

**SECTION J  
APPENDIX A**

**STATEMENT OF WORK**

**DOE/NNSA Management and Operations  
Pantex Plant and Y-12 National Security Complex Sites**

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## CHAPTER I. OBJECTIVES, SCOPE, AND REQUIREMENTS

### 1.0 Objective

The objective of this Contract is to obtain nuclear processing and production operations services along with other required services to support National Nuclear Security Administration (NNSA) and broader national security requirements assigned to the Pantex Plant and Y-12 National Security Complex sites. This objective specifically includes obtaining the nuclear operations services required to meet the stockpile requirements derived from the nuclear weapons stockpile plan updated and released by the President of the United States annually. The Contractor shall be fully responsible for the processing, manufacture, fabrication, and disposition for high-hazard enriched uranium, special nuclear material (SNM), other special materials, high-explosives and nuclear weapon assembly/disassembly functions to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs (DP). The Contractor shall be responsible for the management and operation of two major sites within the Nuclear Security Enterprise (NSE).

Furthermore, the Contractor shall directly support the NNSA Offices of Naval Reactors; Emergency Operations; Safety, Infrastructure and Operations; Defense Nuclear Security; Counterterrorism and Counterproliferation; and Defense Nuclear Nonproliferation in addition to other 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 within legal and other formal established agreements on a non-interference basis with the DOE/NNSA workload.

This statement of work includes four Contract Line Item Numbers (CLINs). CLIN 0001 covers contract transition. CLIN 0002 covers the management and operation of the Pantex Plant (Pantex) and the Y-12 National Security Complex (Y-12). CLIN 0003 covers Strategic Partnership Projects (SPP). CLIN 0004 and its Sub-CLINs cover capital construction projects at both Y-12 and Pantex.

In addition to achieving Presidential goals outlined in the February 2018 Nuclear Posture Review, this Contract will fully support the DOE and NNSA Strategic Plans and will support NNSA's management of a fully integrated, interdependent, and effective Nuclear Security Enterprise (NSE), consisting of all eight NNSA sites, by achieving the following four specific objectives:

- (i) Improving performance of these two sites in the overall completion of national security missions for nuclear production operations;
- (ii) Managing operations at two geographically-dispersed centers of excellence for: nuclear weapon assembly/disassembly/disposition; high-explosive production operations; enriched uranium; SNM; and other special materials under a single Contract;
- (iii) Reducing the cost of performing work; and
- (iv) Supporting actions for an integrated DOE/NNSA enterprise.

This Contract does not affect the physical location or mission of nuclear production centers of excellence designations at the respective sites.

## **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 for Fiscal Year 2000, Public Law 106-65) as a semiautonomous element within DOE, is responsible for the management and security of the nation's nuclear weapons, non-proliferation, and naval nuclear propulsion programs. It also responds to nuclear and radiological emergencies in the United States and abroad, and NNSA federal agents provide safe and secure transportation of nuclear weapons, components, and special nuclear materials.

### **2.2 The NNSA Organization**

NNSA consists of multiple mission offices - the Offices of Defense Programs; Defense Nuclear Nonproliferation; Naval Reactors; Emergency Operations; Safety, Infrastructure and Operations; Defense Nuclear Security; and Counterterrorism and Counterproliferation - and various mission support offices such as the Offices of Policy; Acquisition and Project Management; Information Management; and Management and Budget. These offices work closely with NNSA Field Offices to execute and oversee the NNSA mission across the Nuclear Security Enterprise (NSE) which includes the various site and headquarters locations.

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, and other facilities in the NSE. Together, the M&O contractors implement NNSA's wide-ranging mission goals including the Stockpile Stewardship Program managed by Defense Programs which comprises operations associated with surveillance, assessment, maintenance, refurbishment, modernization, manufacture and dismantlement of the nuclear weapons stockpile as well as research, development, and certification efforts.

### **2.3 Location of Performance**

The two sites under this Contract are:

**2.3.1 Y-12 National Security Complex (Y-12):** Y-12 is a Government-owned site located in Oak Ridge, Tennessee, on approximately 3,100 acres within the 34,000 acre Oak Ridge Reservation. The NNSA facilities at Y-12 consist of over 370 buildings with approximately 6,070,000 gross square feet (gsf). Another 1,790,000 gsf are facilities that are the responsibility of the Office of Science, Office of Nuclear Energy, or the Office of Environmental Management. The Y-12 facilities are primarily located in a single valley of approximately 800 acres.

**2.3.2 Pantex Plant (PX):** PX is a Government-owned site located near Amarillo, Texas, on approximately 9,100 acres at Pantex Plant proper and 1,100 acres

of detached property called Pantex Lake, approximately 2.5 miles northeast of the main plant site. In addition, PX leases 5,800 acres south of the plant as a security buffer and owns approximately 1,526 acres of land east of FM2373 that provides an additional security buffer and is being used primarily for agriculture and location of the Pantex Wind Farm. The total acreage under Federal control is approximately 17,460 acres. The facilities on the site consist of 602 buildings comprising approximately 3,444,000 gsf.

### 3.0 Scope

This Contract is comprehensive with an objective to perform all necessary operational, coordination, and management functions at Y-12 and PX required to support NNSA and broader national security missions assigned to these sites. 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. It further includes all infrastructure management and maintenance; information technology; human resource management including critical skills recruitment and retention; environmental management; health, safety and security systems; armed protective forces; and purchasing and other administrative systems.

In the execution of this Contract, and particularly program integration, the Contractor shall meet rigorous quality and reliability standards essential for the U.S. nuclear deterrent; maintain sufficient production capability and capacity necessary to produce at rates defined in planning documents; and implement flexible production management and execution processes to accommodate a dynamic national security environment. The Contractor shall balance risk management and cost reduction to provide increased value to the Government. This applies both internally to this Contract and contributing to the overall cost efficiency of the NSE.

The Contractor shall be fully responsible and accountable for the safe and secure accomplishment of all work, whether performed by its own personnel or team members, including subcontractors. The Contractor shall be responsible for planning and coordinating production schedules; integrating, managing and executing the programs; supporting and executing large and small projects; working collaboratively with national laboratories to develop essential technologies and capabilities; and completing operations and other activities as described in this Statement of Work and Work Authorizations issued by the Contracting Officer.

#### 3.1 Mission

The Contractor shall safely, securely, and with high quality standards complete all mission responsibilities and improve overall performance in the completion of national security missions for nuclear production operations and other designated national security missions, at these two sites. NNSA has a Work Breakdown Structure (WBS) that is discussed further in Section J, Appendix **TBD**. At a minimum, the Contractor shall:

- (i) Sustain the necessary workforce and exercise essential capabilities and capacities for: nuclear weapon assembly/disassembly/disposition, high-explosive production and fabrication, enriched uranium, depleted uranium, special materials, lithium, and SNM;

- (ii) Maintain authorization basis for high-hazard operations;
- (iii) Maintain up to Category I security for specific facilities and assets;
- (iv) Operate high-hazard chemical processing facilities and systems within approved authorization basis;
- (v) Assure the availability of core capabilities and minimum necessary capacity, regardless of stockpile size;
- (vi) Implement and oversee the nuclear explosive and weapons surety program to include nuclear weapon/nuclear explosive safety, security, and use control;
- (vii) Sustain and modernize site infrastructure, facilities, processes, and equipment;
- (viii) Manage numerous small and large projects, including capital construction and major items of equipment, from conception through design and construction execution and management to operational readiness;
- (ix) Interface with and support other contractors performing work at any of the NSE sites;
- (x) Balance available resources to meet mission requirements and infrastructure sustainment while maintaining safe, secure, high quality, environmentally compliant and resilient operations; and
- (xi) Effectively partner with other contractors within the NSE to support the master production schedule by managing all production activities and be responsible for the execution of uranium, lithium, special materials, SNM, high explosives, nuclear weapons assembly/disassembly/disposition, dismantlement, and surveillance functions in support of the Stockpile Stewardship Program. In performing this responsibility, issues between the NSE contractors will be brought to NNSA management for resolution.

