

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE
PAGE 1 OF 2 PAGES

2. AMENDMENT/MODIFICATION NO. **M056**
3. EFFECTIVE DATE **See Block 16 C**
4. REQUISITION/PURCHASE REQ. NO.
5. PROJECT NO. (if applicable)

6. ISSUED BY **U.S. Department of Energy
National Nuclear Security Administration
Manager, Los Alamos Site Office
3747 West Jemez Road
Los Alamos, NM 87544** CODE
7. ADMINISTERED BY (If other than Item 6) CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, state, ZIP Code)
**Los Alamos National Security, LLC
4200 West Jemez Road
Suite 400
Los Alamos, NM 87544**
9A. AMENDMENT OF SOLICITATION NO.
9B. DATED (SEE ITEM 11)
10A. MODIFICATION OF CONTRACT/ORDER NO. **DE-AC52-06NA25396**
10B. DATED (SEE ITEM 13) **December 21, 2005**
CODE FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation as amended, by one of the following methods:
(a) By completing Items 8 and 15, and returning ___ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (if required)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS; IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority): THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
B. THE ABOVE-NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (Such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: **Clause I-123 - DEAR 970.5204-2 LAWS, REGULATIONS, AND DOE DIRECTIVES (DEC 2000) (DEVIATION)**
D. OTHER (Specify type of modification and authority):

E. IMPORTANT: Contractor is not, is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

The purpose of this modification is to update and replace Part III, Section J, Appendix G, DOE Orders and Directives, and to update and replace Part III, Section J, Appendix M, Regional Purchasing Program, of the Contract.

See Page 2.

Except as provided herein, all terms and conditions of the document referenced in Items 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)
**Rueben M. Rafferty, Office Director
Prime Contract Management Office
Los Alamos National Security, LLC**
16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
**Robert M. Poole
Contracting Officer
Los Alamos Site Office**

15B. CONTRACTOR/OFFEROR BY Rueben M. Rafferty
(Signature of person authorized to sign)
15C. DATE SIGNED 10/9/08
16B. UNITED STATES OF AMERICA BY Robert M. Poole
(Signature of Contracting Officer)
16C. DATE SIGNED 10/9/08

- A. Part III, Section J, Appendix G, List of Applicable Directives, is modified as follows and replaced with updated Section J, Appendix G, List of Applicable Directives, Attachment 1 to this modification

The following DOE Directives are added:

NUMBER	DATE	TITLE
DOE O 221.1A	04/19/08	Reporting Fraud, Waste, and Abuse to the OIG
DOE M 441.1-1	03/07/08	Nuclear Material Packaging Manual
DOE O 450.1A	06/04/08	Environmental Protection Program
DOE M 450.4-1	11/01/06	Integrated Safety Management Systems Manual
DOE M 460.2-1A	06/04/08	Radioactive Material Transportation Practices Manual
DOE O 481.1C	01/24/05	Work for Others (Non-DOE Funded Work)
DOE O 551.1C	06/24/08	Official Foreign Travel
DOE O 580.1 Change 1	05/08/08	DOE Personal Property Management

The following DOE Directives are deleted in their entirety:

NUMBER	DATE	TITLE
DOE O 221.1	03/22/01	Reporting Fraud, Waste, and Abuse to the OIG
DOE O 450.1 Admin Change 3	01/30/07	Environmental Protection Program
DOE M 460.2-1	09/23/02	Radioactive Material Transportation Practices Manual
DOE O 551.1B	08/19/03	Official Foreign Travel
DOE O 580.1	12/07/05	DOE Personal Property Management

- B. Part III, Section J, Appendix M, Regional Purchasing Program, is removed and replaced in its entirety with the revised Section J, Appendix M, Regional Purchasing Program, Attachment 2 to this modification.

