implement all security programs employed at NNSS and satellite offices. This responsibility includes the physical and technical security planning, materials control and accounting, classified and sensitive information protection and classification/declassification, personnel, technical, and cyber security programs. The Contractor shall interact effectively with the NNSA/NFO Protective Force Contractor to fully integrate safeguards and security at the NNSS and satellite offices. At some satellite offices, the Contractor shall conduct operations security, entry and access control, and security education and awareness. The Contractor shall establish and maintain best practices for all security programs.

8.0 MANAGEMENT AND ADMINISTRATION REQUIREMENTS

The Contractor shall provide management and administrative capabilities to maintain the NNSS and satellite offices. Maintaining this state of readiness requires the Contractor to provide the following administrative and technical capabilities, and to provide an assessment of its Readiness to DOE each year.

8.1 General Management, Administration, and Oversight

The Contractor shall be fully responsible and accountable for the safe, efficient and effective accomplishment of all work, whether performed by its own personnel or onsite subcontractors. The Contractor shall be responsible for planning, integrating, managing and executing the programs, projects, operations and other activities as described in this scope of work such that all functions are fully integrated and work is accomplished safely and securely. The Contractor shall provide general management and program management functions that include: legal services, audit services, business systems management, human resources, property management, labor relations, information resources, financial services, safeguards and security (including cybersecurity), public information and external communications activities, intergovernmental affairs, community relations, information technology, strategic planning, training, procurement, and industrial relations.

The Contractor shall provide and maintain other administrative services such as communications systems; diversity management programs; employee assistance programs; transportation and traffic management; a records management system; and a system of records for individuals, including those related to personnel radiation exposure information, medical, safety, and health.

The Contractor shall prepare, submit, disseminate, or otherwise publish financial, schedule, scientific, technical plans and reports, and other information and deliverables consistent with the needs of the various programmatic sponsors and other customers or as required elsewhere in the contract or as specifically required by the Contracting Officer.

The Contractor shall establish clear Environmental, Safety, and Health (ES&H) priorities and manage activities in proactive ways that comply with human health, safety and environmental regulations; minimize wastes; and comply with applicable regulatory requirements and DOE directives.

The Contractor shall continuously analyze site activities to identify commercial standards and practices that may be substituted for DOE Orders and Directives or for current site business practices. The Contractor shall evaluate the benefits of incorporation of those standards and practices into facility operations, and develop proposals that define the transition timelines and metrics to be used in monitoring the success of those substitutions that are approved by NNSA. The Contractor shall integrate the concepts of continuous improvement, such as independent quality certification, safety and environmental management systems, and total quality management into all aspects of site operations.

8.2 Waste Management/Energy Efficiency

The Contractor shall manage and perform waste minimizations and waste management activities, including pollution prevention and recycling, to support site operations. The Contractor shall assist DOE through direct participation and support in achieving DOE's energy efficiency goals and objectives in electricity, water, and thermal consumption, conservation, and savings.

8.3 Construction Programs and Capital Equipment

Construction programs include the design and construction of facilities necessary for the performance of assigned missions. The Contractor shall:

- Manage the design, construction, procurement/installation and startup of facility/equipment for capital facilities at the NNSA.
- Procure and install specific equipment items pursuant to capitalization criteria as defined by DOE/NNSA.

It is expected that these projects and activities will be managed to the approved baseline, accomplished on or ahead of schedule, within budget, and will meet stated purpose or objective. During the term of the Contract, recapitalization may be required to meet DOE and NNSA mission objectives.

8.4 Real Property and Asset Management

The Contractor shall perform management of government-owned/leased and Contractor-leased real property, facilities and equipment including, but not limited to: overall integrated planning, acquisition support, maintenance, operation, management, and disposition of Government-owned/leased real property and Contractor-leased facilities and infrastructure. In doing so shall provide, as a minimum, the following:

8.4.1 Planning/Engineering/Support

The Contractor shall manage government-owned, leased, or controlled real property and attendant facilities under this Contract. Specific activities

include land and facility use planning, real property management, construction project management, utility management, maintenance management, configuration management, and support of the DOE/NNSA missions.

The Contractor shall provide design and risk analysis, value engineering, configuration management, conceptual designs, preliminary designs, material testing, and surveying in support of engineering designs (Title I); final designs and construction drawings (Title II); and as-built drawings pursuant to construction inspections, surveying, and material testing (Title III) services for activities supporting NNSA/NSO and its programmatic customers. The Contractor shall provide the skills necessary to accomplish this work to the safety and quality levels required for all facilities up to and including nuclear facilities, as applicable, while meeting demanding customer time constraints and milestones.

8.4.2 Utility Operations

The Contractor shall manage utility operations that include support for all electric service, fuel oil, natural gas, potable water/sewer service, purified water, nitrogen, steam, chilled water, and non-potable hot water operations and utility services, whether contracted for by the Contractor or DOE. Included in the Contractor's responsibilities is the operation of boiler/chiller plants, utility systems, procured utilities, utilities to other federal tenants, and managing the facility in an energy efficient manner per developed energy management plans.