### **3.2 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)
  - The EPAT information shall be collected in accordance with the Work Breakdown Structure (WBS) (see Section J, Appendix **TBD**)
- Facilities Information Management System (FIMS)

- NNSA Integrated Data Warehouse (IDW)

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 utilize 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 **TBD**). 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 as found in Section J, Appendix **TBD**, and utilize the WBS reporting structure for further program granularity, as applicable and as it continues to develop within NNSA. The baseline shall include cost, scope of work, and schedule with a documented change control process. The baseline shall be fully consistent with planning documents, budget requests, and progress reporting such as earned value management systems. The baseline shall be submitted for Contracting Officer review on an annual basis.

The Contractor shall have in place tools 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); 4) compare actual amount of work performed to the amount of planned, and 5) document deviations from the baselines described above in this paragraph and, on a timely basis, notify the Contracting Officer of such changes. Changes shall be minimal and limited to changes outside the Contractor's control. 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 not make retroactive changes for funding fluctuations or revisions in EAC.

### 3.3 Enterprise Success

The Contractor shall participate with NNSA and other NNSA M&O Contractors in evaluating, planning, developing and implementing strategic initiative activities that optimize mission and business operations across the NSE. The goal of these initiatives is to increase the overall efficiency and cost effectiveness of the NSE from a business and mission perspective, to include:

- Reduced operational site costs and enterprise-wide impacts,
- Improved work practices and operational processes at sites,
- Better pricing, better products, more timely delivery,
- Reduced administrative costs and lead times for both the Contractor and the DOE/NNSA,
- Optimization to increase efficiencies at sites and reducing operational redundancies across the NSE; and
- Increased awards to small business entities.

NNSA expects these and other initiatives to result in operational improvements, increased resiliency, and efficiency gains within the NSE.

The Contractor shall team with NNSA and NSE Contractors in identifying potential cross-NSE benefits to be derived from sharing lessons learned, benchmarking, and best practices to benefit the NSE in the areas of mission workload and enterprise functional support.

The Contractor shall suggest and NNSA shall establish performance incentives with performance measures and targets for efforts that result in performance improvement and benefit 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 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 the applicable DOE Order, NNSA Supplemental Directive 412.1, and the Contract's Section I Clause entitled "DEAR 970.5211-1, *Work Authorization*."

##### **4.3 Information Technology (IT)**

The NNSA seeks to deliver a modern, secure computing environment that improves communication and aligns the current and future IT service delivery model. The enterprise-wide IT modernizations initiative will provide innovative ways to consume, leverage, share, and safeguard information assets. It is the goal of the overall NNSA cyber posture to enhance secure and accessible IT solutions within and across NNSA sites. Additionally, NNSA will identify and evaluate emerging technologies that can be used to strengthen NNSA's cyber defenses. NNSA seeks to consolidate IT infrastructure/services and eliminate redundant systems, to increase efficiency through mobility and cloud computing, and to improve business processes to better integrate across both sites. To accomplish these goals, the Contractor must evaluate and develop a single, integrated "to-be" vision that utilizes the best available technologies and



management practices from both Government and commercial sources to improve and achieve performance excellence, including fiscal efficiency. With respect to production, these efforts shall include, but are not limited to, the implementation of multi-site, integrated manufacturing based information systems that support weapons production, SNM accountability, production scheduling and flow, surveillance, weapon retirement, process knowledge archiving, and preservation of production and certification records. Desktop and back-office computing capabilities should be compatible with those used by NNSA entities across the broader nuclear security enterprise, and should include seamless functionality between the Y-12 and PX sites.

If the Contractor plans to offer an IT deliverable that is not Internet Protocol version 6 (IPv6) and Homeland Security Presidential Directive (HSPD)-12 compatible, the Contractor agrees to (1) obtain the Contracting Officer's approval before starting work; and (2) provide a migration path and firm commitment to upgrade to IPv6 and HSPD-12 compatibility for all application and product features.

The Contractor, prior to using any Contractor-owned software and systems where reimbursement is expected, shall request approval by the Contracting Officer. 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 nuclear production 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 (such as DOE Order 226.1B and NNSA Supplemental Directive 226.1C, or successor documents, included in Section J, Appendix B, *List of Applicable Directives*).

Contractors must self-govern and deliver high-quality 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 utilizing 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 implement a Contractor designed and utilized 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 as described in DOE Order 226.1B. 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.

- 44.2 Standards and Directives Reform:** The Contractor shall submit a plan within 180 days after start of Base Term that identifies standards (e.g., ISO 9001, 14001, 18001, or other international or industry standards) to be utilized 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.
- 44.3 Parent Organization(s):** The Contractor, through its Parent Organizations, shall develop, at a date established by the Contracting Officer with input from the Contractor, a multi-year Parent Strategy and Oversight Plan (Strategic Plan) that details (1) its planned efforts and expected accomplishments by year, to continuously improve its management and performance, and (2) the planned efforts and contributions of its Parent Organizations. The Contracting Officer may require an updated Plan or a Plan supplement to address specific issues at any time during performance of the contract. The Contractor shall also provide an Annual Oversight Plan (Annual Plan) from its Governing Board detailing the activities expected to be conducted during the year (if applicable) and the estimated costs of those activities, which shall be submitted 60 days prior to each fiscal year for Contracting Officer approval. The Annual Plan shall also identify the Board's annual activities to: (1) monitor the Contractor's performance of Statement of Work activities including CAS performance and (2) to assist the Contractor in meeting NNSA's mission and operational requirements. Elements of the Strategic or Annual Plan may be incorporated into the Contractor's Performance Evaluation and Measurement Plan. The utilization of Parent Organization experts via the Board's activities, which are defined herein as employees of Parent Organization(s), is encouraged for the purpose of achieving improvement in management and performance to resolve deficiencies identified through the Board's oversight or unusual issues encountered in site operations. The Board shall conduct periodic briefings throughout the annual rating period to NNSA management relating their oversight activities against the Plan and effects on production plant performance.

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 plant performance, assisting the plant in meeting its mission and operational requirements, streamlining the Contractor's administrative and business systems, improving performance, and adapting private sector expertise to plant issues.

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.