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PART III - SECTION J

APPENDIX G

October 8, 2008

[Modified by Modification No. A009, A015, A018, A019, A021, A027, M033, M041, M042, M046, M056]

LIST OF APPLICABLE DIRECTIVES

In addition to the list of applicable directives listed below, the Contractor shall also comply with supplementary directives, (e.g., manuals) which are invoked by a Contractor Requirements Document (CRD) attached to a directive. Electronic copies of these documents are available at the following Websites:

- <http://directives.doe.gov/cgi-bin/currentchecklist>
- <http://www.directives.doe.gov/directives/globesearch-adv.html>
- <http://www.nnsa.doe.gov/>
- <http://www.eh.doe.gov/techstds/standard/standard.html>
- <http://int.lanl.gov/orga/pcm/directives/html>

DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
ANSI 8.22	1997	Nuclear Criticality Safety Based on Limiting and Controlling Moderators	
ANSI 8.23	1997	Nuclear Criticality Accident Emergency Planning and Response	
DOE O 110.3	11/03/99	Conference Management	
DOE O 130.1	09/29/95	Budget Formulation	
DOE M 140.1-1B	03/30/01	Interface with the Defense Nuclear Facilities Safety Board	
DOE P 141.1	05/02/01	Department of Energy Management of Cultural Resources	
DOE O 142.1	1/31/04	Classified Visits Involving Foreign Nationals	A019 04/26/07
DOE O 142.2A	12/15/06	Safeguards Agreement and Protocol with the IAEA	M033 01/09/08
DOE O 142.3, Chg 1	02/28/08	Unclassified Foreign Visits and Assignment	M046 06/11/08
DOE O 151.1C	11/02/15	Comprehensive Emergency Management System	A015 01/25/07
DOE O 153.1	06/27/07	Departmental Radiological Emergency Response Assets	M033 01/09/08
DOE N 153.2	08/11/03	Connectivity to National Atmospheric Release Advisory Center (NARAC)	
DOE O 200.1	09/30/96	Information Management Program	
DOE M 200.1-1, Chapter 9	02/15/00	Public Key Cryptography and Key Management	

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
DOE O 205.1A	12/04/06	Department of Energy Cyber Security Management Program	A019 04/26/07
DOE M 205.1-3	04/17/06	Telecommunications Security Manual	A019 04/26/07
DOE M 205.1-4	03/08/07	National Security System Manual	A021 06/11/07
DOE N 206.4	06/29/07	Personal Identity Verification	M033 01/09/08
DOE O 210.2	06/12/06	DOE Corporate Operating Experience Program	A021 06/11/07
DOE O 221.1A	04/19/08	Reporting Fraud, Waste, and Abuse to the Office of Inspector General	M056 10/08/08
DOE O 221.2	03/22/01	Cooperation With The Office of Inspector General	
DOE N 221.14	12/20/07	Reporting Fraud, Waste, and Abuse	M046 06/11/08
DOE O 224.2	03/22/01	Auditing of Programs and Operations	
DOE O 225.1A	11/26/97	Accident Investigations	
DOE O 226.1A	07/31/07	Implementation of DOE Oversight Policy	M033 01/09/08
DOE M 231.1-1A Chg. 2	09/09/04	Environment, Safety, and Health Reporting Manual	M033 01/09/08
DOE M 231.1-2	08/19/03	Occurrence Reporting and Processing of Operations Information	
DOE N 234.1	02/27/08	Reporting of Radioactive Sealed Sources	M046 06/11/08
DOE O 241.1A Chg. 1	10/14/03	Scientific and Technical Information Management	
DOE O 243.1	02/03/06	Records Management Program	A018 03/29/07
DOE O 243.2	02/02/06	Vital Records	A021 06/11/07
DOE O 251.1B	08/16/06	Departmental Directives Program	A019 04/26/07
DOE M 251.1-1B	08/16/06	Departmental Directives Program Manual	A019 04/26/07
DOE O 252.1	11/19/99	Technical Standards Program	
DOE O 311.1B	02/12/03	Equal Employment Opportunity and Diversity Program	
DOE O 341.1	12/01/03	Federal Employee Health Services	
DOE O 350.1 Chg 1	05/08/98	Contractor Human Resources Management	A018 03/29/07
DOE O 350.2A	10/29/03	Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, D.C., Area	
DOE O 412.1A	04/21/05	Work Authorization System	A019 04/26/07
DOE O 413.1A	04/18/02	Management Control Program	

