

(Modified 0018)

Part III – Section J

APPENDIX C

PERSONNEL APPENDIX

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Part III – Section J.....	1
1.0 Introduction.....	2
2.0 Definitions.....	3
3.0 Compensation.....	4
4.0 Labor Relations – Collective Bargaining Agreements.....	5
5.0 Group Insurance and Legally Required Payments	6
6.0 Retirement Plans <i>(Modified 0018)</i>	7
7.0 Paid Time Off	8
8.0 Training and Education.....	9
9.0 Travel, Relocation, and Subsistence.....	10
10.0 Recruiting	10
11.0 Special Employee Activities.....	11
12.0 Community Involvement and Outreach.....	11

1.0 Introduction

This appendix sets forth certain Contractor Human Resources Management policies and related expenses that have cost implications under this Contract and are not covered explicitly in the Federal Acquisition Regulations (FAR) or Department of Energy Acquisition Regulations (DEAR) cost principles. This appendix identifies those costs deemed eligible for reimbursement when incurred in keeping with FAR 31.201-2. The terms and conditions of this Contract, FAR Part 31, DEAR 931, and DEAR 970.30 may not cover every element of “personnel costs” but, failure to include any item of cost does not imply that it is allowable. The Contractor shall seek Contracting Officer approval prior to incurring costs not specifically identified as allowable in the Contract. The Contractor shall identify and treat all unallowable costs and directly associated unallowable costs in accordance with the criteria set forth in FAR 52.230-2, *Cost Accounting Standards*, including but not limited to placing unallowable costs in appropriate allocation bases.

Approval of personnel policies under contract DE-AC04-94AL85000 does not transfer to this Contract. Policies applicable under the Contract must be brought into compliance with the SOW and this Personnel Appendix. All of the Contractor’s personnel policies shall comply with the terms and conditions of this Contract including but not limited to FAR Part 31, Contract Cost Principles and Procedures. If there is a conflict between the Contractor’s policies and the terms of this Contract, the Contract will govern. Nothing in this Personnel Appendix makes costs allowable or reasonable that would otherwise be unallowable or unreasonable.

The Contractor will obtain prior Contracting Officer approval of changes to its existing policies in those areas identified within the scope of the Personnel Appendix when such changes are expected to increase costs to the Government. In situations where changes may set a precedent among the Department of Energy/National Nuclear Security Administration (DOE/NNSA) Contractors, the Contractor will consult with the Contracting Officer regarding program cost reimbursement prior to implementation, even if there is no expected increase in cost. This requirement is not intended to prohibit the Contractor from taking advantage of efficiency gains realized from new and innovative approaches in providing Human Resource services.

The Contractor shall establish effective management review procedures and internal controls to ensure that requirements set forth herein are met. For areas that require prior approval of the Contracting Officer, the Contractor will submit required documents and seek Contracting Officer approval, prior to incurrence of costs. The Contractor will follow the principles below in meeting the requirements of DEAR 970.5203-1, *Management Controls*.

Human Resource Programs:

- (1) Are market based as evidenced by comparisons with applicable industry comparators;

- (2) Fulfill the requirements of the DOE/NNSA mission, meet strategic direction of DOE/NNSA, and are in the best interests of the Government;
- (3) Are adopted to support the business needs of the Contractor and/or local conditions above;
- (4) Apply to all employees of the Contractor engaged in the work under this Contract, to the extent practicable, irrespective of the place of performance of work, and are consistent with collective bargaining agreements, as applicable;
- (5) Are documented in Contractor policies and/or in Summary Plan Descriptions and are available to DOE/NNSA;
- (6) Are in compliance with rules and regulations incorporated into this Contract and applicable laws; and
- (7) Are affordable within the constraints of the resources available to the Contractor.

Either party may request revisions to this Appendix and both the parties agree to give consideration in good faith to any such request. When revisions to this Appendix are made, a contract modification will be executed to effect the changes.

This Appendix is for the exclusive benefit and convenience of the parties hereto. Nothing contained herein shall be construed as granting, vesting, creating, or conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

2.0 Definitions

The following terms as used in this Appendix have the meaning defined herein.

- (i) Exempt Employee: Employees who are not eligible for overtime pay because they are executive, administrative or professional employees and meet other applicable criteria under the Fair Labor Standards Act (FLSA) and FLSA implementing regulations.
- (ii) Variable Pay: A lump-sum, non-base cash payment separate from base salary.

3.0 Compensation

(i) General

Section 3.0, Compensation, does not apply to bargaining unit employees. Section 4.0 sets forth allowable costs associated with bargaining unit employees.