The Contractor, prior to using any parent corporate systems or home and branch office personnel where reimbursement is expected, shall submit a plan for review and approval by the Contracting Officer. The plan shall include a cost estimate and supporting information such as approved indirect rate agreements. In reviewing the plan, the Contracting Officer will consider the extent to which each separate element of the plan is more efficient and represents an overall cost savings to the Government versus existing site systems, assists the parent corporation or the Contractor in monitoring plant performance and in meeting mission and operational requirements or brings value-added expertise to plant issues. 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 nuclear production work by successor contractors.

**4.4.4 Performance Evaluation and Measurement Plan:** The Contractor shall participate in the formulation of Performance Evaluation and Management Plans (PEMP) that covers a defined period of time. The PEMP shall include performance goals, objectives, and key outcomes, and may include other measures of performance as developed by NNSA as a part of its Corporate Performance Evaluation Process (CPEP).

**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.

#### **4.5 Contractor Human Resources**

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 with Section J, Appendix A, *Statement of Work*, Chapter III, *Human Resources*.

#### **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 documents 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 Safety Board and Other Government Agencies Support and Liaison**

The Contractor shall support NNSA in interfacing with various Government agencies such as the Defense Nuclear Facilities Safety Board (DNFSB), Department of Defense and state regulatory agencies.

The Contractor shall conduct activities in accordance with the applicable DOE directive and guidance on interface with the DNFSB. The Contractor shall be accountable for ensuring that subcontractors at any tier adhere to these requirements.

#### **4.8 Interfaces with Other Site Users**

Within the two sites, 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 Contracting Officer approval, an Interface Management Plan

(IMP) for the affected sites to identify and manage all site interfaces/services between DOE, NNSA, DOE/NNSA contractors, and tenant entities engaged in onsite activities. The IMP will also incorporate contractors and subcontractors to these entities, as directed by the Contracting Officer. The IMP should identify any costs related to other site users. Services may be provided by the Contractor on a cost recoverable basis as approved by the Contracting Officer. The IMP shall also address security in accordance with Section J, Appendix A, *Statement of Work*, Chapter II, 1.2.5, Defense Nuclear Security. The Contractor IMP(s) will become part of the Contract as Section J, Appendix K, *Interface Management Plan*. The Contractor shall be responsible for developing and implementing a plan for interfacing and integrating activities with other site contractors and tenant entities consistent with DOE technical direction. For the sites, services that require interface agreements shall be provided in accordance with existing or newly developed memoranda of understanding or other appropriate agreements. The Contractor will provide input to the NNSA Production Office regarding effective support toward common site security and operational objectives. The Government will not consider such input if one contractor has any potential Organizational Conflict of Interest with the other contractor.

#### **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 Clause entitled "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.

#### **4.10 Cost Reduction**

The Contractor shall prepare and submit Cost Reduction Proposals (CRPs) in accordance with the Contract's Section I Clause entitled "DEAR 970.5215-4, Cost Reduction" where opportunities for reducing the cost of operations are identified. The Contracting Officer may accept or reject the CRPs.

## **CHAPTER II. WORK SCOPE STRUCTURE**

### **1.0 Programs**

The Contractor shall support the following program activities:

#### **1.1 Defense Programs**

**1.1.1 Directed Stockpile Work (DSW):** The DSW program is responsible for maintaining and enhancing the safety, security, and reliability of the U.S. nuclear weapons stockpile without using underground testing. To meet this goal, DSW assures that nuclear warheads and bombs are available for the Department of Defense (DoD) in accordance with the stockpile system levels documented in the annual President's Nuclear Weapons Stockpile Plan (NWSP) and direction per Presidential Policy Directives. The NWSP directs the number and type of weapons that the United States needs to maintain to ensure a credible deterrent.

DSW includes weapons and production support programs. These programs are performed to achieve component manufacture, stockpile evaluation, stockpile assessment, stockpile maintenance, stockpile modernization, stockpile refurbishment, and nuclear weapons assembly/disassembly/disposition as well as research, development, and certification efforts requirements in accordance with DOE/NNSA directive documents and other formal direction.

Within DSW, the types of activities include, but are not limited to, the assembly and disassembly of nuclear weapons and individual components in support of Life Extension Programs, the Stockpile Evaluation Program, and dismantlement goals and objectives. In addition, it includes the disposition of weapon components, maintaining a weapons quality control program, providing production operations supporting multiple systems, providing production information systems, and providing laboratory analytical services. Also, each site performs research, development, testing, hardware, and engineering work for the current and future weapon systems and production missions in support of the national laboratories. At Pantex, the high hazard manufacture and fabrication of high explosive materials and components, interim storage of SNM and components, and nuclear weapons assembly/disassembly/disposition are key deliverables and; Y-12 provides the Canned Subassemblies. All operations shall meet DOE/NNSA requirements for nuclear facility safety, criticality safety, nuclear explosive safety, and Conduct of Operations. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) B61 Life Extension Program (LEP), W88 Alteration (Alt) 370, W80-4 LEP, and W87-1 LEP and W-93 weapon system deliverables;
- (ii) All other LEP, Alt, and weapon system deliverables;
- (iii) Support planning and development for upcoming and future LEPs and weapons (W80-4, W87-1, W93)
- (iv) 800-1200 weapon systems equivalent unit operations per year for assembly/disassembly for: (1) surveillance sample disassembly and rebuild, LEP production and dismantlement; (2) Joint Test Assemblies (JTA) and Test Beds; and (3) Limited Life Component Exchanges (LLCEs). These operations are on the, B61, W62, W70, W71, W76, W78, W80, B83, W84, W87, and W88 systems; (The W76 LEP (Assembly/Disassembly) is the standard equivalent unit and is equal to 1.0 equivalent unit. All other weapons program deliverables are defined as either 0.xx or 1.yy equivalent units based on the number of hours of production time and whether it is greater or less than that standard.)
- (v) Meet annual Defense Program deliverables at Y-12 and PX inclusive of assemblies, subassemblies, piece parts, phases of a dismantlement or surveillance, container refurbishments, shipment and receipt of nuclear weapons from DOD, and shipments from Area 5;
- (vi) Maintain, modernize, and exercise production process capabilities

such as casting, rolling, forming, machining, and inspection. Establish or re-establish production capabilities for SNM and/or non-SNM special material components;

- (vii) Support of multi-program initiatives including Product Realization Integrated Digital Enterprise and Requirements Modernization and Integration;
- (viii) Storage and disposition of excess legacy components from weapons activities;
- (ix) Manage expense projects, such as the Manufacturing Operations Management at Y-12 and the Operations System Design and Integration at Pantex.
- (x) Support on-going construction of the Uranium Processing Facility, transition to and authorization for operations, and transition to full scale production as described in Chapter IV.
- (xi) Manage design, construction, and operation of capital projects and Major Items of Equipment (MIE) such as the High Explosive Synthesis, Formulation and Production Facility, Lithium Processing Facility, and others as may be authorized by NNSA. See Chapter V for a more information on capital construction and MIE projects.

**1.1.2 Weapon Technology and Manufacturing Maturation:** Technology Maturation is the focused efforts to address critical capabilities needed to achieve key future program objectives. Technology Maturation activities are technically challenging, multi-function efforts that have definitive milestones and specific work plans. Projected work scope within this program includes, but is not limited to:

- (i) Support advanced technology projects in support of the NSE such as lithium technologies, microwave deployment, wet chemistry replacement, lithium oxide replacement, high explosives development;
- (ii) Support transition of designated Campaign activities to DSW.