8.4.3 Maintenance

The Contractor shall manage maintenance activities, including but not limited to: facilities, custodial services, and energy repairs and/or projects, modifications, and special project services for facilities. The Contractor shall perform periodic condition assessments of the property to determine any deterioration or technical obsolescence that may threaten performance or safety, per DOE/NNSA requirements.

8.5 Site Services

The Contractor shall provide the following site services, comparable to best-in-industry practices. In some cases where National Laboratory partners have their own programs at the NNS the responsibility is to integrate with these programs providing assurance that they meet the intent of the programs (e.g. ESH, QA) established by the Contractor.

8.5.1 Environmental, Safety, & Health Programs

The Contractor shall manage and integrate ES&H programs for the purpose of ensuring that current and future site operations do not negatively impact the environment, or the health and safety of the public, employees, and property. ES&H programs include, but are not limited to, accident prevention; criticality safety, nuclear safety, nuclear explosive and explosive safety; firearms safety; electrical, industrial, construction,

Section J, Appendix A, Statement of Work and aviation safety; hazards identification; safety analysis and risk management; fire prevention and protection/suppression, hazardous material and nuclear explosive packaging and transportation operations, safety training, industrial hygiene, health physics, occupational safety, radiological protection, air emissions; storm-water, sanitary, and waste water discharges.

8.5.2 Quality Assurance

The Contractor shall meet appropriate quality assurance requirements, including those for nuclear activities.

8.5.3 Security

The Contractor shall implement all security programs employed at NNSS and satellite offices including but not limited to the physical, materials control and accounting, classified and sensitive information protection, personnel, technical, and cyber security programs. In the area of cybersecurity, the Contractor shall ensure data confidentiality, integrity, and availability; and implement technology designs that provide effective network monitoring, limit an intruder's ability and mitigate new vulnerabilities in a timely manner. The Contractor shall develop enhanced information security protection tools for information systems, applications, and networks within both classified and unclassified environments.

8.5.4 Emergency Services

The Contractor shall manage onsite emergency management and emergency operations programs, including but not limited to, emergency planning and preparedness activities for all NNSS and satellite facilities as well as Emergency Fire and Rescue Response services. The Contractor shall manage the NNSA/NSO Emergency Operations Center (EOC). The Contractor shall provide trained and qualified personnel to provide emergency fire and rescue response services, including firefighters and paramedics. Firefighters shall meet applicable National Fire Protection Association standards. Ambulance service shall be a state of Nevada permitted industrial ambulance service. Paramedic service and cooperative medical and fire and rescue response to surrounding areas is covered by NNSA/NSO MOU. The Contractor shall maintain and operate fire stations, fire alarm and fire suppression systems, and various fire-fighting and rescue equipment at the NNSS.

8.5.5 Medical Services

The Contractor shall provide personnel who are graduates of approved programs and licensed by their respective boards in the State of Nevada to provide emergency, non-occupational palliative, and occupational medical services to all workers and visitors of the NNSS and maintain adequate documentation of services provided.

8.5.6 Site Operations

The Contractor shall coordinate, schedule, and de-conflict all operations and activities occurring external to facilities at the NNSA including, but not limited to, site access coordination, air space and ground use, incident and emergency notifications, and emergency response dispatch.

8.6 Other Site Services

The Contractor shall provide other site services that are incidental or related to this SOW as directed and funded by DOE/NNSA. These support services include onsite and offsite activities that are complementary to the NNSA mission and enable DOE/NNSA to accomplish its integrated nuclear weapons mission.

The Contractor shall provide assistance to the Nevada Field Office (NFO) National Environmental Policy Act (NEPA) compliance program upon request. This assistance may include, but is not limited to, development and implementation of NEPA compliance policies and procedures; development and implementation of employee training; assistance with the preparation of NEPA documentation and supporting studies; records management; and NEPA project tracking systems. The Contractor shall ensure that NEPA review is initiated early in the planning process and fully integrated with work planning and control processes at all levels. The Contractor shall conduct periodic reviews of NEPA compliance efforts at the policy and line levels as part of its performance assurance program. The Contractor shall not undertake on DOE's behalf an action that is subject to NEPA until DOE has notified the Contractor that DOE has satisfied applicable NEPA requirements.

The Contractor shall promptly review Freedom of Information Act (FOIA) requests and provide timely and quality responses consistent and compliant with Federal law and regulations (including DOE regulations), the NNSA FOIA program as implemented by the NNSA FOIA Officer, 10 CFR 1004, or as may otherwise be directed by the Contracting Officer.

9.0 FUNCTIONAL SUPPORT REQUIREMENTS

The Contractor shall provide:

9.1 General Support

General management and program management functions including: executive direction, strategic planning, human resources, financial support services, procurement, labor relations, legal services, centralized administrative services, training, program and project controls, information outreach, information technology services, records management, real and personal property management and other general support functions.