(ii) Overtime

- (1) *Annual Budget for Overtime*: The Contractor shall maintain adequate internal controls to ensure that employee overtime is authorized only if cost effective and necessary to ensure performance of work under this Contract. The Contractor shall submit to the Contracting Officer overtime utilization reports no later than 15 days after the end of the fiscal year for the fiscal year that just ended. If the report indicates that overtime comprised 4% or more of the overall payroll, the Contracting Officer may request that the Contractor submit a plan to lower the overall overtime usage rate.
- (2) *Extended Workweek and Flextime*: When deemed essential to the performance of work under this Contract, the Contractor may establish an extended workweek for Exempt Employees. Exempt Employees assigned to an extended workweek may be paid straight time for any hours worked in excess of 40 hours in a week. If the Contractor intends to place any employees on an Extended Workweek schedule, it must submit to the Contracting Officer a plan explaining the mission need to do so and such plan shall require the advance approval of the Contracting Officer. To the extent that the Contractor seeks to establish a Flextime Work schedule for Exempt Employees, such plan must be approved in advance by the Contracting Officer

(iii) Shift Differential

Shift differentials may be paid to eligible employees. Shift differential rates shall be based on surveys of shift differential practices and shall be approved by the Contracting Officer prior to implementation

(iv) Call-In Emergency

Non-exempt, non-represented employees who are called during off time to report for a work assignment outside their standard work schedule (called-in emergency) may be paid a minimum of four (4) hours pay for time worked (at straight time rate or overtime rate as the circumstance may require at the time of the called-in emergency), no matter whether the employee worked less than 4 hours.

(v) Special Allowances

Special salary allowances may be paid to employees in specific work environments, and reimbursed in accordance with the Special Allowance Plan approved in advance by the Contracting Officer

(vi) Approval of Individual Compensation Actions in Excess of Salary Range

The Contractor shall obtain Contracting Officer approval for any proposed salary amount paid an employee in excess of the Contractor-established salary range prior to payment.

(vii) Severance Pay

Severance schedule to be included here upon approval by Contracting Officer as required in Section J Appendix A, *Statement of Work*, Chapter III Section 4.0, Compensation, Section 5.2.6.

(viii) Service Credit

Service Credit for cost reimbursement for employee benefits to include post-retirement benefit (PRB) eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, *M&O Contractor Service Credit Recognition*, or its successor.

(ix) Pay in Lieu Of Notice

In the event an Exempt Employee of the Contractor resigns and the Contractor determines the services of such Employee cannot be productively utilized during the period of notice or if his/her presence at the work site during the notice period is not desired, the Contractor may pay the employee at his/her base pay for two (2) weeks in lieu of continuing the employee's employment for two weeks. However, such payment shall be approved in advance by the Contracting Officer.

4.0 Labor Relations – Collective Bargaining Agreements

Costs of wages and fringe benefits to employees represented by collective bargaining units and all other costs and expenses incurred pursuant to the provisions of collective bargaining agreements and revisions thereto are allowable costs provided the Contractor adheres to requirements provided in Appendix A, *Statement of Work*, Section 7.0, *Labor Relations*.

The incumbent contractor is a party to the collective bargaining agreements with the following titles as of the date of issuance of the RFP:

- Collective Bargaining Agreement with the Metal Trades Council, AFL-CIO.
- Collective Bargaining Agreement with the Office & Professional Employees International Union Local 251 AFL-CIO.

- Collective Bargaining Agreement with the Security Police Association (SPA).

Expenses associated with employee representation activities that are not prohibited by Section 302 of the Labor Management Relations Act, 29 U.S.C. § 186, or any other applicable law or regulation, are allowable costs.

5.0 Group Insurance and Legally Required Payments

(i) General Provisions

- (1) Costs incurred in implementing, administering, and funding comprehensive DOE/NNSA approved group insurance plans are allowable. Administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits.
- (2) Annual renewal of the group insurance policies, certificates and accounts, cost-sharing arrangements, renewal of Group Services Agreements establishing new premium rates and the implementation of changes of minor significance does not require Contracting Officer approval.

5.1 Displaced Workers Medical Benefits Program (DWMBP)

The Contractor may provide Displaced Workers Medical Benefits to displaced workers if provision of such benefit is set forth in the Contractor's workforce restructuring plan that is approved by DOE/NNSA (see Section J, Appendix A, *Statement of Work*, Chapter III Section 6.0 Workforce Planning, Section 6.2).