**1.1.3 Production Modernization (PM):** The NNSA uranium, lithium, and special materials capabilities at the Y-12 National Security Complex are critical to meeting national security requirements for the nuclear stockpile, naval reactors, and nuclear-nonproliferation. Within Production Modernization are the Enriched Uranium Modernization, Depleted Uranium Modernization, Lithium Modernization, and Special Material Programs. These Programs are responsible for ensuring material production and processing capabilities and capacities are adequate to meet NNSA's strategy and program of record. Types of activities included to support these Programs include, but are not limited to, major capital

acquisitions, MIE, numerous small projects, technology development, operations of process equipment, and disposition of out-of-service equipment. Major initiatives include transition of Building 9212 operations to other facilities; design, construction, and operation of the Uranium Process Facility (UPF is performed by others as described in Chapter IV) and Lithium Processing Facility; restart of depleted uranium operations, and initiation of new capabilities and processes. Major ongoing activities include nuclear material recycle and recovery; installation of new technologies or capabilities like electro-refining, calcining, and direct chip melt; maturing of new essential technologies like binary direct casting and special material processing; and identifying and maturing technologies that may improve efficiency like cold hearth melting and additive manufacturing.

- 1.1.4 Infrastructure and Operations:** Infrastructure and Operations provides the physical and operational infrastructure required to conduct the scientific, technical, and manufacturing activities of the Stockpile Stewardship Program. The I&O mission is to ensure that the sites comprising the NSE are implementing the technologies and methods necessary to make construction, operation, energy efficiency and maintenance of production facilities safe, secure, reliable and cost effective and that the right facilities and infrastructure are in place to manufacture and certify the 21st century nuclear weapons stockpile.

The key areas within I&O include, but are not limited to, construction, construction support and contractor integration, management of containers (onsite and offsite), operations of facilities, management and storage of materials (plutonium, highly-enriched uranium (HEU), Lithium, SNM and other materials), Projected work scope within this program includes, but is not limited to:

- (i) Maintain annual mission critical facility availability;
- (ii) Maintain mission critical facilities and mission dependent, not critical facilities;
- (iii) Project Management
  - A. The Contractor shall perform design and construction activities for required projects under \$20M (Expense and General Plant Projects). New projects over \$20M, including Expense and Line Item, may be included if determined by the NNSA to be in the Government's best interest.
  - B. The Contractor shall perform initial project development (for all projects regardless of dollar value), project management, design, and construction management activities in accordance with required DOE Orders.



- C. The Contractor shall recognize existing Construction Labor Agreements and shall require subs engaged in construction on the construction project to recognize the Construction Labor Agreement.
  - D. The Contractor shall maintain project baselines, develop Documented Safety Analysis, define quality requirements, ensure National Environmental Policy Act (NEPA) compliance, provide quarterly reports to the NNSA for assigned projects, support external reviews, and meet other requirements as directed by the Contracting Officer.
  - E. Line Item Capital Projects covered by this Contract include, but are not limited to:
    - Lithium Processing Facility (LFP)
    - High Explosive Science and Engineering Facility (Pantex)
    - High Explosive Synthesis, Formulation and Production Facility (Pantex)
    - West End Protected Area Reduction Project (WEPAR)
    - Fire Station
    - Emergency Operations Center (EOC)
    - The status of Line Item Projects is described further in Chapter V, below
  - F. Major Items of Equipment (MIE) projects covered by this Contract include, but are not limited to:
    - Electro Refining
    - Calciner
    - The status of MIE Projects is described further in Chapter V, below
  - G. Interface support provided by Contractor under this contract for Capital Construction Projects include, but are not limited to:
    - Uranium Processing Facility (UPF), see Chapter IV of this SOW
    - Consolidated Nuclear Security, LLC, NNSA contractor
- (iv) Manage and disposition waste generated at the sites;
- (v) Operate enriched uranium recycle and recovery systems at Y-12 to include chemical processing, metal working, purification, accountability, storage, disposition, breaking, casting, high precision machining, oxide conversion, metal production, and canning;
- (vi) Operate lithium recycle and recovery systems at Y-12;
- (vii) Reduce the backlog of Highly Enriched Uranium (HEU) material at Y-12 in order to fully execute Material Disposition Plan and manage newly generated low-enrichment material by processing to a form suitable for

long-term storage or discard of material which is below the Economic Discharge Limit;

(viii) Safe and secure storage, management, and disposition of nuclear and non- nuclear materials (weapon assemblies, pit staging, war reserve storage, enriched uranium, Li6, heavy water, plutonium, and satisfy NNSA and other DOE customer material requirements;

(ix) Support DOE enterprise-wide nuclear materials management and storage initiatives including, supporting the development and update of material management plans, supporting the DOE Nuclear Materials Management Team, and performing special studies related to uranium, lithium, heavy water as requested;

(x) Deliver containers according to Shipment Schedules in support of DSW and other missions; and

(xi) Support footprint reduction efforts at the sites.

(xii) Operate the Wind Energy System (Pantex Wind Farm) as part of the Pantex Renewable Energy Project (PREP).

**1.1.5 Secure Transportation:** This is the mechanism for the movement of weapons and materials between sites. Key facilities are located in Amarillo, Texas and Oak Ridge, Tennessee. Support under this Contract shall include maintenance of facilities, vehicle maintenance and support, and other activities.

## **1.2 Other NNSA Work**

**1.2.1 Infrastructure and Environment:** These programs include Site Stewardship, Long-term Environmental Stewardship, NNSA recapitalization programs, Nuclear Materials Management Team, and energy savings initiatives required by the DOE. Projected work scope for the NSE within this program includes, but is not limited to:

(i) Overseeing roofing projects under Enterprise-wide Roofing Asset Management Program;

(ii) Overseeing chilling and heating projects under the Enterprise-wide Chilling and Heating Management Program;

(iii) Completing recapitalization and deferred maintenance projects;

(iv) Completing facility demolition projects; and

(v) Completing High Pressure Fire Loop at Pantex (CD-4).

**1.2.2 Nuclear Counterterrorism Incident Response and Other Nuclear Emergency Response Programs:** The Nuclear Counterterrorism Incident Response (NCTIR)

program ensures that capabilities are in place to respond to any DOE/NNSA facility emergency, nuclear, or radiological incident within the United States or abroad, and to provide operational planning and training to counter both domestic and international nuclear terrorism and assure that DOE can carry out its mission-essential functions. This includes DOE's radiological assistance program, NNSA's worldwide weapons accident response management, and other investigations or advisory groups.

**1.2.3 Nuclear Non-Proliferation:** Defense Nuclear Nonproliferation programs work closely with a wide range of international partners, key U.S. federal agencies, the U.S. national laboratories, and the private sector to detect, secure, and dispose of dangerous nuclear and radiological material, and related weapons of mass destruction technology and expertise. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) Integrate, plan and execute disposition projects for DOE complex-wide inventories of surplus and excess nuclear material;
- (ii) Complete 100% of scheduled deliveries of excess enriched uranium to customers;
- (iii) Provide effective and rapid response to emergent non-proliferation and international security requirements;
- (iv) Partner with DOE/NNSA laboratories to leverage resources and expertise in support of nuclear non-proliferation goals and objectives;
- (v) Support of global nonproliferation activities; and
- (vi) Meet 100% of scheduled deliveries for the supply of nuclear materials to foreign and domestic research and isotope production reactors and other Y-12 customers.

