

PART III - SECTION J

APPENDIX M

REGIONAL PURCHASING PROGRAM

(a) General.

- (1) Los Alamos National Laboratory is the major economic presence in Northern New Mexico (NNM). With particular regard to the Laboratory, it is recognized that the Laboratory and its procurement practices have a major impact on the economy of NNM. Through its procurement policies, the Laboratory has the opportunity to strengthen NNM small business enterprise, stimulate greater regional employment and infrastructure, and increase the business tax base in NNM.
- (2) As a condition of this Contract, the Contractor must continue to contribute to the economic development of NNM while continuing to meet NNSA program requirements. The Contractor is encouraged to conduct a Regional Purchasing Program that stimulates regional economic development initiatives in NNM and has a positive impact on the economic development of the region.

(b) Program conditions. Within 6 months of the effective date of the Contract, the Contractor will develop a Regional Purchasing Program, for Contracting Officer approval, that gives NNM small businesses (which includes Taos, Santa Fe, Rio Arriba, Sandoval, Mora, San Miguel, and Los Alamos Counties, and the eight regional Pueblos of Nambe, Picuris, Pojoaque, San Ildefonso, San Juan, Santa Clara, Taos, and Tesuque) maximum procurement opportunities whenever possible. The following principles and practices are designed to enhance economic development in the local region and shall apply to the Laboratory's Program and shall be applied by the Contractor.

- (1) Regional purchasing. Regional purchasing pricing preference. This preference policy element must, at a minimum, (i) be flowed down to major subcontractors (subcontracts with a value equal to or greater than \$5 Million), and (ii) reflect a 5% increase adjustment factor to be applied to those qualified suppliers whose businesses do not meet the definition of a NNM small business concern. Businesses that are not licensed and physically located in Northern New Mexico, and whose labor force proposed to perform the majority of such work (51% or more in terms of direct productive labor hours) do not reside in Northern New Mexico is not considered a NNM small business concern.
- (2) New services. Newly required services will be acquired from subcontractors, unless such services are required to be performed by Laboratory employees as provided for in the Contractor's Make or Buy Plan or in accordance with Section 41 of the Atomic Energy Act of 1954, as amended, (42 U.S.C. § 2061).
- (3) Business alliances. The Contractor will conduct long-term business alliances with regional vendors for goods and services. These alliances may include training and mentoring programs to enable regional vendors to compete effectively for

Laboratory subcontracts and purchase orders or assistance with the development of business systems (accounting, budget, payroll, etc.) to enable regional vendors to meet the audit and reporting requirements of the Laboratory and NNSA. These alliances may also serve to encourage the formation of regional trade associations which will better enable regional businesses to satisfy the Laboratory's needs.

- (4) Assistance. The Contractor will make prospective regional vendors aware of any assistance that may be available from the NNM Regional Development Corporation (RDC), the Los Alamos Commerce and Development Corporation or other entities with regard to particular purchasing actions. The Contractor will cooperate with the RDC and other entities in the development of contracting assistance programs to maximize their effectiveness.
 - (5) Regional procurement advisory council. The Contractor will consult with the NNM Procurement Advisory Council in connection with major decisions regarding the implementation of this Program and with regard to changes to this Program.
 - (6) Long-term subcontracts. When appropriate, the Contractor will award subcontracts for multiple-year terms to (i) create more stable business relationships with regional suppliers and (ii) make capital more available to commercial sources.
 - (7) Subcontractor transitions. In any change of on-site subcontractors the Contractor will require the transitioning subcontractors to maximize stability of the workforce and assure continuity in operations.
 - (8) Financial incentives. The Contractor may encourage its major support subcontractors, through performance goals tied to financial incentives, to further subcontract in a manner that to the maximum extent practicable promotes regional economic diversification.
 - (9) Importing new businesses. The Contractor will adopt procurement practices intended to attract new businesses to NNM where regional capabilities do not exist. Subcontractors from outside the region may be required to establish a regional base and employ locally as part of the subcontract. Further, consistent with other purchasing principles and practices described in this Contract, the Contractor may require its subcontractors to subcontract functions to create new capabilities for regional businesses. The Contractor must avoid creating situations where importing businesses will unfairly compete with existing regional vendors for commercial sales.
 - (10) Subcontracting for research at New Mexico colleges and universities. The Contractor will develop a process for acquiring research efforts in support of Laboratory programs from New Mexico colleges and universities.
- (e) Measuring Program success. The Contractor will submit a report every fiscal year detailing efforts made to maximize procurement opportunities for NNM small businesses. The report will be submitted to the Contracting Officer. Program success will ultimately be measured by regional economic indicators.