9.2 Mission Support

Mission support functions including environmental, safety and health, quality assurance, nuclear materials management, nuclear and non-nuclear packaging and transportation, facilities management, maintenance, utilities, engineering,

9.3 Conduct and Formality of Operations

The Contractor shall conduct operations with appropriate formality and discipline applying an NNSA/NSO approved graded approach, up to and including nuclear facility rigor where required.

9.4 Communications, Public Affairs, Community Relations

9.4.1 The Contractor shall conduct communications, information, and public affairs programs, including internal and external communications; community involvement and outreach; interactions with the media, business, and the scientific and technical community; and liaison with Congressional offices and local, state, and Federal Agencies. The Contractor shall also provide public affairs functions necessary to support the NIR programs for NNSA

9.4.2 The Contractor shall develop and foster relationships and support with state, county and local community organizations. The Contractor shall initiate a technical cooperative program with the Nevada state universities system that builds technical capability in the universities based on programmatic funding and deliverables and fosters a resource pool for next generation of staff to support the national security missions.

9.5 Site Specific Support

Site specific support includes management and incentive fee administration, state and local taxes, and direction of a DOE-approved SDRD Program.

10.0 OTHER DOE SUPPORT REQUIREMENTS**10.1 Office of Environmental Management**

The Contractor will execute Environmental and Waste Management at the NNSS that address the environmental legacy from historic nuclear weapons-related activities, while ensuring the health and safety of works, the public, and the environment through investigation and implementation of appropriate risk informed, cost-effective corrective actions related to contaminated groundwater, facilities, and soils; permanent disposal of low-level and mixed low-level radioactive waste generated by environmental cleanup activities across the DOE complex; and environmental protection, compliance, and monitoring of the air, water, plants, animals, and cultural resources at the NNSS. The Contractor, in close working relationships with the Environmental Restoration contractor and other DOE/NNSA stakeholders, shall perform the onsite physical environmental restoration and waste management programs. In addition, the Contractor shall manage the staging, storage, treatment, transportation, and disposal of waste generated through operational and environmental restoration programs at the NNSS or other NNSA locations. The Contractor shall minimize waste through pollution prevention and recycling activities.

10.2 Intelligence and Counterintelligence

The Contractor shall support the requirements of the Intelligence (IC) and Counterintelligence communities. The Contractor will support the DOE's Office of Intelligence and Counterintelligence and the broader IC mission requirements, including but not limited to, acting as a lead integrator of multiple technologies, developed elsewhere in the community, into complete systems.

11.0 OTHER NON-DOE SUPPORT

The Contractor shall manage and execute other assigned programs related to the NNSS mission.

11.1 Strategic Partnership Program (SPP) and Strategic Intelligence Partnership Program (SIPP)

The Contractor shall conduct a Strategic Partnership Program (SPP) and Strategic Intelligence Partnership Program (SIPP) in accordance with the Contract. The Contractor shall capitalize on the unique resources and capabilities available at the NNSS and satellite facilities to perform and manage, compatible with NNSA missions, a variety of reimbursable work for other government agencies in support of a broad range of national security goals and programs. The Contractor shall support the requirements of the IC as well as other federal agency sponsors such as the DOD, Federal and State agencies, and academia. All such work shall be consistent with and complementary to the approved missions of the NNSS.

11.2 Technology Partnerships Program

The Contractor shall support or establish Technology Partnerships for the transfer of technology to American-owned businesses as required. This work takes advantage of partnerships with industry through cooperative research and development agreements, outreach and direct assistance programs, user agreements and facilities, and education and training. All projects must enhance the NNSA's ability to meet mission requirements and improve the industrial competitiveness and national security of the United States.

11.3 Potential Mission Expansion Areas

The Contractor shall provide and manage facilities, test beds, technical and other services necessary to support future expansion of the NNSS and satellite facilities services to current and future customers as directed by the Contracting Officer.

CHAPTER III. Human Resources

1.0 DEFINITIONS

Incumbent Employees are the employees in good standing of National Security Technologies, LLC (NSTec) under Contract DE-AC52-06NA25946 as of the effective date of the Contract. Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor upon the beginning of the Base Term of the contract.

2.0 WORKFORCE TRANSITION

The following are requirements the Contractor shall carry out during the Transition Term prior to the beginning of the Base Term. After the effective date of the Contract, the Contractor may propose alternate due dates for the deliverables described in **2.1 Staffing Plan**, **2.2 Pay & Benefits**, and **2.3 Incumbent Employees Right of First Refusal**, and **2.4 Personnel Appendix (Section J Appendix G)**. The Contracting Officer may approve such changes provided the deliverable dates make transition more effective and efficient for both parties.

2.1 Staffing Plan

No later than 30calendar days after the effective date of the Contract the Contractor shall provide NNSA its plan for achieving the right workforce size and skills mix and an estimate of the number of employees at each site to whom it expects to make employment offers. This staffing plan shall highlight essential skills and personnel that must be retained, by position, to ensure continuity of essential mission, safety, security, and safeguards programs.

2.2 Pay & Benefits

Consistent with the requirements identified in 3.0 COMPENSATION and 4.0 BENEFITS below, the Contractor shall develop and submit for NNSA approval a pay and benefits program to cover non-bargaining unit Incumbent and non-bargaining unit Non-Incumbent Employees. It is expected that the benefits program will be developed using best practice and market-based design concepts to achieve maximum efficiency and lower cost.