**1.2.4 Naval Propulsion:** Naval Reactors programs require production and delivery of feedstock supporting their nuclear fuel program. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) Complete 100% of scheduled deliveries of feedstock to NA-30; and
- (ii) Complete annual evaluation, maintain, and submit 20-year plan for NA-30 feedstock requirements.

**1.2.5 Defense Nuclear Security (DNS):** The DNS program protects NNSA interests from theft, diversion, sabotage, espionage, unauthorized access, compromise, and other hostile acts which may cause unacceptable adverse impacts on national security, program continuity, security of employees, and the public. As required by the security assets at each site, the Contractor shall provide a highly trained, competent, qualified, and certified Protective Force (PF) to protect nuclear

explosives, SNM, classified matter, and other NNSA property. The actual PF staffing is determined by the posts and patrols and their required hours of operation. The Contractor is expected to provide staffing to meet requirements in a cost-effective manner. These responsibilities include planning, integration, management, and execution of all program elements **excluding** drug and alcohol testing for all site personnel.

PF operations are included in the scope of this Contract.

The Contractor shall interface, as directed by the CO, with other contractors that perform safeguards and security work within the Oak Ridge Reservation. In addition, the scope entails coordination with local law enforcement agencies as well as management and operation of all shared security support services (e.g., Technical Surveillance Countermeasures and pre-event discovery operations) and facilities (inclusive of the Central Training Facility) in Oak Ridge, as well as implementation of the “Graded Security Protection Policy.” The Contractor shall establish a formal training program which ensures appropriate personnel are competently trained, and fully qualified to perform the tasks within their assigned responsibilities under both normal and emergency conditions. This responsibility also includes the DOE standardized security training of DOE-Oak Ridge PF personnel at the Central Training Facility. For other PF contractors within the Oak Ridge Reservation, the Contractor shall develop and conduct site-specific training curricula through coordination with the affected contractors.

#### **1.2.6 Cyber Security:**

The NNSA Cybersecurity program ensures that sufficient information technology and information management security safeguards are implemented throughout the NSE to adequately protect information assets. The overarching goal is to implement a flexible, comprehensive, full life-cycle, risk-based cyber security program including a cybersecurity architecture aligned with the NNSA enterprise architecture and plans of the NNSA Office of the Chief Information Officer. The Contractor shall conduct cyber security operations to meet the requirements of the NNSA Cyber Security program at all times. The Contractor shall allow full, unfettered access to security logs and cyber security sensor data to the Integrated Joint Cyber Coordination Center (IJC3) to provide cyber security situational awareness for the NSE. The Contractor shall implement a cybersecurity baseline program and provide adequate performance metrics to generate a risk-based budget process for the NSE.

#### **1.3 Strategic Partnership Programs (SPP) /Other Reimbursable Work**

This includes the management and execution of other assigned programs related to national security missions for DOE, other Government agencies, or privately owned organizations on a non-interference basis with NNSA work as approved by the Contracting Officer.

### **2.0 Functional Support**

The Contractor shall provide:

## **2.1 General Support**

General management and program management functions including executive direction, human resources, financial support services, procurement, legal services, central administrative services, program and project controls, information outreach, information services, and other general support functions.

In addition, the Contractor shall provide legacy health and welfare benefits administration regarding former Contractor employees at Portsmouth Gaseous Diffusion Plant, located near Piketon, Ohio, and Paducah Gaseous Diffusion Plant, located approximately 15 miles west of Paducah, Kentucky. The Contractor shall also provide legacy pension, health and welfare benefits administration regarding former Contractor employees at K-25, located five miles west of Y-12.

## **2.2 Mission Support**

Mission support functions including environmental, safety and health, facilities management, maintenance, utilities, safeguards and security, logistics support, quality assurance, and laboratory/technical support.

In addition, the Contractor will provide services and support, as directed by NNSA, in the following areas:

- (i) Office of Secure Transportation facilities;
- (ii) DOE Central Scrap Management Office;
- (iii) DOE Business Center for Precious Metals Sales and Recovery;
- (iv) DOE Tri-Laboratory Office; and
- (v) -DOE Weapons Evaluation Test Laboratory (WETL) operations operated by SNL.

## **2.3 Site Specific Support**

Site specific support includes management and incentive fee administration, state and local taxes, and direction of a DOE-approved Plant-Directed Research, Development and Demonstration (PDRD) Program that supports science-based manufacturing related to the NNSA weapons mission, and encourages advanced research, development, and demonstration work to enhance the science and technology capabilities and core competencies required to fulfill the mission of nuclear production.

# **CHAPTER III. HUMAN RESOURCES**

## **1.0 Definitions**

Incumbent Employees are the employees in good standing of Consolidated Nuclear Security (CNS), LLC under Contract DE- NA0001942, as of the day preceding the first day of the Base Period of the Contract.

Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor on or after the first day of the Base Period of the Contract.

## **2.0 Workforce Transition**

The following are requirements the Contractor shall carry out during the Transition Period, prior to the beginning of the Base Period. 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, 2.3, Incumbent Employees Right of First Refusal, and 2.4, Personnel Appendix (*Section J Appendix D*). 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 30 calendar 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 they expect 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 Contracting Officer approval a pay and benefits program to cover non-bargaining unit employees at Pantex and Y-12. It is expected that the benefits program will be developed utilizing best practice and market based design concepts to achieve maximum efficiency and lower cost through such features as vendor and benefit plan consolidation.

The Contractor will be required to become a sponsor of the existing retirement plans, and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the tax-qualified status of those plans, if applicable. Incumbent Employees shall remain in their existing defined benefit (DB) pension plan (or comparable successor plan if continuation of the existing plans is not practicable) pursuant to pension plan eligibility requirements and applicable law. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the day preceding the first day of the Base Period.

**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 at Y12 and PX including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Period as well as newly proposed plans.

The submission shall also include an "Employee Benefits Value Study" comparing the proposed benefit plans for non-bargaining unit Employees

using the NNSA Consolidated Employee Benefit Value Study methodologies and comparator companies, to be provided by the Contracting Officer, described in 4.1.5 below. The Contractor shall submit for Contracting Officer approval a benefits program for non-bargaining unit Employees that does not exceed the net benefit value of the comparator group by more than five percent. Alternatively, the Contractor may submit to the Contracting Officer, for Contracting Officer approval, a strategy to realign employee benefits to within the 105% ceiling in a specified period of time.

**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 an integrated Compensation system that meets the criteria defined in 3.0 COMPENSATION below.

### **2.3 Incumbent Employees Right of First Refusal**

The Contractor shall use the Transition Period 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) 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. The Contractor shall provide Incumbent employees offered the same position their same base salary/pay rate in existence (provided by the incumbent Contractor) at the time the offer is made. The Contractor shall provide Incumbent employees pay commensurate with the position offered if the Contractor offers the Incumbent employee a different position than the position the employee is performing at the time the offer is made. The Contractor shall provide such offers to Incumbent 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 D) sets forth certain Contractor Human Resources 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 D. The Contractor shall obtain Contracting Officer approval of Personnel Appendix proposals before incorporation into the Personnel Appendix, via a contract modification, and implementation.