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
DOE O 413.2B	04/19/06	Laboratory Directed Research & Development	A019 04/26/07
DOE O 413.3A	07/28/06	Program & Project Management for the Acquisition of Capital Assets	A021 06/11/07
DOE M 413.3-1	03/28/03	Project Management for the Acquisition of Capital Assets	
DOE O 414.1C	06/17/05	Quality Assurance	A009 09/29/06
DOE O 420.1B	12/22/05	Facility Safety	A015 01/25/07
DOE G 420.1-1	03/28/00	Nonreactor Nuclear Safety Design Criteria and Explosives Safety Criteria Guide for use with DOE O 420.1, Facility Safety	
DOE O 420.2B	07/23/04	Safety of Accelerator Facilities	
DOE G 421.1-2	10/24/01	Implementation Guide for Use in Developing Documented Safety Analyses to Meet Subpart B of 10 CFR 830	
DOE G 423.1-1	10/24/01	Implementation Guide For Use In Developing Technical Safety Requirements	
DOE G 424.1-1A	07/24/06	Implementation Guide For Use In Addressing Unreviewed Safety Question Requirements	A019 04/26/07
DOE O 425.1C	03/13/03	Startup and Restart of Nuclear Facilities	
DOE O 430.1B Chg. 1	02/08/08	Real Property Asset Management	M046 06/11/08
DOE O 430.2B	02/27/08	Departmental Energy, Renewable Energy, and Transportation Management	M046 06/11/08
DOE O 433.1A	02/13/07	Maintenance Management Program for DOE Nuclear Facilities	A021 06/11/07
DOE O 435.1 Chg. 1	08/28/01	Radioactive Waste Management	
DOE M 435.1-1 Chg. 1	06/19/01	Radioactive Waste Management Manual	
DOE M 440.1-1A	01/09/06	DOE Explosives Safety Manual	M033 01/09/08
DOE O 440.2B Chg. 1	11/19/06	Aviation Management and Safety	A019 04/26/07
DOE M 441.1-1	03/07/08	Nuclear Material Packaging Manual	M056 10/08/08
DOE O 442.1A	06/06/01	Department Of Energy Employee Concerns Program	
DOE M 442.1-1	11/16/06	Differing Professional Opinions Manual for Technical Issues Involving Environment, Safety, and Health	A019 04/26/07
DOE O 443.1A	12/20/07	Protection of Human Subjects	M042 04/14/08
DOE O 450.1A	06/04/08	Environmental Protection Program	M056 10/08/08
DOE P 450.4	10/15/96	Safety Management System Policy	
DOE M 450.4-1	11/01/06	Integrated Safety Management Systems Manual	M056 10/08/08
DOE P 450.7	08/02/04	Environment, Safety and Health (ESH) Goals	
DOE O 452.1C	09/20/05	Nuclear Explosive and Weapon Surety Program	A019 04/26/07

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
DOE O 452.2C	06/12/06	Safety of Nuclear Explosive Operations	A019 04/26/07
DOE O 452.3	06/08/05	Management of the Department of Energy Nuclear Weapons Complex	A021 06/11/07
DOE M 452.4-1A	03/11/04	Protection of Use Control Vulnerabilities and Designs	
DOE O 452.4A	12/17/01	Security and Control of Nuclear Explosives and Nuclear Weapons	
DOE O 452.6	10/19/06	Nuclear Weapon Surety Interface with the Department of Defense	A019 04/26/07
DOE P 456.1	09/15/05	Secretarial Policy Statement on Nanoscale Safety	M042 04/14/08
DOE O 457.1	02/07/06	Nuclear Counterterrorism	A019 04/26/07
DOE M 457.1-1	08/10/06	Control of Improvised Nuclear Device Information	A019 04/26/07
DOE O 460.1B	04/04/03	Packaging and Transportation Safety	
DOE O 460.2A	12/22/04	Departmental Materials Transportation & Packaging Management	A019 04/26/07
DOE M 460.2-1A	06/04/08	Radioactive Material Transportation Practices Manual	M056 10/08/08
DOE O 461.1A	04/26/04	Packaging and Transfer or Transportation of Materials of National Security Interest	
DOE M 461.1-1 Chg. 1	07/26/05	Packaging and Transfer of Materials of National Security Interest Manual	A015 01/25/07
DOE P 470.1	05/08/01	Integrated Safeguards and Security Management (ISSM) Policy	
DOE O 470.2B	10/31/02	Independent Oversight and Performance Assurance Program	
DOE O 470.3A	11/29/05	Design basis Threat Policy (U)	A015 01/25/07
DOE M 470.4-1 Chg. 1	03/07/06	Safeguards and Security Program Planning and Management	A015 01/25/07
DOE M 470.4-2 Chg. 1	03/07/06	Physical Protection	A015 01/25/07
DOE M 470.4-3 Chg. 1	03/07/06	Protective Force	A015 01/25/07
DOE M 470.4-4 Chg. 1	06/29/07	Information Security	M033 01/09/08
DOE M 470.4-5	08/26/05	Personnel Security	A015 01/25/07
DOE M 470.4-6 Chg. 1	08/14/06	Nuclear Material Control and Accountability	A015 01/25/07
DOE M 470.4-7	08/26/05	Safeguards and Security Program References	A015 01/25/07
DOE O 471.1A	06/30/00	Identification and Protection of Unclassified Controlled Nuclear Information	
DOE M 471.1-1 Chg. 1	10/23/01	Identification and Protection of Unclassified Controlled Nuclear Information Manual	