Benefits under the DWMBP are available to displaced workers who are not eligible for health insurance coverage under another plan, e.g., another employer's health plan, the Contractor's retiree medical plan, a spouse's medical plan or Medicare. Generally, DWMBP benefits are as follows (note: NNSA may approve Contractor workforce restructuring plans that include less years of coverage):

1. For the first 12-month period after the termination date, the Contractor shall continue to pay the employer portion of the medical premium and the separated employee will pay a premium equal to the monthly premium paid by active employees for the type and level of coverage the separated Employee has at the termination Date.
2. Beginning in the second year after the termination date, the separated employee will be responsible for one-half of the full Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rate for this coverage and the Contractor shall pay the remainder.
3. Beginning in the third and final year of the DWMBP, the separated employee will be responsible for paying the full COBRA. At the end of the third year the employee's coverage eligibility ends.

6.0 Retirement Plans *(Modified 0018)*

The Contractor shall administer the following plans:

Defined Benefit Plans:

Sandia Corporation Retirement Income Plan

Nonqualified Benefit Plans:

Sandia Corporation 415 Excess Benefit Plan

Sandia Corporation 401(a)(17) Restoration Plan

Defined Contribution Plans:

Sandia Corporation Savings and Security Plan

Sandia Corporation Savings and Income Plan

(i) General Provisions

Reasonable costs involved in implementing, administering, and funding DOE/NNSA approved pension plans are allowable. Reasonable administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits. In addition, only compensation reimbursed by DOE/NNSA under the Contract is authorized to be considered as pensionable earnings for purposes of the qualified plans.

(ii) [Reserved]

(iii) Qualified Defined Contribution Plan

Contractor funds contributed on behalf of participating employees, who cancel their participation in the plan or whose employment is terminated, which are not vested pursuant to the provisions of the plan, shall be used to offset the Contractor's contributions obligated to be made on behalf of other participants in the plan. In the event this Contract with the Contractor is terminated, funds not committed to participants pursuant to provisions of the Plans in effect at Sandia National Laboratory shall be returned to DOE/NNSA.

(iv) Non-Qualified Plans

The Contractor will be reimbursed for costs for the Nonqualified Plans only in accordance with the following:

1. As of the first day of the Base Term of the Contract, the Sandia Corporation 401 (a) (17) Restoration Plan will accept no new entrants. The only participants in this plan will be the individuals listed in Appendix B of the Sandia Corporation 401(a)(17) plan document as of the effective date of the Contract.
2. Eligible compensation for purposes of the Sandia Corporation 415 Excess

Benefit Plan and/or Sandia Corporation 401(a)(17) Restoration Plan shall be limited only to the compensation reimbursed under the Contract.

3. Any necessary changes to the Sandia Corporation 415 Excess Benefit Plan and/or Sandia Corporation 401(a) (17) Restoration Plan that need to be made to effect the participation and compensation limitations set forth in 6.0(iv)(1-2) of this Appendix, shall be made no later than 120 days after the effective date the Contract is awarded.

The NTESS 401(a)(17) Restoration Plan, the NTESS Mid-Career Retirement Plan, and the NTESS Non-Qualified Pension Plan are funded on a pay as you go basis. The plans and amendments thereof require approval of the Contracting Officer. No later than 60 days after the end of the fiscal year, the Contractor shall report the following data to the Contracting Officer: number of individuals receiving benefits, benefits amount paid to include supporting data to determine the benefit paid; and, any other data as requested by the Contracting Officer. **(REPLACED 0018)**

7.0 Paid Time Off

The Contractor shall submit a plan for Paid time off programs. Paid time off programs are considered to be one of the benefit plans that must be submitted pursuant to as required in Section J Appendix A, *Statement of Work*, Chapter III Section 4.2.1.

(i) Military Leave of Absence

The Contractor shall submit a plan for a Military Leave of Absence for training that is consistent with the provisions established in 5 U.S.C. 6323. The Contractor shall submit a plan for active duty military leave that, at minimum, complies with all applicable provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Such plan shall be subject to Contracting Officer approval if it provides more benefits than are required by law.

(ii) Security Leave (Suspension of Access Authorization)

1. If the access authorization of a contractor employee is suspended by direction of the Manager (as that term is defined in 10 C.F.R. 710.5), the Contractor shall transfer the employee to work not requiring access authorization if such work is available, without reducing the employee's base compensation. If the Contractor determines that no work is available in an un-cleared area to which the employee may be transferred, the Contractor may prepare a written report, for the review and concurrence of the Contracting Officer that sets forth the reasons for the determination
2. Subject to the Contracting Officer's concurrence that no such work is available, the Contractor may place the employee on leave with pay at his/her base compensation. If an employee who is continuing to receive compensation, files a timely request for hearing pursuant to 10 CFR Part 710, such base compensation shall be continued until the

Contractor receives notification in writing of the Administrative Judge's initial decision.