## **3.0 Compensation**

The Contractor shall develop and administer compensation programs that will 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 Statement of Work.

### 3.1 Total Compensation System

Consistent with the requirement in 2.2, Pay and Benefits, the Contractor shall establish an integrated, 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. The Contractor's total compensation system (e.g., to be set forth in Section J, Appendix D, Personnel Appendix), shall meet the tests of allowability in FAR 31.205-6 *Compensation for Personal Services*, and DEAR 970.3102-05-6, *Compensation for Personal Services*, be consistently applied, and be acceptable to the Contracting Officer. Costs incurred in implementing the total compensation system shall be approved by the Contracting Officer. 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;
- (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;
- (viii) Means for communicating the pay programs to employees; and
- (ix) Methodology for ensuring compliance with applicable wage payment laws and regulations (e.g., FLSA).

### 3.2 Cash Compensation

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



**3.2.1 Additional Compensation System Self-Assessment Data**

Any additional compensation system self-assessment data requested by the Contracting Officer that may be needed to validate and approve the total compensation system.

**3.2.2 Compensation Program Design Changes**

Any proposed major compensation program design changes shall be submitted to the Contracting Officer 60 days prior to implementation.

**3.2.3 Annual Compensation Increase Plan (CIP)**

(i) The Contractor shall submit a CIP to the Contracting Officer for an advance determination of cost allowability when the total weighted merit increase fund exceeds the professionally recognized salary budget survey's salary increase projection (e.g., WorldatWork projection); Or combined promotion/adjustment fund exceeds 0.5 percent for the CIP year. The CIP shall include the following components and data:

- (1) Comparison of average pay to market average pay;
- (2) Information regarding surveys used for comparison;
- (3) Aging factors used for escalating survey data and supporting information;
- (4) Projection of escalation in the market and supporting information;
- (5) Information to support proposed structure adjustments, if any;
- (6) Analysis to support special adjustments;
- (7) Comparison of average pay to market average total cash compensation (TCC), if applicable;
- (8) 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 CIP year.
  - (b) All pay actions covered under the CIP are fully charged at the beginning of the CIP year, without regard to the fact that an employee may terminate before realizing the entire allocated CIP amount.
  - (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 non-Key payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted.
- (9) A discussion of the impact of proposed CIP on the site budget;

- (10) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).
- (ii) The Contractor shall submit a notification to the Contracting Officer with summary level data, as outlined in the CIP guidance issued by NNSA annually, when the total weighted average merit increase fund does not exceed the professionally recognized salary budget survey's salary increase projection (e.g., WorldatWork projection); And combined promotion/adjustment fund does not exceed 0.5 percent for the CIP year.
- (iii) Planned salary increases must be justified by market position and appropriate market data. No presumption of allowability shall exist as a result of changes to salary surveys, benchmarks, or payroll categories that exceed market position.
- (iv) Contracting Officer's approval is required for any salary structure adjustments that exceed the professionally recognized salary budget survey's mean structure adjustment projection (e.g., WorldatWork projection) for the CIP year.

#### **3.2.4 Compensation Actions for All Key Personnel**

When any Key Person is replaced, the compensation for the replacement shall be submitted for approval by the Contracting Officer. The top contractor official (i.e., Chief Executive Officer 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 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, the Application for Contractor Compensation Approval Form (DOE 3220.5), and the Compensation Subject to the Compensation Cap Table. This documentation shall be provided to the Contracting Officer at least 30 days before the proposed effective date of the action.

#### **3.2.5 Incentive Compensation Plan**

For any proposed establishment or modification of a Non-base Incentive Compensation Plan (variable pay plan), documentation shall be provided to the Contracting Officer, for approval, no later than 60 days prior to proposed implementation. No Key Person may participate in any Incentive Compensation Plan or other bonus plan that is a reimbursed cost under this Contract. The dollar amount authorized to fund the Incentive Compensation Plan shall not exceed 2.0% of the total annual salary base as of the end of the previous plan year. Such proposal shall contain:

- (i) A description of the design of the Incentive Compensation Plan, including the funding methodology to be used, the total percentage of

annual salary base, the eligible positions, the performance period, and how pay pursuant to this plan will be linked to Contract performance goals;

- (ii) A description of the specific pass-over rate, i.e., percent of participants who will not receive an incentive;
- (iii) A description of how the plan includes pay at risk; and
- (iv) Other information the Contracting Officer requests to assist with the determination of the Incentive Compensation Plan.

### **3.2.6 Assignments Outside of Normal Duty Station**

Assignments of employees outside of their normal duty station for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be in accordance with the Contractor Requirements Document included in NNSA Policy Letter, NAP-540.2, titled NNSA M&O Off-Site Extended Duty Assignments.

### **3.2.7 Contractor's Severance Plan**

The Contractor shall submit a severance plan within 60 days of the effective date of the Base Period, which must include the notification period, pay-in-lieu of notice 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 recipient employee:

- (i) Voluntarily separates, resigns or retires from employment, except 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 the Contractor at a different Contractor facility or with a subsidiary, parent or affiliate of the Contractor;
- (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 actuals against approved amounts or planned amounts specified within notification, no later than 30 days after CIP plan year;
- (ii) Other compensation reports as requested by the Contracting Officer.

#### **4.0 Benefits**

##### **4.1 Establishment of New Benefit Plans and/or Changes to Existing Benefit Plans**

**4.1.1** To the extent the Contractor seeks to establish new benefit plans or change existing benefit plans, plan design, or funding methodology, the Contractor shall provide justification to the Contracting Officer. Proposed changes must also include cost impact, and the basis of determining cost. The Contractor must obtain approval from the Contracting Officer prior to implementation of a new benefit plan and prior to making changes to existing benefit plans that increase cost or which are contrary to written Departmental policy. The Contractor shall provide 60 day advance notification to the CO of changes to benefit plans that do not increase costs or long-term liabilities.

**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 the "Employee Benefits Value Study" as described in 4.1.5.1 and 4.1.5.2 and an "Employee Benefits Cost Study Comparison" as described in 4.1.5.3 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 participate in and/or submit the studies required in paragraphs 4.1.5.1, 4.1.5.2, and 4.1.5.3 below. The studies shall be used by the Contractor in calculating the cost or value of benefits under existing

benefit plans. In addition, the Contractor shall submit updated values 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 NNSA Consolidated Employee Benefits Value Study for non-bargaining unit employees, shall be completed every two years and submitted to the Contracting Officer no later than July 31 of the applicable year. An Employee Benefits Value Study (Ben Val) 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 shall use the comparator companies previously used in the last Consolidated Benefit Value Study. If any of the comparator companies no longer participate, the Contractor shall 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 plans; capital accumulation plans; and death, disability, health, and paid time off welfare benefit programs in the Value Study. Any M&O Contractor DB plans, closed to new entrants, do not have to be included in the Benefit Value measurement. To the extent that the value studies do 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** A Benefits Value Study for applicable bargaining unit employees shall be submitted to the Contracting Officer no later than 6 months prior to the end of the bargaining unit Contract. The Benefit Value Study for bargaining unit employees must include at least 15 comparator companies approved by the Contracting Officer. If any of the comparator companies no longer participate, the Contractor shall recommend replacement companies for approval by the Contracting Officer. The Value Study must include major non-statutory benefit plans offered by the Contractor, including qualified DB and DC retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs. Any M&O Contractor DB plans, closed to new entrants, do not have to be included in the Benefit Value measurement. 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.

