



2016 LOS ALAMOS COUNTY (FY17) FEDERAL AGENDA PRIORITY ISSUES

The following are the top priorities for the Incorporated County of Los Alamos, New Mexico (the “County”) for fiscal year 2017:

- I. Maintain Tax Base: A for-profit institution must be given priority for managing LANL
- II. Funding for National Security and Science at LANL
- III. \$255 Million Per Year in Environmental Cleanup Funding
- IV. Funding for Regional Coalition of LANL Communities Advocacy
- V. Funding for Manhattan Project National Historical Park Implementation
- VI. NNSA Contracting: County Contract with NNSA for Municipal Services Saves NNSA Funds

I. LANL Contract Rebid: Select For-Profit Company

Request:

- Maintain Tax Base: A for-profit institution must be given priority for managing LANL

Together, Los Alamos County, Los Alamos National Laboratory and the Department of Energy have cultivated and enjoyed a deep and positive relationship and active partnership through the years. From our recent coordination with respect to the new National Park, the Fire Cooperative Agreement and the provision of utilities to LANL, we have each worked together in creating a place where people want to work and call home. It is the County’s goal to work together in the creation of a community that will attract new residents and employees in the furtherance of the lab’s mission and overall success.

The County’s ability to continue current service levels in support of our core missions and partners requires stable ongoing revenues. Recently, federal officials announced that the contract for management of LANL will rebid after 2017. As the federal government begins to draft a new LANL contract, the structure of LANL’s new management in the next rebid will be critical in ensuring the economic security of the County and State and the provision of services to LANL.

A for-profit institution must be given priority for managing LANL. LANL is an economic driver for the state of New Mexico with a history of almost over 70 years in the community as the largest employer in the County and the region. Currently, LANL under its for-profit management consortium pays upwards of \$34 million annually in taxes locally and \$70-80

million in State taxes. These revenues are necessary to support public services in the County and State, such as funding for public safety, including fire and police services, schools, transportation and infrastructure.

In comparison to these figures, when the University of California, under a non-profit tax status, managed the lab prior to 2006, tax collections averaged \$14 million a year for the County and \$30-35 million for the State. A nonprofit tax structure for LANL would negatively impact county tax revenues by approximately \$17 million per year, representing 36% of the County's General Fund budget. Total State tax revenues, including the County, would be negatively impacted by approximately \$34 million dollars per year. Subsequently, this would lead to large layoffs in the County and State, compounding the adverse effects that both State and local governments would experience in the region.

II. Funding for National Security and Science at LANL

Request:

- Stable funding for LANL – reverse the downward trend in LANL funding
- Fully fund national defense and modernization at LANL

LANL is the top national laboratory in the country. As a key piece of our nation's scientific and defense infrastructure, LANL is under significant budgetary pressure. LANL must be funded at a level that will continue to support its scientific vitality, long-term sustainability, and safe operation. LANL's scientific expertise is a common foundation for both its traditional nuclear security missions and its contributions to other crucial and complex national technical challenges.

The current \$2.2 billion dollar contract for the lab will be up for rebid after 2017. As federal officials draw up a new contract for the lab, Congress must recognize that ensuring funding for the lab will have a profound impact on the important work that comes out of LANL in meeting our nation's national security mission. Congress must also recognize that investing in the modernization of LANL means numerous new jobs for northern New Mexico.

The National Nuclear Security Administration ("NNSA") recently approved the CD-0 modular approach to plutonium manufacturing according to the Department of Energy. A recent memorandum from Deputy Secretary of Energy Elizabeth Sherwood-Randall to NNSA Administrator Frank Klotz revealed that the plutonium modular approach (PMA) project has been approved to replace the suspended CMRR program. The PMA will provide NNSA with "high-hazard, high-security laboratory space" for LANL's plutonium operations with separate, less expensive facilities. The project is expected to be completed between 2025 and 2027 with costs estimating between \$1.3 billion and \$3 billion.

The Administration must request funds for continuing LANL's modernization project for FY17 and create a path forward for the PMA project. Congress should appropriate funds to successfully support the project.

Nuclear Weapons Council Chairman Frank Kendall and NNSA Administrator Frank Klotz identified that the NNSA’s modular approach would “meet the requirements for maintaining the nuclear weapons stockpile over a 30-year period” and “meet the requirements for implementation of a responsive infrastructure, including meeting plutonium pit production requirements.” NNSA spokeswoman Shelley Laver has stated that the CD-0 will next undergo an analysis of alternatives, including planning activities such as design and requirements analysis, according to DOE regulations. Authorization to move forward with CD-1, the next phase of planning, will depend upon the approval.

LANL modernization must continue and should be fully funded.