- a. If the decision of the Administrative Judge is for revocation of access authorization, the Contractor may compensate the employee as set forth herein.
 - 1) In the event the employee was transferred to another position where such access authorization is not required, compensation may, thereafter, be the base compensation applicable to the new position, and such compensation shall continue until final disposition of the case under DOE procedures as set forth in 10 CFR Part 710.
 - 2) In the event a job transfer was not arranged (i.e., the employee was placed on a leave with pay), the employee shall be placed on leave without pay effective the date the Contractor received written notification of the Administrative Judge's initial decision. The employee shall remain on leave without pay until final disposition of the matter.
 - 3) If at any stage of the access authorization procedure following a suspension or at the conclusion of the administrative review process provided under 10 CFR Part 710, the employee's access authorization is reinstated, the Contractor will offer the employee reinstatement in the same or a comparable position to the one held prior to suspension, if available. The employee may be reimbursed for the difference between the employee's base wage or salary and actual earnings, including earnings from other employment, during the period of suspension.

8.0 Training and Education

(a) General

- (1) The training and education shall be directly related to the employee's current position or to another position to which the employee may reasonably be moved.
- (2) The Contractor shall establish written procedures outlining a system of approval for all requests for training and education. Such system shall provide an approval structure for in-house and outside training programs and educational assistance. Local colleges and universities will be utilized as primary sources.
- (3) Per FAR 31.205-44, overtime compensation for training and education is unallowable.

(b) Training

- (1) Internal Training Programs - Internal training programs may include but are not limited to orientation, job training, supervisory training, and executive development. Such training programs may be conducted during employee's workday or after hours. Reasonable costs of in-house training including necessary equipment, materials, and instructor personnel are allowable.
- (2) External Training Programs - Employees may be selected by the Contractor to participate in job related training courses, technical meetings, professional society meetings, seminars, conferences, and other specialized training courses away from the site(s) facilities. Allowable costs for such training courses may include employee's regular pay, travel and subsistence expenses in accordance with the Federal Travel Regulation, and the cost of tuition, fees, and course materials. Business travel and conference management shall be managed in accordance with the DOE/NNSA conference management requirements.

(c) Education

- (1) The Contractor shall submit a plan for education programs for approval by the Contracting Officer.

9.0 Travel, Relocation, and Subsistence

- (i) The Contractor may pay transportation, lodging, meals, and incidental expenses for employees required to travel in conjunction with the performance of work under this Contract. Travel costs shall be allowable to the extent they are incurred in accordance with the FAR, DEAR, and Federal Travel Regulation (FTR) and do not exceed the maximum per diem rates in effect at the time of travel set forth in the FTR, prescribed by the General Services Administration.
- (ii) The Contractor may deviate from this Appendix in specific instances where it is determined and approved by the Contracting Officer to be economically advantageous to DOE/NNSA and to the extent such deviations conform to regulations and law. The Contractor will maintain records for audit review.
- (iii) Relocation expenses shall be incurred in accordance with the provisions, limitations and exclusions of the FAR. Relocation provisions are applicable to Exempt Employees and are allowable and will be reimbursed in accordance with the Federal Travel Regulation.

10.0 Recruiting

- (i) The costs of recruitment of personnel including cooperative education programs, summer internship programs, nominal costs for promotional items for recruitment purposes, employment advertising, services of staffing sourcing vendors, services of employment agencies at rates not in excess of standard commercial rates, participation in corporate recruiting activities, campus recruiting, career fairs, and operation of recruiting stations are allowable.

- (ii) Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs of lodging not to exceed per diem and meals and incidental expenses (M&IE) shall be allowed.

11.0 Special Employee Activities

- (i) Recreation and Morale Building Benefits

A recreation and morale building program may be proposed by the Contractor for Contracting Officer approval.

- (ii) Employee Recognition Programs

An employee recognition program may be proposed by the Contractor for Contracting Officer approval.

12.0 Community Involvement and Outreach

The Contractor may authorize employees to participate in educational and community outreach in accordance with its Community Outreach Plan approved by the Contracting Officer. The salaries, wages, and fringe benefits of employees while engaged in such approved activities will be treated as allowable costs. Educational and community outreach does not include activities conducted by elected or appointed officials during an employee's regularly scheduled work day. Compensation associated with educational and community outreach outside of the employee's normal work schedule shall not be reimbursed under the Contract. The Contractor shall submit a report annually, no later than November 1, to the Contracting Officer on the types of usage and number of hours utilized in the fiscal year that ended the previous September 30. Some examples of permissible educational and community outreach include, but are not limited to:

- Promotion of Science, Technology, Engineering, and Mathematics in the educational setting (elementary school through higher education institutions)
- Science Bowl and Science Fairs
- Blood bank drives
- Charity drives
- United Way campaigns