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
DOE M 471.2-3B	10/29/07	Special Access Program Policies, Responsibilities, and Procedures	M046 06/11/08
DOE O 471.3	04/09/03	Identifying and Protecting Official Use Only Information	
DOE M 471.3-1	04/09/03	Manual for Identifying and Protecting OOU Information	
DOE O 475.1	12/10/04	Counterintelligence Program	A015 01/25/07
DOE M 475.1-1B	08/28/07	Identifying Classified Information	M033 06/11/08
DOE O 475.2	08/28/07	Identifying Classified Information	M046 06/11/08
DOE O 481.1C	01/24/05	Work For Others (Non-DOE Funded Work)	M056 10/08/08
DOE M 481.1-1A Chg 1	09/28/01	Reimbursable Work for Non-Federal Sponsors Process Manual	
DOE O 482.1	01/12/01	DOE Facilities Technology Partnering Programs	
DOE M 483.1-1	01/12/01	DOE Cooperative Research & Development Agreements Manual	
DOE O 483.1	01/12/01	DOE Cooperative Research & Development Agreements	
DOE O 484.1	08/17/06	Reimbursable Work for Department of Homeland Security	A018 03/29/07
DOE O 522.1	11/03/04	Pricing of Departmental Materials and Services	
DOE O 534.1B	01/06/03	Accounting	
DOE O 544.1	10/12/04	Priorities and Allocation Program	
DOE O 551.1C	06/24/08	Official Foreign Travel	M056 10/08/08
DOE G 573.1-1	10/03/05	Mail Services Users Guide	A019 04/26/07
DOE O 580.1 Chg. 1	05/08/08	Department of Energy Personal Property Management Program	M056 10/08/08
DOE O 1220.1A Chg. 1	06/28/92	Congressional & Intergovernmental Affairs	
DOE O 1230.2	04/08/92	American Indian Tribal Government Policy	
DOE O 1450.4	11/12/92	Consensual Listening-In to or Recording Telephone/Radio Conversations	
DOE O 5400.5 Chg. 2	01/07/93	Radiation Protection of the Public & the Environment	
DOE O 5480.19 Chg. 2	10/23/01	Conduct of Operations Requirements for DOE Facilities	
DOE O 5480.20A Chg. 1	07/12/01	Personnel Selection, Qualification, and Training Requirements for DOE Nuclear Facilities	
DOE O 5480.30 Chg. 1	03/14/01	Nuclear Reactor Safety Design Criteria	
DOE O 5610.2 Chg 1.	08/01/80	Control of Weapon Data	