2.2.1 No later than 45 calendar days after the effective date of the Contract, the Contractor shall submit for NNSA approval all proposed benefit plans including but not limited to retirement plans, disability, healthcare, and paid time off. The submission shall include all plan documents that will describe benefits provided to employees including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Term (with proposed changes to existing plans) as well as newly proposed plans.

The submission shall also include an “Employee Benefits Value Study” comparing the proposed benefits for non-bargaining unit Incumbent Employees and non-bargaining unit Non-Incumbent Employees using the Consolidated Employee Benefit Value Study methodologies and comparator companies, to be provided by the Contracting Officer,

Section J, Appendix A, Statement of Work described in 4.1.5 below. Contracting Officer's approval of the Contractor's benefits program will be contingent on the net benefit value not exceeding the comparator group by more than five percent.

- 2.2.2** No later than 90 calendar days after the effective date of the Contract, the Contractor shall submit a plan with a timeline for implementing a Compensation system that meets the criteria defined **3.0 COMPENSATION** below.

2.3 Incumbent Employees Right of First Refusal

The Contractor shall use the Transition Term to make hiring decisions. The Contractor shall give a right of first refusal of employment for every position identified by the Contractor as necessary for completing the requirements of the Contract (other than positions occupied by Key Personnel and managers who directly reported to them) under this Contract to Incumbent Employees as defined in **1.0 DEFINITIONS** who meet the qualifications for a particular position. The Contractor shall provide a written offer of employment that identifies the individual's pay and a summary of the benefits package that will be available to the individual. Incumbent Employees offered the same position shall be provided their same base salary/pay rate in existence (provided by the incumbent Contractor) at the time the offer is made. Incumbent Employees offered a different position than the position they are performing at the time the offer is made shall be provided pay commensurate with the offered position. Such offers shall be provided to employees as soon as possible, however, no later than 90 calendar days after the effective date of the Contract.

2.4 Personnel Appendix

The Personnel Appendix (*Section J Appendix G*) sets forth certain Contractor Human Resources Management policies and related expenses that have cost implications under this Contract and are not covered explicitly in the FAR or DEAR cost principles. No later than 120 days after the effective date of the Contract, the Contractor shall submit a plan to address the open items in the Personnel Appendix Section J- Appendix G, which include but may not be limited to 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.8, 7.0, 7.2, 8.2, 11.1 and 11.2. The Contractor shall obtain CO approval of Personnel Appendix proposals before implementation.

3.0 COMPENSATION

The Contractor, in a cost effective manner, shall recruit and retain a highly-skilled, motivated, and experienced workforce in a cost effective manner capable of carrying out the technical and other requirements set forth elsewhere in this SOW.

3.1 Total Compensation System

Consistent with the requirement in 2.2, Pay and Benefits, the Contractor shall establish a market based pay and benefit program. The objective is to provide a level of total compensation, which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets.

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system including a compensation system Self-Assessment Plan consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services (Total Compensation System). In addition, the Contractor's Total Compensation System shall include the following components:

- (i) Philosophy and strategy for all pay delivery programs;
- (ii) System for establishing a job worth hierarchy;
- (iii) Method for relating internal job worth hierarchy to external market;
- (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate;
- (v) Method for planning and monitoring the expenditure of funds;
- (vi) System for internal controls and self-assessment; and
- (vii) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract.

Any changes to the Total Compensation System shall be submitted to the Contracting Officer 60 days prior to implementation. Changes that impact current or future costs shall be approved by the Contracting Officer prior to implementation.

3.2 Cash Compensation

The Contractor shall submit the following to the Contracting Officer for a determination for cost allowability for reimbursement under the Contract:

- 3.2.1** Any proposed major compensation program design changes prior to implementation.
- 3.2.2** An Annual Compensation Increase Plan (CIP). The CIP shall be provided to the Contracting Officer on October 1 annually and shall include the following components and data:
 - (i) Comparison of average pay to market average pay;
 - (ii) Information regarding surveys used for comparison;
 - (iii) Aging factors used for escalating survey data and supporting information;
 - (iv) Projection of escalation in the market and supporting information;
 - (v) Information to support proposed structure adjustments, if any;
 - (vi) Analysis to support special adjustments;

(vii) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, special adjustments, and structure movement;

- A. The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.
- B. All pay actions granted under the CIP are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
- C. Specific payroll groups (e.g., exempt, nonexempt) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
- D. The Contracting Officer may unilaterally adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
- E. The Contractor is authorized to make minor shifts (up to 10%) in funds between payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted.

(viii) A discussion of the impact of proposed CIP on the site budget; and

(ix) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).