- 4.1.5.3** With respect to Benefit Value Study that must be submitted every 2 years, per 4.1.5.1 above, when the weighted average net benefit value for non-bargaining 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, describing the specific actions they plan to take to get to the 105%, no later than 60 days after the Benefit Value Study is submitted.
- 4.1.5.4** An Employee Benefits Cost Study Comparison (Cost Study), shall be completed annually and submitted to the Contracting Officer by July 31<sup>st</sup>. The Cost Study must utilize a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees as a percent of payroll and compares it with the cost as a percent of payroll including geographic factor adjustments, reported by the U. S. Labor's Bureau of Labor Statistics or other Contracting Officer approved comparator group or broad based national benefit cost study.
- 4.1.5.5** With respect to Benefit Cost Study that must be submitted every year, per 4.1.5.4 above, when the average of the Contractor's Cost Study total benefit costs for the non-bargaining employees as a percent of payroll exceeds the comparator group by more than five percent, when and if required by the Contracting Officer, the Contractor shall submit an analysis of the specific plan costs that result in or contribute to the percent of payroll exceeding the costs of the comparator group. Based on this analysis, the Contracting Officer will determine whether a corrective action plan is necessary
- 4.1.5.6** Within two years, or longer period as agreed to between the Contractor and the Contracting Officer, of the Contracting Officer's acceptance of the Contractor's corrective action plan, the Contractor shall align employee benefit programs with the benefit value and the cost as a percent of payroll in accordance with its corrective action plan.

## **4.2 Reports and Information: Benefits**

The Contractor shall provide to the Contracting Officer:

All data requested to be entered into DOE's iBenefits management system (or any successor database) including but not limited to the Compensation and Benefits Report.

## **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. Additionally, 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**

- 4.4.1 For cost allocability and reimbursement purposes, any DB or DC pension plans established by the Contractor and any 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 Internal Revenue Code (IRC), Employee Retirement Income Security Act of 1974 (ERISA) as amended and any other applicable laws.
- 4.4.2 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 a DOE cost-reimbursement Contract. Each applicable Contractor 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.
- 4.4.3 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 DB pension contribution over and above the minimum required contribution would have the effect of avoiding benefit restrictions to DB plan participants, the Contractor shall notify the Contracting Officer at least 60 days prior to the date the 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.

- 4.4.4** The Contractor shall obtain the Contracting Officer's advance written approval for any proposed changes to DB and/or DC plans that are not required by law and that may increase costs and/or liabilities. In addition, the Contractor shall obtain the Contracting Officer's advance written approval for any proposed changes to the DB plan that are contrary to written Departmental policy. The Contractor shall submit the proposal at least 60 days prior to the proposed effective date of the change(s). 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.

**4441** 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 the Contractor's legal counsel for purposes of compliance with all legal requirements applicable to private sector DB pension plans;
- (iv) The Summary Plan Description; and
- (v) Any such additional information as requested by the Contracting Officer.

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 to the Contracting Officer 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.

**44.4.2** The Contractor shall obtain the advance written approval of the Contracting Officer for any required pension plan changes that are not required by law and which may increase costs or liabilities, and any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) and shall provide a justification to the Contracting Officer. The justification must: (a) demonstrate the effect of the plan changes on the contract net benefit value or percent of payroll benefit costs, (b) provide the dollar estimate of savings or costs, and (c) provide the basis of determining the estimated savings or costs.

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

**4.4.5.1** No further benefits for service shall accrue;

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

**4.4.5.3** 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;

**4.4.5.4** Assets shall be determined using the “accrual-basis market value” on the date of termination of operations; and

**4.4.5.5** NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the 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.”

**4.4.6 Terminating Plans.**

- 4.4.6.1** 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 no later than 60 days prior to the scheduled date of plan termination.
- 4.4.6.2** 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.
- 4.4.6.3** 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.
- 4.4.6.4** If ERISA or the Internal Revenue Code prevents 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.
- 4.4.6.5** On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a high-yield, fixed-income portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."
- 4.4.6.6** NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- 4.4.6.7** 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.

#### **4.4.7 Post Contract Responsibilities for Pension and Other Benefit Plans**

**4.4.7.1** 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 commingled plan is involved, the Contractor shall:

- (i) Spin off the NNSA portion of any commingled 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 commingled 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."

**4.4.7.2** 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 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 4.4.7.2(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.

#### **4.4.8 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 ten 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.

- (i) 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.
- (ii) Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan.
- (iii) 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

#### **4.5 Pension Management Plan (PMP)**

**4.5.1** No later than January 31 of each applicable year, the Contractor shall

submit a plan for management and administration (Pension Management Plan) via iBenefits for each defined benefit pension plan (DB Plan) consistent with the terms of the Contract. The Pension Management Plan shall include the DB plans' projected assets, projected liabilities, estimated contributions, and the prior year's actuarial valuation report. A full description of the necessary reporting will be provided in the annual management plan data request. Within 60 days after the date of submission, appropriate Contractor representatives shall participate in a conference call to discuss the Contractor's PMP submission and any other current plan issues or concerns.

## **5.0 Labor Relations**

- (i) The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- (ii) No later than 60 days before the commencement of bargaining, the Contractor shall provide to the Contracting Officer in writing 1) the proposed changes to the current collective bargaining agreement that will increase costs over and above the current collective bargaining agreement costs; 2) the proposed savings to the current collective bargaining agreement; 3) the dollar amounts associated with the proposed changes to reflect a total cost and total net cost (or savings) and 4) a strike contingency plan. Cost increase figures shall be provided for each of the following distinct categories: wages, health benefits, retirement benefits and all other benefits that increase costs under the existing collective bargaining agreement. To the extent that wage increases are proposed, provide upon request the full financial impact of the proposed wage increases, including but not limited to the impact on overtime and shift differential costs and an estimate of overhead burden increases that will occur as a result of the proposed wage and benefit increases over the life of the collective bargaining agreement.

The Contractor will provide a Benefits Value Study (if applicable) 6 months prior to the end of the bargaining unit contract. The Contractor will provide regional wage survey information, and any other information to support the collective bargaining cost figures set forth in the Contractor's proposal no later than 60 days prior to the commencement of bargaining.

Prior to the commencement of collective bargaining, the Contracting Officer will communicate to the Contractor the total approved, aggregate cost ceiling for the cost associated with the successor collective bargaining agreement. Once the aggregate threshold is determined and provided to the Contractor, no further approval of economic parameters is required unless 1) the changes would exceed the aggregate figure or 2) the changes proposed are contrary to Departmental policy or written instructions. To the extent the Contractor assumes savings from new negotiation positions not set forth in the Contractor's initial cost proposal, the Contractor must notify the Contracting Officer of such assumed savings by no later than 15 days after the collective bargaining agreement is executed.