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
DOE O 5639.8A	07/23/93	Security of Foreign Intelligence Information and Sensitive Compartmented Information Facilities	
DOE O 5660.1B	05/26/94	Management of Nuclear Materials	
DOE O 5670.1A	01/15/92	Management and Control of Foreign Intelligence	
SEN-22-90	05/08/90	DOE Policy on Signatures of RCRA Permit Applications	
SEN-35-91	09/09/91	Nuclear Safety Policy	
DOE-STD-1027-92, Chg 1	September 1997	Hazard Categorization and Accident Analysis Techniques for Compliance with DOE Order 5480.23 Nuclear Safety Analysis Reports	
DOE-STD-1183-2004	April 2004	Nuclear Safety Specialist Functional Area Qualification Standard	
DOE-STD-1186-2004	August 2004	Specific Administrative Controls	M042 04/14/08
DOE-STD-1189-2008	March 2008	Integration of Safety Into The Design Process	M046 06/11/08
DOE-STD-3009-94, Change Notice 3	April 2002	Preparation Guide for U.S. DOE Nonreactor Nuclear Facility Safety Analysis Reports	M042 04/14/08
DOE-STD-3011-2002	December 2002	Guidance for Preparation of Basis for Interim Operation (BIO) Documents	
DOE-STD-3013-2004	April 2004	Stabilization, Packaging, and Storage of Plutonium-Bearing Materials	
DOE-STD-3014-96	October 1996	Accident Analysis for Aircraft Crash into Hazardous Facilities	
DOE-STD-3015-2001	February 2001	Nuclear Explosive Safety Study Process	
QC-1, Revision 10	02/10/04	DOE/NNSA Weapon Quality Policy (QC-1) Note: This document is not accessible to the public.	
56XB, Revision 2	02/27/04	Development and Production Manual Note: This document is not accessible to the public.	
NAP-3	07/18/02	NNSA Environment, Safety and Health Management Process Guidance	
NAP-9A	01/31/05	SECON Implementation	
NAP-14.1B	09/27/06	NNSA Cyber Security Program	A015 01/25/07
NAP-14.2B	09/27/06	Baseline Cyber Security Requirements	A015 01/25/07
NAP-14.3A	04/05/06	NNSA Protection Profile and Security Target Requirements	A015 01/25/07
NAP-14.4A	04/05/06	Open Public Unrestricted Access Information Group Protection Profiles	A015 01/25/07
NAP-14-5A	04/05/06	Unclassified Protected Information Group Protection Profile	A015 01/25/07
NAP-14.6A	04/05/06	Unclassified Mandatory Protection Information Group Protection Profile	A015 01/25/07

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DIRECTIVE NUMBER	DATE	DOE DIRECTIVE TITLE	Mod # Date
NAP-14.7A	04/05/06	Confidential/Secret Non-Nuclear Weapons Data Information Group Protection Profile	A015 01/25/07
NAP-14.8A	04/05/06	Secret Restricted Non-Nuclear Weapons Data Information Group Protection Profile	A015 01/25/07
NAP-14.9A	04/05/06	Confidential Restricted Data, Sigmas 1 Through 13 Information Group Protection Profile	A015 01/25/07
NAP-14.10A	04/05/06	Secret Restricted Data, Sigmas 1 Through 13 and 15 Information Group Protection Profile	A015 01/25/07
NAP-14.11A	04/05/06	Secret Restricted Data, Sigma 14 Information Group Protection Profile	A015 01/25/07
NAP-14.12	04/05/06	NNSA Contingency Planning and Operations	A015 01/25/07
NAP-14.13	04/05/06	Transmission of Restricted and Formerly Restricted Data Over the Secret Internet Protocol Router Network (SIPRNet)	A015 01/25/07
NAP-14.14	08/09/06	Top Secret Information Group Protection Profile	A015 01/25/07
NAP-14.15	08/09/06	Top Secret Restricted Data Information Group Protection Profile	A015 01/25/07
NAP-14.16	08/09/06	Clearing, Sanitizing, and Destroying Information System Storage Media, Memory Devices, and Other Related Hardware	A015 01/25/07
BOP 003.0404	07/28/04	Requests to Defense Contracting Audit Agency (DCAA) for Audit of M&O Contractor Subcontracts	
BOP 033.08	05/30/08	Management and Operating Contractor Business Meals and Light Refreshment	M046 06/11/08

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PART III - SECTION J

APPENDIX M

REGIONAL PURCHASING PROGRAM

Los Alamos National Security, LLC (LANS) is committed to building a strong supplier base in northern New Mexico businesses and the local Native American pueblos and tribes in the purchases of goods and services. Since 1995, through its procurement policies and a regional purchasing program, the Laboratory has strengthened regional business enterprise, stimulated greater regional employment and infrastructure, increased the business tax base in northern New Mexico, and has worked hard to reduce regional dependence on federal investment. This Program is hereby enhanced and provides more substantive preferences to northern New Mexico businesses and local Native American pueblos and tribes, such as a pricing preference, supplier assistance, regional procurement advisory efforts, and a sustainable procurement strategy.