3.2.3 When any Key Personnel Person is replaced, the compensation for the replacement shall be submitted for approval by the Contracting Officer. The top contractor official (i.e., General Manager or equivalent) salary actions including merit pay increases shall be submitted annually to the Contracting Officer for approval. The top contractor official's approved reimbursed base salary will not exceed the benchmark referenced in FAR 31.2056(p) (3) and will serve as the maximum allowable salary reimbursement under the Contract. With these proposed compensation actions, the Contractor shall submit supporting justification related to internal and external equity, individual performance and the Application for Contractor Compensation Approval Form (DOE 3220.5). This documentation shall be provided to the Contracting Officer at least 30 days before the proposed effective date of the action.

3.2.4 For any proposed establishment of an Incentive Compensation Plan (variable pay plan/pay-at-risk), documentation shall be provided to the Contracting Officer, no later than 60 days prior to proposed implementation. Such proposal must contain:

- (i) The design of the Incentive Compensation Plan, the funding methodology, and linkage to Contract performance measures;
- (ii) Requirement for approval of Incentive Compensation Plan design changes by the Contracting Officer prior to implementation;

- (iii) Requirement for an annual approval, prior to the performance period, of the total dollar amount of the pool, the eligible positions, and linkage to Contract performance goals;
- (iv) Requirement for policy that provides a specific passover rate, i.e., percent of participants who will not receive an incentive;
- (v) Requirement for an annual summary report on distributions made under an Incentive Compensation Plan; and
- (vi) For any Executive Incentive Plans, a requirement for pay at risk.

3.2.5 Assignments of individuals outside of their normal duty station for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be approved by the Contracting Officer prior to beginning the assignment. Requests shall be submitted 30 days prior to the desired start date. The Contractor shall submit a report of all such assignments, to include the total cost of each assignment, reason for assignment, location, duration, and cost-share arrangement to the Contracting Officer by January 30 of each year unless otherwise specified.

3.2.6 The Contractor shall submit a severance plan within 60 days of the effective date of the base term, which must include the notification period, pay-in-lieu policy, and the severance schedule. Supporting documentation must include information regarding standards from nationally recognized sources and or comparator firms (including corporate parents).

Severance Pay is not payable to an employee under this Contract if the employee:

- (i) Voluntarily separates, resigns or retires from employment, except that in the event the Contractor conducts an NNSA approved voluntary separation program;
- (ii) Is offered employment with a successor/replacement Contractor;
- (iii) Is offered employment with a parent or affiliated company; and/or
- (iv) Is discharged for cause; or
- (v) Is currently in a Key Personnel position

Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement contract.

3.3 Reports and Information: Compensation

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts, no later than 90 days after Compensation Increase Plan Year expenditures; and

- (ii) Other compensation reports as requested by the Contracting Officer.

4.0 BENEFITS

4.1 Assumption of Existing Pension and Benefit Plans and Establishment of New Pension and/or Benefit Plans

The Contractor will be required to become a sponsor of the existing pension 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. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

- 4.1.1** To the extent the Contractor seeks to establish new benefit plans or change existing benefit plans at the time of Contract transition, the Contractor shall provide written justification to the Contracting Officer for all new benefit plans and for all changes to existing benefit plans, plan design, or funding methodology. Changes that increase costs must also include cost impact, and the basis of determining cost. The Contractor must obtain approval from the Contracting Officer no later than 60 days prior to implementation of benefit plans that are 1) either new or first time for the site; 2) would have a significant impact to employees; or 3) increase cost or 4) which may set a precedent for the DOE/NNSA contractor system.
- 4.1.2** Cost reimbursement for pension and other benefit programs sponsored by the Contractor for non-bargaining and bargaining unit employees will be based on conformance with the “Employee Benefits Value Study” and an “Employee Benefits Cost Survey Comparison” requirements as described in 4.1.5.1 and 4.1.5.2 below.
- 4.1.3** If the Contractor seeks to terminate any benefit plan during the term of the Contract, the Contractor must obtain Contracting Officer approval for such termination. In addition, a Contractor proposal to terminate a pension plan must be provided to the Contracting Officer at least 60 days prior to the scheduled date of plan termination.
- 4.1.4** Service Credit for cost reimbursement for employee benefits to include PRB eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, M&O Contractor Service Credit Recognition.
- 4.1.5** Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall submit the studies required in paragraphs 4.1.5.1 and 4.1.5.2 below. In addition, the Contractor shall submit updated studies to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan that will increase costs.
 - 4.1.5.1** The Consolidated Employee Benefits Value Study for non-bargaining unit employees, must be completed every two years or

Section J, Appendix A, Statement of Work as directed by the Contracting Officer. An Employee Benefits Value Study is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to employees measured against the RV of benefit programs offered by comparator companies. The Contractor will use the comparator companies previously used in the last Consolidated Benefit Value Study. If any of the comparator companies no longer participate, the Contractor will recommend replacement companies for approval by the Contracting Officer. The Contractor shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit (DB) and defined contribution (DC) retirement; capital accumulation plans; and death, disability, health, and paid time off welfare benefit programs in the Value Study. To the extent that the value studies do not address postretirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the postretirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

An Employee Benefits Value Study for bargaining unit employees shall be completed six months prior to the end of the collective bargaining agreement. The Benefits Value Study for bargaining unit employees must include at least 15 comparator companies approved by the Contracting Officer. The Value Study must include major non-statutory benefit plans offered by the Contractor, including qualified DB & DC retirement; capital accumulation plans; and death, disability, health, and paid time off welfare benefit programs. To the extent that the value study does not address post-retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post- retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

- 4.1.5.2** When the average net benefit value for all employees (including different tiers of benefits or groups of employees) exceeds the comparator group average by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer no later than 60 days after the Benefit Value Study is conducted.
- 4.1.5.3** An Employee Benefits Cost Study Comparison for non-bargaining and bargaining unit employees, must be completed annually. The cost Survey must use a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees on a per capita basis per full time equivalent employee and compares it with appropriate comparator data.

