

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE OF PAGES 1   7
2. AMENDMENT/MODIFICATION NO. 182	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (if applicable)
6. ISSUED BY NNSA/Los Alamos Site Office U.S. Department of Energy Los Alamos Site Office 3747 West Jemez Road Los Alamos NM 87544	CODE 05003	7. ADMINISTERED BY (if other than Item 6) NNSA/Los Alamos Site Office U.S. Department of Energy Los Alamos Site Office 3747 West Jemez Road Los Alamos NM 87544	CODE 05003
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) LOS ALAMOS NATIONAL SECURITY, LLC Attn: STEVE K. SHOOK P.O. BOX 1663, MS P222 LOS ALAMOS NM 875450001		(x) 9A. AMENDMENT OF SOLICITATION NO.	
CODE 175252894 FACILITY CODE		9B. DATED (SEE ITEM 11)	
		x 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC52-06NA25396	
		10B. DATED (SEE ITEM 13) 12/21/2005	

**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 or 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 ACKNOWLEDGEMENT 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 ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

CHECK ONE	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: P.L. 95-91 and Other Applicable Law
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return 1 copies to the issuing office.

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

See Page 2.

Period of Performance: 12/21/2005 to 09/30/2017

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

15A. NAME AND TITLE OF SIGNER (Type or print) Elizabeth Sellers Deputy Laboratory Director	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) ROBERT M. POOLE
15B. CONTRACTOR/OFFEROR Joseph Salda (Signature of person authorized to sign)	15C. DATE SIGNED 1/17/12
16B. UNITED STATES OF AMERICA [Signature]	16C. DATE SIGNED 1/18/2012

- A. Part I, Section H, Clause H-6, PARENT ORGANIZATION'S OVERSIGHT PLAN, paragraph (c), is revised to delete the first sentence and replace with the following:

"The estimated cost of the Parent Organization's Oversight Plan for FY12 (October 1, 2011-September 30, 2012) is \$2,547,836.00."

- B. Part I, Section H, Clause H-11, CONTRACTOR REINVESTMENT OF COST EFFICIENCIES, is deleted in its entirety and replaced as follows:

**H-11 COST REDUCTION (Class Deviation – March 2011)**

- (a) General. It is the Department of Energy's (DOE's)/National Nuclear Security Administration's (NNSA) intent to have its facilities and laboratories operated in an efficient and effective manner. To this end, the Contractor shall assess its operations and identify areas where cost reductions would bring cost efficiency to operations without adversely affecting the level of performance required by the contract. The Contractor, to the maximum extent practical, shall identify areas where cost reductions may be effected, and develop and submit Cost Reduction Proposals (CRPs) to the Contracting Officer. If accepted, the Contractor may share in any shared net savings from accepted CRPs in accordance with paragraph (h) of this clause.

- (b) Definitions.

*Administrative cost* is the Contractor cost of developing and administering the CRP. *Development cost* is the Contractor cost of up-front planning, engineering, prototyping, and testing of a design, process, or method.

*DOE/NNSA cost* is the Government cost incurred implementing and validating the CRP.

*Implementation cost* is the Contractor cost of tooling, facilities, documentation, etc., required to effect a design, process, or method change once it has been tested and approved.

*Hard savings* means savings that directly reduce the overall cost of operations for the negotiated period of savings. Examples of hard savings include:

- i) Permanently eliminating or reducing recurring costs through innovative product designs, or process improvements;
- ii) Supply chain management activities resulting in actual savings (as opposed to potential or sourcing savings);

- iii) Integration of life cycle approaches for the design and development of systems that minimize costs (e.g. experimental, maintenance and operations);
- iv) Reducing direct or indirect material or labor costs;
- v) Reducing inventory levels of product or material, or reducing the cost of carrying the same levels;
- vi) Reducing utility or natural resource consumption; or
- vii) Reducing or eliminating scrap dollars/rates.

*Net Savings means* the difference between the estimated cost of performing an effort as originally planned and the actual allowable cost of performing that same effort when implementing a Government approved CRP along with any Contractor development costs, DOE/NNSA cost, implementation costs, and administrative costs associated with the CRP.