In fiscal year 2006, LANL procured \$495 million or 54% of its total procurement volume of \$922 million from New Mexico suppliers and contractors. Of those two figures, \$380 million was purchased from northern New Mexico suppliers and contractors, both small and large businesses. This \$380 million is up from the \$202 million that was purchased in FY1996 from Northern New Mexico businesses.

The LANS team appreciates the Laboratory's impact on the local and regional economy, and is committed to benefiting the northern New Mexico Community (which includes Taos, Santa Fe, Rio Arriba, Sandoval, Mora, San Miguel, and Los Alamos Counties, and the eight regional Pueblos of Nambe, Picuris, Pojoaque, San Ildefonso, San Juan, Santa Clara, Taos, and Tesuque) in the future.

The LANS Regional Purchasing Program in conjunction with the LANS Community Commitment Plan will contribute to the continued economic development of northern New Mexico while continuing to meet NNSA program expectations.

LANL has made and will continue to make efforts to evaluate the necessity to have certain services performed on site or whether it is feasible and/or cost-effective to outsource these activities. As institutional contracts come up for renewal, LANL will review the scopes of work to determine how best to meet mission requirements, while taking the local economy and the local business community into consideration. LANL has already accomplished this regarding some fabrication and machining via the use of Rapid Response Blanket Contracts, small construction and design projects (via Blanket Ordering Agreement's), facility repair and maintenance, vehicle maintenance, etc.

The following principles and practices are designed to enhance the Laboratory's Regional Purchasing Program. These principles and practices are geared toward supplier development by helping build the capability, competency, and capacity of the local business community to enable

them to provide competitive goods and services to the Laboratory and improve their ability to serve other customers locally, regionally and nationally.

These principles and practices will be implemented by incorporation into the Acquisition Services Management Division policies and procedures (i.e., Acquisition Procedures), as appropriate.

- (1) *Northern New Mexico (NNM) purchasing preference. LANS will maximize procurement opportunities for NNM businesses whenever possible.*

A NNM business concern is a business that is actively engaged in doing business in NNM, has an operative business location in NNM, and uses labor from NNM. To meet these requirements, a business must be able to demonstrate, if and when requested, through the submission of New Mexico gross receipts tax and unemployment compensation tax forms or otherwise, that for the calendar year preceding the submission of its bid/offer:

- (a) *it has been properly authorized to do business and has been operating in NNM with a staff of three or more full time equivalent employees (of which 51% must reside in NNM), and that it currently has a facility in NNM that can support the business activity contemplated by the Statement of Work / Scope of Work;*
or
- (b) *it has historically operated in NNM with two or less full time equivalent employees who reside in NNM, it is independently owned (i.e., its owner(s) exercise(s) close control over operations and decisions which are not subject to control or the power to control by others), its majority ownership interest is held by residents of NNM, it has been properly authorized to do business in NNM and it currently has a facility in NNM that can support the business activity contemplated by the Statement of Work / Scope of Work.*

In accordance with its Small Business Subcontracting Plan, LANS will give preference to NNM small businesses for acquisitions exceeding the LANL competitive threshold by adding a 5% adjustment factor to be applied to the proposed total evaluated bid/cost of those qualified suppliers whose businesses do not meet the definition of a NNM small business concern. This pricing preference will be flowed down via LANS subcontract clauses in subcontracts and purchase orders with a value of \$5 million or greater. Subcontractors and suppliers with such subcontracts and purchase orders will be required to report achievements on a semi-annual basis to their LANS Procurement Specialist.

- (2) **New services.** Newly required services will be pursued via subcontracts, unless such services are required to be performed by Laboratory employees. LANS will determine whether LANS possesses the necessary skills at LANL or whether it is an economic or programmatic advantage to develop said skills internally prior to pursuing any subcontract solicitation or award.