- (iii) The Contractor shall provide an electronic copy of the bargaining agreement to the Contracting Officer 30 days after formal ratification. The Contractor shall provide the "Report of Settlement" 30 days after formal ratification using the Work Force Information System (WFIS). The Contractor shall provide information requested by the Contractor 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 (or any successor database) quarterly, or upon Contracting Officer request.
- (iv) The Contractor shall notify the Contracting Officer in a timely fashion of labor relations issues that may cause a significant impact to the workforce.
- (v) The Contractor shall immediately (within twenty-four hours) advise the Contracting Officer of the following:
  - (A) Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
  - (B) 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;
  - (C) Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law;
  - (D) 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
  - (E) Other significant issues that may involve review by other federal or state agencies.

## **6.0 Workforce Planning**

In carrying out the work under this Contract, the Contractor shall be responsible for the employment of all professional, technical, skilled and unskilled personnel engaged by the Contractor in the work hereunder, and for the training of personnel. Persons employed by the Contractor shall be and remain employees of the Contractor and shall not be deemed employees of the NNSA or the Government. Nothing herein shall require the establishment of any employer-employee relationship between the Contractor and consultants or others whose services are utilized by the Contractor for the work hereunder.

### **6.1 Workforce Planning - General**

The Contractor shall analyze workforce requirements consistent with current and

future mission requirements. The Contractor shall develop a written document describing appropriate workforce strategies and how it will ensure appropriate skills to perform the current mission work and the anticipated future mission work. The document and analysis shall include a discussion of the following topics: future hiring needs in critical skills, recruitment and retention of individuals possessing critical skills, and the impact of anticipated retirements or other attrition. This analysis shall be provided to the Contracting Officer no later than November 30<sup>th</sup> each year.

## **6.2 Reductions in Contractor Employment – Workforce Restructuring**

### **6.2.1 Voluntary Separations:**

**6.2.2** In order to minimize the number of involuntary separations and mitigate the impact on affected employees, in consultation with the Contracting Officer the Contractor shall consider 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 to the Contracting Officer for approval prior to implementation regardless of the number of employees involved. Advance approval of a VSP by the Contracting Officer is required for any such costs to be considered allowable. However, advance approval is not required and the Contractor may instead notify the Contracting Officer if the VSP is consistent with the following parameters: 1) the VSP is conducted in accordance with approved laboratory/contractor policies and contract requirements; 2) no enhanced benefits (severance or pension) are provided; 3) no backfilling or re-employment of VSP employees' positions occurs after severance is paid; 4) business case is submitted 5 days in advance of notification date and includes the maximum number of voluntary reductions, maximum dollars, positions/skills impacted; reasons reductions are needed, copy of self-select waivers, and communication plan; and 5) VSP provides that voluntary reductions are offered to all eligible employees in an operational unit.

### **6.2.3 Involuntary Reductions in Contractor Employment**

**6.2.3.1** If the restructuring involves separating 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.

**6.2.3.2** 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. The workforce restructuring plan

must include: the rationale for the proposed separations, costs, timelines for notifications, the jobs classifications of the Contractor employees involved, number of impacted employees and any other information specified by the Contracting Officer. 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.

**6.2.3.3** 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.

**6.2.3.4** All notifications to the NNSA regarding contractor workforce restructuring must contain the rationale for the proposed separations, costs, timelines for notification, the job classifications of the Contractor employees involved and the number of impacted employees.

**6.2.3.5** The Contractor may submit a multi-year workforce restructuring plan for consideration and approval. Any payment of separation benefits beyond those already approved under the Contract must be approved by the Contracting Officer.

## **CHAPTER IV. INTERFACES FOR URANIUM PROCESSING FACILITY**

### **1.0 Introduction**

In accordance with Section J, Appendix A, *Statement of Work*, Section 4.8 *Interfaces with Other Site Users*, the Contractor shall provide and manage site interfaces/services with the contractor for the UPF, Consolidated Nuclear Security, LLC (CNS), with the processes described in the Interface Management Plan. CNS is the Design Agent and Design Authority for the UPF, and is also responsible for its construction, under Contract DE-NA0001942. The Contractor shall be responsible for developing a detailed division of responsibility and interaction protocol with CNS. This protocol will be jointly developed and approved by the Contractor, the CNS UPF Project Director, and NNSA and codified as an appendix in the contract. The Contractor shall provide the interfaces/services as agreed to in the appendix developed for the UPF project.

### **2.0 Roles of the Design Authority and Design Agent**

The role of the Design Agent will be performed by the UPF Engineering under the NNSA contract with CNS, using the operational, design, safety basis, and mission requirements as



defined by the Design Authority. The Design Agent is responsible for the professional quality, technical accuracy and adequacy, and the coordination of all designs, drawings, specifications and other services furnished under its contract. The Design Agent prepares all design documents and supporting information, maintains the design basis, controls configuration, and trends performance of systems.

### 3.0 Transition to Operations, Turnover and Operation of UPF

Prior to project completion, the Contractor shall be responsible for training operators for UPF systems, processes, and operations and shall coordinate with the UPF constructor to provide trained and ready operators to support transition to operations at such time as dictated by the UPF project schedule and as directed by the UPF Federal Project Director (FPD). The Contractor shall be responsible for supporting the turnover of UPF systems and processes, completing physical interfacing scope, and other defined activities to support the overall UPF project completion. Upon completion of commissioning of the UPF, the Contractor shall be responsible for full operation of the UPF.

## CHAPTER V. CURRENT PROJECT STATUS

Capital construction projects that may be added as SubCLINs to be performed under CLIN 0004 of the contract include, but are not limited to:

Project	Site	Capital or MIE	Last CD Approval & Date	TPC or Range (\$M)	CD-4 Date
Lithium Processing Facility	Y-12	Capital	CD-1 12/2019	\$955 - \$1,645	4QFY31
West End Protected Area Reduction Project	Y-12	Capital	CD-1 12/2018	\$78 - \$160	3QFY24
High Explosive Synthesis Formulation & Production Facility	Pantex	Capital	CD-0 01/18/2019	\$96M - \$240M	4Q FY2029
Material Staging Facility	Pantex	Capital	CD-0 11/24/2015	\$978M - \$1,700M	TBD

Other capital construction and MIE projects covered under this contract include, but are not limited to:

Project	Site	Capital or MIE	Last CD Approval & Date	TPC or Range (\$M)	CD-4 Date
Electrorefiner	Y-12	MIE	CD-2/3 02/2019	\$101	2/15/23
Calcliner	Y-12	MIE	CD-2/3 05/2020	\$108	12/11/23
Fire Station	Y-12	Capital	CD-1 07/2017	<\$28	N/A <sup>1</sup>
Emergency Operations Center	Y-12	Capital	CD-1 01/2016	<\$29	N/A <sup>2</sup>
Direct Chip Melt	Y-12	MIE	CD-0	<\$38	N/A <sup>3</sup>
High Explosive Science & Engineering Facility	Pantex	Capital	CD-1 2015	\$231M	4Q FY2029

<sup>1</sup> Start of Operations planned 1QFY23

<sup>2</sup> Start of Operations planned 1QFY23

<sup>3</sup> Start of Operations planned 2QFY24