*Soft Savings means:*

- i) savings that cannot be demonstrated to reduce the bottom line operating costs including, for example, labor efficiency improvements that increase productivity but do not reduce total hours worked;
- ii) savings that are intangible and consequently difficult to measure, for example, a wellness plan that is intended to reduce absenteeism, turnover or insurance costs; or
- iii) cost avoidances that cannot be demonstrated to lower cost of products/services based on a comparison against historical results, for example, slowing the rate of a cost increase.

(c) Consideration on Hard Savings

The Government's share of savings shall represent "hard savings" available for reprioritization by the DOE/NNSA. Proposed savings that will not be considered creditable by the Contracting Officer will include:

- (1) Savings resulting from formal or informal NNSA direction or changes in mission, work scope, or routine Contractor adjustments due to budget changes;

- (2) Underruns resulting from anything other than a Contractor efficiency improvement, including but not limited to additional NNSA funding, shifting of work scope to a future fiscal year, (e.g. moving upgrades to facilities or infrastructure to out years with no evidence of savings or computer buys that are routinely purchased on a 3 year bases are deferred for an additional two years) deferred maintenance, re-categorizing direct/indirect costs, or increases in the direct allocation bases;
  - (3) Site office initiatives, direction, work scope changes, mission changes, or reorganization, unless the Contractor can demonstrate a significant role in achieving savings resulting from the site office actions;
  - (4) Savings that have a negative impact on any existing Contract requirements such as scope, safety, or security;
  - (5) Soft savings; and
  - (6) Savings that have been credited elsewhere under this contract.
- (d) Procedure for submission of CRPs.
- CRPs submitted by the Contractor shall contain, at a minimum, the following:
- (1) Current Method (Baseline)-A verifiable description of the current scope of work, cost, and schedule to be impacted by the initiative, and supporting documentation.
  - (2) New Method (New Proposed Baseline)-A verifiable description of the new scope of work, cost, and schedule, how the initiative will be accomplished, and supporting documentation.
  - (3) Feasibility Assessment-A description and evaluation of the proposed initiative and benefits, risks, and impacts of implementation. This evaluation shall include an assessment of the difference between the current method (baseline) and proposed new method including all related costs.
- (e) Evaluation and Decision. All CRPs must be submitted to and approved by the Contracting Officer. Included in the information provided by the CRP must be a discussion of the extent the proposed cost reduction effort may—
- (1) Pose a risk to the health and safety of workers, the community, or to the environment;

- (2) Result in a waiver or deviation from DOE requirements, such as DOE Orders and joint oversight agreements;
  - (3) Require a change in other contractual agreements;
  - (4) Result in significant organizational and personnel impacts;
  - (5) Create a negative impact on the cost, schedule, or scope of work in another area;
  - (6) Pose a potential negative impact on the credibility of the Contractor or the DOE; and
  - (7) Impact successful and timely completion of any of the work in the cost, technical, and schedule baseline.
  - (8) Significantly impact internal controls.
- (f) Acceptance or Rejection of CRPs. Acceptance or rejection of a CRP is a unilateral determination made by the Contracting Officer based on but not limited to the evaluation criteria established in paragraph (c) and (e). The Contracting Officer will notify the Contractor that a CRP has been accepted, rejected, or deferred within (Insert Number) days of receipt. The only CRPs that will be considered for acceptance are those which the Contractor can demonstrate, at a minimum, will—
- (1) Result in net savings (in the sharing period if a design, process, or method change);
  - (2) Not reappear as costs in subsequent periods; and
  - (3) Not result in any impairment of essential functions (e.g. safety and security).
- (g) The failure of the Contracting Officer to notify the Contractor of the acceptance, rejection, or deferral of a CRP within the specified time shall not be construed as approval.
- (h) Sharing Arrangement. If a CRP is accepted, the Contractor may share in the shared net savings. The sharing arrangement shall be as follows:
- (1) 50% of the net savings shall be the Government's share of savings,