- (3) **Business alliances.** LANS will actively participate with local and regional business alliances and associations, including but not limited to the Northern New Mexico Supplier Alliance, Small Business Development Centers, Minority Business Development Centers, the New Mexico 8(a) and Minority Business Association, Regional Chambers of Commerce and others that will enable development of regional small business suppliers of goods and services that are normally procured by LANL to help prepare them to compete effectively for Laboratory subcontracts and purchase orders. These business alliances may include training and mentoring programs and/or encouraging the participation in regional trade associations which will better enable regional businesses to build viability, capacity and sustainability, to allow them to better satisfy Laboratory and other customer needs and/or requirements. This will include encouraging businesses to form their own mentor-protégé programs, participate in any LANL mentor-protégé programs, participate in the Sandia National Laboratories Mentor Protégé Program, or the SBA 8(a) mentor-protégé program.
- (4) **Assistance.** LANS will make prospective regional suppliers aware of LANL sponsored supplier forums, similar to the recent February 8, 2007 forum, aimed at focused training on proposed LANL requirements, forecasted opportunities, and how best to prepare themselves to compete on LANL procurements. Said forums will be held on a semi-annual basis and will also focus on forecasted business opportunities, how to do business with LANL, and matchmaking/ teaming events between large and small businesses on large and complex LANL requirements. LANS will also endeavor to make prospective regional suppliers aware of any assistance that may be available from associations such as the Northern New Mexico Supplier Alliance (NNMSA), Regional Development Corporation (RDC), Small Business Development Centers (SBDC's), the Los Alamos Commerce and Development Corporation (LACDC), NM 8(a) and Minority Business Association, or other entities that will allow regional suppliers to better operate a successful business, build capacity and sustainability, and network among each other and learn to compete in markets other than LANL. Some examples include, but not limited to, utilizing an independent third party auditor by small businesses that do not have the capability or the capacity to maintain and internal audit activity; getting assistance on obtaining appropriate SBA certifications or obtaining GSA contracts, co-sponsoring more matchmaking events with small and large businesses on major procurement packages that are conducive to small business set-asides, such as the recent VMS/Staff Augmentation matchmaking event; sponsoring specific forums for substantive acquisition changes such as subcontract templates, security requirements, new ES&H plans, etc.

In addition, LANS (through the Community Program Office) will implement, in coordination with Sandia National Laboratories, the New Mexico Small Business Assistance Program. The Program, jointly managed by the two laboratories, will be a mechanism in which technical assistance will be provided by the laboratories to the small business community. This New Mexico tax credit program will enable the laboratories to assist small business in strengthening their business capability by addressing their technical challenges.

- (5) Regional procurement advisory efforts. LANS is actively participating with regional associations such as the Northern New Mexico Supplier Alliance (NNMSA) and the NM 8 (a) and Minority Business Association regarding the status of this Program. For example, LANS partnered with both organizations in November 2006 to discuss how best to create a predictable business climate, that included such topics as 1) enhanced STR training; 2) consultation with association leaders to identify qualified suppliers; 3) communicating changes to policies and procedures clearly to suppliers, 4) promoting economic development in the region; etc. LANS will also convene short term Business Advisory Committees (i.e., focus groups) to discuss key LANL business and operational issues and to listen to community perceptions regarding the affects of specific LANL business practices on the regional economy and business community. LANL will invite a cross section of known experts and key stakeholders to participate in the periodic Business Advisory Committees. The focus groups will be convened as deemed beneficial.

In addition, LANL will convene quarterly meetings of community stakeholders, such as the recent Regional Community Leaders Breakfast meeting, to brief the business community on the status of the LANS Community Commitment Plan, which includes LANS investments in education, community giving, and economic development. This Program is one component of the Laboratory's economic development strategy. These quarterly meetings will also include opportunities for LANL leadership to bring the community up to date on various laboratory challenges and issues as well as serve as an opportunity to hear from regional constituents.

- (6) Long-term subcontracts. When appropriate, LANS will award purchase orders and subcontracts for multiple-year terms to meet long term programmatic requirements for products and services and create more stable business relationships with regional strategic suppliers, such as the Blanket Ordering Agreements that will replace the legacy JIT subcontracts.