4.1.5.4 When the average of the Employee Benefits Cost Study total benefit per capita cost for each evaluated cohort exceeds the comparator group's per capita cost by more than five percent, the Contractor shall submit an analysis of the specific plan costs that are above the per capita cost range or total benefit cost as a percent of payroll and a corrective action plan to the Contracting Officer no later than 60 days after the Benefits Cost Study is conducted.

4.1.5.5 Within two years of Contracting Officer approval of the Contractor's corrective action plan for non-bargaining employees, or upon the next collective bargaining period for bargaining unit employees, the Contractor shall attempt to align employee benefit programs with the benefit value and per capita cost range as approved by the Contracting Officer.

4.2 Reports and Information: Benefits

The Contractor shall provide to the Contracting Officer:

- (i) All data requested to be entered into DOE's iBenefits management system, including but not limited to the Report of Contractor Expenditures for Employee Supplemental Compensation.

4.3 Workers' Compensation

4.3.1 The Contractor, unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new workers' compensation policies and all initial proposals for self-insurance (Contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation).

4.3.2 Workers' compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short term disability) are to be administered so that the total benefit payments from all sources shall not exceed 100% of employee's net pay.

4.4 Pension Plans

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. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

For cost allocability and reimbursement purposes, any defined benefit (DB) or defined contribution (DC) pension plans established by the Contractor and may DB or DC plans for which the Contractor assumes sponsorship upon the start of the Base Term, shall be maintained consistent with the requirements of the

- 4.4.1** Any pension plan maintained by the Contractor, for which NNSA reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under this Contract. Each Contractor pension plan shall be subjected to a limited-scope audit annually that satisfies the requirements of Employee Retirement Income Security Act (ERISA) section 103, except that every third year the Contractor shall conduct a full-scope audit satisfying ERISA section 103. Alternatively, the Contractor may conduct a full-scope audit satisfying ERISA section 103 annually. In all cases, the Contractor shall submit the audit results to the Contracting Officer within 30 days from the completion of the audit. In years in which a limited scope audit is conducted, the Contractor shall provide the Contracting Officer with a copy of the qualified trustee or custodian's certification regarding the investment information that provides the basis for the plan sponsor to satisfy reporting requirements under ERISA section 104.
- 4.4.2** The Contractor will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended. If an additional pension contribution over and above the minimum required contribution would have the effect of avoiding benefit restrictions to defined benefit plan participants, the Contractor shall notify the Contracting Officer at least 60 days prior to the date a payment would be due. Reimbursement above the annual ERISA required minimum contribution will require prior approval of the Contracting Officer. The Contracting Officer will take into consideration all pre-funding balances and funding standard carryover balances when evaluating whether to approve reimbursement above the minimum required contribution. The timing and amount of contributions to the plan will be made to satisfy the Section 430 of the Internal Revenue Code and Section 302 of ERISA and avoiding any penalties associated with contributions made after a required installment date.
- 4.4.3** The Contractor shall obtain the advance written approval of the Contracting Officer for any proposed changes to DB and/or DC plans that are not required by law and which may increase costs or liabilities. The Contractor shall submit the proposal at least 60 days prior to the effective date of the proposed changes. In addition any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) shall be submitted to the Contracting Officer for prior approval with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable. The analysis should also describe the potential impact on the plan's qualified status at present and the potential impact of the special programs on the qualified status through the duration of the Contract.

4.4.3.1 For proposed changes to DB and DC plans that are not mandated by law and which increase plan costs and/or liabilities, the Contractor shall provide the following to the Contracting Officer:

- (i) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
- (ii) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index;
- (iii) Except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from Contractor legal counsel for purposes of compliance with all legal requirements applicable to private sector DB and DC plans;
- (iv) The Summary Plan Description; and
- (v) Any such additional information as requested by the Contracting Officer.

4.4.3.2 When changes to DB and/or DC plans are required by law, or the changes do not increase costs or liabilities under the plan(s), the Contractor must provide a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout no later than 60 days before the new amendment is to take effect.

4.4.4 When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply.

4.4.4.1 No further benefits for service shall accrue.

4.4.4.2 The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the NNSA Contract.

4.4.4.3 The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan.

4.4.4.4 Assets shall be determined using the “accrual-basis market value” on the date of termination of operations.

4.4.4.5 NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the Internal Revenue Service (IRS) of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.5 Terminating Plans

4.4.5.1 If the Contractor seeks to terminate any pension plan during the term of the Contract, the Contractor must obtain Contracting Officer approval for such termination. In addition, a Contractor proposal to terminate a pension plan must be provided to the Contracting Officer at least 60 days prior to the scheduled date of plan termination.