- (2) 10% of the net savings shall be share of savings fee payable to the Contractor,
- (3) 40% of the shared savings shall remain at the DOE/NNSA site and may be negotiated under the CRP for the following contract activities consistent with the other terms and conditions of this contract:
  - i) Program, project, or indirect cost activities to finance additional mission work that has been approved by the HQ office;
  - ii) Projects that serve the M&O site as a whole, such as a parking structure, an office building or building a cafeteria that doesn't serve a discrete program and could be built with institutional general plant project funds;
  - iii) Employee compensation for non-key personnel in accordance with Appendix A. For the purposes of this clause, "employee compensation" means a one-time non-base lump sum payment which does not count towards the employee's pensionable earnings.

The specific percentage and sharing period shall be pre-negotiated and set forth in the contractual document and may span multiple years, however, cost sharing in future years will be contingent upon availability of funds and the Contracting Officer certifying each year that the savings have been sustained.

- (i) Validation of Shared Net Savings. Each year the Contractor shall certify the amount of savings achieved that year and that the Government's share of savings is available for redirection. The Contracting Officer shall validate actual shared net savings. If actual shared net savings cannot be validated, the Contractor will not be entitled to a share of savings. If the savings are validated, the Government will decide how to redirect its share of the funds.
- (j) Relationship to Other Incentives. Only those benefits of an accepted CRP not awardable under other clauses of this contract shall be considered under this clause.
- (k) Subcontracts. The Contractor may include a clause similar to this clause in any subcontract. In calculating any estimated shared net savings in a CRP under this contract, the Contractor's administration, development, and implementation costs shall include any subcontractor's allowable costs, and any CRP incentive payments to a subcontractor resulting from the acceptance of such CRP. The Contractor may choose any arrangement for subcontractor CRP incentive

payments, provided that the payments not reduce the DOE's share of shared net savings.

- C. Part III, Section J, Appendix A, Section III – Compensation, is revised to add the following:
  - (d) Additional Bonus for Non-Key Personnel. The Contractor may provide one-time non-base lump sum payments as a form of bonus to non-key personnel in accordance with the cost reduction clause (DEAR 970.5215-4, NNSA Deviation dated March 2011) from resulted shared savings earned and negotiated cost reduction proposals.
- D. Part III, Section J, Appendix D. Appendix D is modified and replaced with the new Appendix D, attachment to this modification.

**Part III – Section J**

**APPENDIX D**

**LISTING OF KEY PERSONNEL**

**December 8, 2011**

<b>TITLE</b>	<b>NAME</b>
Laboratory Director	Charles McMillan
Deputy Laboratory Director	Elizabeth Sellers
Principal Associate Director, Weapons Programs	Bret Knapp
Principal Associate Director, Operations & Business	Carl Beard
Principle Associate Director, Global Security	Terry Wallace
Principal Associate Director, Science Technology & Engineering	Vacant
Principal Associate Director, Capital Projects	Paul Henry
Associate Director, Plutonium Science & Manufacturing	Vacant
Associate Director, Weapons	Vacant
Associate Director, Business Services	Mark Barth
Associate Director, Environment, Safety, & Health	Vacant
Associate Director, Nuclear & High Hazard Operations	Vacant
Associate Director, Project Management	Vacant
Associate Director, Maintenance & Infrastructure Planning	James Johnson
Associate Director, Safeguards & Security	Michael Lansing
Associate Director, Environmental Programs	Michael Graham
Associate Director, Threat Identification & Response	W. Scott Gibbs
Associate Director, Chemistry, Life & Earth Sciences	Nancy Sauer
Associate Director, Engineering & Engineering Sciences	Steven Girrens
Associate Director, Experimental Physical Sciences	Susan Seestrom
Associate Director, Information Technology	Carolyn Zerkle
Associate Director, Theory, Simulation & Computation	Vacant
Contractor Assurance Officer	Roland Knapp
Chief Financial Officer	Glenn Kizer
Chief Prime Contracts	Steve Shook