The LANS procurement strategy on commodity purchases is to maximize Blanket Ordering Agreements to the maximum extent possible. Competition will be used to ensure best value for LANL and the Government. LANS is committed to providing small and regional local businesses the opportunities to compete for LANL's business, which will include the pricing preference to regional suppliers and subcontractors.

In addition, all subcontracts and purchase orders are being reviewed to ensure that the laboratory and government are receiving value for their money. One of the initiatives is to consolidate scopes of work wherever possible, both to decrease the cost of administration and to leverage the dollars more effectively. This may result in fewer subcontractors, but with larger scopes and values which in itself creates more stable business relationships for regional strategic suppliers. A focus will remain to maximize small business participation on all procurement opportunities via teaming arrangements and matchmaking events as discussed previously.

LANS will direct prospective suppliers to the U.S. Small Business Administration and other financial entities referenced in the LANL Small Business Resource Guide (2006) that are in the business of making capital available to commercial sources.

- (7) Subcontractor transitions. In any re-competition of its two major on-site support subcontractors (currently KSL and PTLA), LANS will require any and all offerors to submit technical and cost proposals that will maximize the stability of the workforce and to assure continuity in operations. The pricing preference cited herein will flow down to any new subcontracts that exceed \$5M that may result from any re-competition. Transition plans shall be submitted for LANS approval prior to subcontract awards.
- (8) Financial incentives. LANS will continue to encourage its two major support subcontractors (KSL and PTLA), through performance goals tied to financial incentives, to further subcontract in a manner that to the maximum extent practicable promotes regional economic diversification.

In addition, with the consent of NNSA, LANS will plan for, and include the submittal and evaluation of "Subcontractor Regional and Community Development Plans" as part of applicable solicitations and resulting awards for subcontracts valued at \$5 million and above. A Consortium of Major LANL Subcontractors and the Regional Development Corporation will be available to assist successful subcontractors develop "Subcontractor Regional and Community Development Plans" and also be available for membership to assist and leverage economic resources that will promote regional economic diversification in the seven counties and pueblos listed herein. The Consortium of Major Subcontractors is an independent organization consisting of LANL major subcontractors interested in leveraging their resources to create greater economic and community impact in the northern New Mexico Community. LANS is not a member of the Consortium, however, representatives from LANL's Community Relations Office and the Small Business Program Office are invited by the Consortium to attend quarterly meetings for informational and interactive purposes only.

- (9) Importing new businesses. LANS will actively participate with the Regional Development Corporation and local chambers of commerce on practices (e.g. forecasting, training, technology transfer, etc.) intended to attract businesses to northern New Mexico where regional capabilities do not exist. LANS will also be an active participant of the quarterly Regional Chamber meetings, similar to the February 1, 2007 meeting, to communicate LANL's procurement strategies, forecasted opportunities, and other information as may be requested by Chamber representatives.
- (10) Subcontracting for research at New Mexico colleges and universities. LANS stands by the commitment made in its proposal to engage New Mexico colleges and universities for acquiring research efforts in support of Laboratory programs. LANS will pursue a streamlined process for acquiring research efforts in support of Laboratory programs from New Mexico colleges and universities. This effort will be consistent with the

LANL's recently created Institute for Advanced Studies (and the university partnerships contained within the Institute).

Measuring Program success. Program success will ultimately be measured by regional economic indicators, including the number of companies positively impacted via the pricing preference, new services acquired via subcontract as opposed to performed in-house, impact of LANS sponsored supplier forums, impacts or deliverables brought about by the Business Advisory Committees, customer/stakeholder surveys and other program impacts that bring about economic diversification.

LANS will measure the following:

- number of times a northern New Mexico small business is solicited,
- number of times a northern New Mexico small business responds to a solicitation,
- the number of times a northern New Mexico small business is solicited, responds and is successful based on the pricing preference, and the number of times a northern New Mexico small business is solicited, is responsive and awarded a purchase order/subcontract without the pricing preference playing a factor.
- the number of times a northern New Mexico small business is solicited, is responsive and awarded a purchase order/subcontract without the pricing preference playing a factor.

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