4.4.5.2 To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market, or through lump sum payouts. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. With respect to standard plan terminations, the Contractor must adhere to all Pension Benefit Guaranty Corporation regulations regarding the termination of a pension plan.

4.4.5.3 Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.

4.4.5.4 If ERISA or Internal Revenue Code (IRC) rules prevent a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the parties.

4.4.5.5 On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a low-risk liability matching portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.5.6 NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their

Section J, Appendix A, Statement of Work work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.

4.4.5.7 After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings, which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To affect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.

4.4.6 Post Contract Responsibilities for Pension and Other Benefit Plans

4.4.6.1 If this Contract expires or terminates and NNSA has awarded a contract under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a comingled plan is involved, the Contractor shall:

- (i) Spin off the NNSA portion of any comingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the comingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
- (ii) Bargain in good faith with NNSA or the successor Contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. NNSA and the Contractor(s) shall establish an effective date of spinoff. On the same day as the Contractor notifies the IRS of the spinoff, all NNSA assets assigned to a spun-off plan shall be placed in a high-yield, fixed income portfolio until the successor trustee is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.6.2 If this Contract expires or terminates and NNSA has not awarded a contract to a new contractor under which the new contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this

Section J, Appendix A, Statement of Work paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:

- (i) Subject to paragraph 4.4.6.2(ii) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
- (ii) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

4.4.7 Reports and Information - Retirement Plans: For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year except for the Pension Management Plan which must be submitted by January 30 of each year.

4.4.7.1 The annual actuarial valuation report for each NNSA-reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.

4.4.7.2 Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan, no later than that submitted to the IRS.

4.4.7.3 Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.

4.4.7.4 The annual Pension Management Plan as described below (**4.5 Pension Management Plan**) by January 30 of each year.

4.5 Pension Management Plan

4.5.1 The Contractor shall submit a plan for management and administration (Pension Management Plan) for each defined benefit pension plan (Plan) for which the Department has a continuing obligation to reimburse pension contributions that is consistent with the terms of this Contract.

4.5.2 The Pension Management Plan, shall be submitted annually on January 30, shall include:

4.5.2.1 The Contractor's best estimate of the contributions which it will be legally obligated to make to the Plan(s), beginning with the required contributions for the current fiscal year, based on the latest actuarial valuation, and continuing for the following four fiscal years. This estimate will be based upon compliance with all applicable legal requirements relating to the determination of contributions and upon the assumptions set out in the Plan document(s). All contribution calculations should reflect payments made during DOE fiscal years, beginning October 1, through September 30, and the next succeeding six fiscal years. Please include a summary of the key actuarial assumptions used to determine the required contribution. All estimates must be based upon the most recently available asset information for the Plan. For example, for a Plan with a July 1 valuation date, project the July 1, value of assets for the current year to be used in the calculation from the actual January 1, value of assets from the same year.

4.5.2.2 If the actuarial valuation submitted pursuant to the annual Pension Management Plan update indicates that the sponsor of the Plan must impose benefit restrictions, the Contractor shall provide the following information:

- (i) The type of benefit restriction that will take place;
- (ii) The number of Contractor employees that potentially could be impacted and the nature of the restriction (e.g., financial impact) by imposition of the required benefit restriction;
- (iii) The amount of money that would need to be contributed to the Plan and the timing of such contribution to avoid legally required benefit restrictions; and
- (iv) A recommendation regarding whether the additional money should be contributed to the Plan and the rationale for the recommendation.

4.5.2.3 A detailed discussion of how the Contractor intends to manage the Plan(s) to maximize contribution predictability (i.e. forecasting

Section J, Appendix A, Statement of Work accuracy) and to contain current and future costs, to include the rationale for selection of all Plan assumptions (i.e., actuarial experience studies) that determine the required contributions and which impact the level and predictability of required contributions. As part of the Contractor's plan to maximize contribution predictability, the Contractor may propose funding strategies other than ERISA minimums for NNSA's consideration and approval. The Contractor shall submit the following for NNSA to consider in deciding on the alternate funding strategy:

- (i) Identify whether the current year additional amount can be absorbed within the current operating budget;
- (ii) Discuss the integration of Plan's funding strategy and investment strategy taking into consideration the plan's demographic profile, liability duration, and impact of current year funding decisions on future year contribution requirements;
- (iii) Discuss the strategy for achieving fully funded status and protecting against erosion of the Plan's funded status;
- (iv) Discuss the strategy for specifically protecting any pension funding contributions reimbursed in excess of the minimum required contribution against the risk of significant loss;
- (v) Discuss whether the plan has a prefunding or funding standard carryover balance that could be used to improve the plan's AFTAP without requiring additional contributions. Provide a rationale regarding the recommended use of the available balance(s).

4.5.2.4 An assessment to evaluate the effectiveness of the Contractor's Plan(s) investment management/results. The assessment must include at a minimum: a review and analysis of Plan investment objectives and asset allocations; results of the most recent asset liability study and investment policy review; the strategies employed to achieve the Plan's investment objectives; and the methods used to monitor execution of those strategies and the achievement of the investment objectives. The Contractor shall also identify its plans, if any, for revising any aspect of its Pension Management Plan based on the results of the review.

Within 30 days after the date of the submission, appropriate Contractor representatives will meet with the Contracting Officer and other DOE/NNSA representatives to discuss the Contractor's proposed Pension Management Plan. The Contractor must be prepared to discuss any differences between the prior fiscal year's estimated pension contributions for future fiscal years and the most recent projected pension contributions for future fiscal years and the rationale for any such discrepancies. In addition, discrepancies between the actual contributions made for the most recent fiscal year preceding the meeting and the projected contributions for that

5.0 LABOR RELATIONS

- 5.1** The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- 5.2** The Contractor shall obtain the Contracting Officer or designee(s) approval on the costs associated with the Contractor's economic bargaining objectives, prior to negotiation of any collective bargaining agreement (CBA), extension or revision thereto. During the collective bargaining process, the Contractor shall obtain Contracting Officer approval before proposing or agreeing to any collective bargaining proposal that exceeds the economic parameters agreed to by NNSA and the Contractor before the commencement of bargaining. During the pendency of the CBA, the Contractor shall obtain advance approval of the Contracting Officer to proposed changes in the CBA that would increase cost under the Contract or which could involve other items of special interest to the Government.
- 5.3** The Contractor shall provide an electronic copy of the bargaining agreement and the "Report of Settlement" to the Contracting Officer 30 days after formal ratification. The Contractor shall provide information requested by the Contracting Officer regarding ratified collective bargaining agreements to which the Contractor is a party. The Contractor shall enter information, including but not limited to the executed collective bargaining agreements, into the iBenefits system quarterly or upon Contracting Officer request.
- 5.4** The Contractor shall notify the Contracting Officer in a timely fashion of labor relations issues that may cause a significant impact to the workforce and/or impact the ability of the Contractor to perform the work under the Contract.
- 5.5** The Contractor shall immediately advise the Contracting Officer of the following:
- 5.5.1** Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
 - 5.5.2** Formal action by the National Labor Relations Board (NLRB) including but not limited to issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer;
 - 5.5.3** Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law;
 - 5.5.4** Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator; and

- 5.5.5** Other significant issues that may involve review by other federal or state agencies.

6.0 WORKFORCE PLANNING

6.1 Workforce Planning – General

The Contractor shall annually analyze workforce requirements consistent with current mission requirements and future mission requirements identified to Contractor. The Contractor will describe in a written document how it will ensure it employs a sufficient number of employees who possess the appropriate skills to perform the current mission work and the anticipated, identified mission work. The description of how the Contractor will ensure it employs sufficient employees to perform the work may include a discussion of the following topics: future hiring needs in certain critical skill areas, recruitment and retention of individuals possessing certain critical skills and the impact of anticipated retirements/attrition. The document will also describe the amount and type of work the Contractor anticipates performing during the following calendar year pursuant to [Strategic Partnership Projects \[Formerly Known as Work for Others \(Non-Department of Energy Funded Work\)\]](#). This analysis shall be provided to the Contracting Officer no later than November 30th each year.

6.2 Reductions in Contractor Employment – Workforce Restructuring

6.2.1 Voluntary Separations: In order to minimize the number of involuntary separations and mitigate the impact on affected employees, the Contractor will consider in consultation with the Contracting Officer, the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP) when workforce restructuring is necessary. The Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. No reimbursement of costs associated with VSPs will be allowable if not approved by the Contracting Officer prior to implementation.

6.2.2 Involuntary Reductions in Contractor Employment

6.2.2.1 If the restructuring involves between 10-99 employees in a rolling twelve month period, the Contractor shall notify the Contracting Officer no later than 15 days in advance of the action.

6.2.2.2 For restructuring actions that involve separating between 50-99 employees, the Contractor shall prepare a specific workforce restructuring plan and submit the plan to the Contracting Officer for informational purposes. In addition, the Contractor shall perform an adverse impact analysis and provide a copy of the analysis to the NNSA Field Counsel for any restructuring actions that involve 50 or more employees within a 12-month period.

If the restructuring may involve the separation of 100 or more employees within a 12-month period, the Contractor shall submit a specific workforce restructuring plan for approval by the Contracting Officer, to enable compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 at a minimum, no later than 90 days in advance of the date the Contractor needs to begin notification to employees in accordance with the law and its attendant timeframes to effect the separations.

6.2.2.3 All notifications to the NNSA must contain pertinent information such as reasons, costs, dates, and numbers of impacted employees.

6.2.2.4 The Contractor may submit a multi-year workforce restructuring plan for consideration and approval.

6.2.3 Any payment of benefits beyond those already approved in the Contract must be approved by the Administrator, NNSA, through the Contracting Officer.