III. \$255 Million Per Year in Environmental Cleanup Funding

Requests:

- The Administration should request and Congress should **appropriate \$255,000,000 per year for environmental cleanup at LANL** – the annual level of cleanup funding required to address human health and the environment and State legal agreements.
- DOE EM must include local and regional priorities – consistent with the current cleanup contract – in the new cleanup contract

\$255 Annual Cleanup Funding Level

For too long the LANL environmental cleanup funding has been underfunded by both DOE and Congress. This underfunding has led to huge negative impacts that are well documented.

The County’s goal is for DOE/NNSA/LANL to return to the successes that the program enjoyed for several years – when adequate cleanup funding was available.

New Mexico Congressional Delegation and NMED have clearly identified that DOE needs to provide at least \$255,000,000 per year in cleanup funding for LANL. This amount would continue to facilitate cleanup that is protective of human health and the environment. The goal of the County is that all funding go into cleanup and not fines. The Administration should request and Congress should appropriate sufficient funding in FY17 for DOE to meet its legal requirements for cleanup at LANL.

DOE’s current cleanup funding is insufficient to meet the cleanup needs of the site and the legal requirements of NMED. Cleanup is not an optional activity at LANL. Instead, cleanup is based on the legal requirement to protect human health and the environment and to remediate environmental contamination.

Cleanup Contract

As DOE-EM takes over cleanup from NNSA, DOE-EM must include community input in the transition. The County will continue to highlight key issues which include priority for local

small business contracting, a strong communication role with the Regional Coalition of LANL Communities, and others.

IV. Funding for Regional Coalition of LANL Communities Advocacy

Request: Support funding for the Regional Coalition of LANL Communities and its activities.

The Regional Coalition of LANL Communities (“Regional Coalition”) was established to serve as a focal point for communication and education regarding activities involving LANL. Accordingly, the communities surrounding LANL initiated a dialogue with each other to form the Regional Coalition. The current members of the Regional Coalition include:

- Pueblo of Ohkay Owingeh
- Pueblo of Jemez
- Los Alamos County
- Rio Arriba County
- Santa Fe County
- County of Taos
- City of Española
- City of Santa Fe
- Town of Taos
- Additional Pueblo leaders participate and have been invited to join

The Regional Coalition is rooted in the idea that by coming together to proactively address issues, governments are better poised to define public interest and to, in turn, work with DOE, LANL, and Congress to ensure national policies protect local interests. Due to the efforts of the Coalition, member governments have a much better understanding of the mission and focus of LANL and the profound impact it has not only on northern New Mexico but the entire State as well.

Each member government provides a funding contribution to the Coalition. The Regional Coalition requests additional funding for 2016 (FY17) in the amount of \$100,000 in order to support the organization’s educational activities related to environmental, health and safety, and regional government issues connected to LANL. The organization is modeled on other similar local government organizations at other sites that have been supported by DOE in the past.

V. Funding for Manhattan Project National Historical Park Implementation

Request: Funding for the Department of Interior (“DOI”) and DOE for implementation of the Manhattan Project National Historical Park.

The Manhattan Project National Historical Park was formally established in November of 2015. DOE and the Department of the Interior (DOI) must now work together to develop and implement an agreement governing the roles of DOE and DOI in administering the facilities and land to be included in the Park, as well as develop a general management plan in collaboration with the Oak Ridge, Los Alamos, and Richland site offices.

Sufficient funding does not exist to implement the Park. The County is requesting that Congress fund both DOI and DOE to implement this unique Park where both Federal agencies have key role.

VI. NNSA Contracting: County Contract with NNSA for Municipal Services Saves NNSA Funds

Request: Explore options for additional cooperative partnerships between the County and NNSA for municipal services.

The County provides significant municipal services to NNSA at LANL. The County supports NNSA's mission at LANL and wants to ensure that NNSA can use its appropriations for core missions at the site. The working relationship has grown over the years and benefits to NNSA and the County are clear. NNSA receives outstanding service, increased investment and management with lower costs. The County and NNSA continue to look for other ways both can enter into beneficial relationships that save NNSA money while providing NNSA with as good as, or better, services than if NNSA provided the service.

For example, currently, both the County and NNSA undertake regular municipal services such as providing street striping, road signs, and road maintenance -- which all adhere to state and federal standards. Instead of NNSA duplicating these services, the County is able to provide them to NNSA at a lower cost, saving NNSA money in the long-term that can be used to further its mission.

The County continues to discuss options with management. The one area that would improve services to NNSA and cut costs is NNSA contract management. Right now decisions are made at another site by contracting officers that do not seem to work for the site management. Adding to the complications has been that the County provides services to NNSA pursuant to a cooperative agreement (to ensure benefits to both NNSA and the County), but the contracting officers are not used to operating under such contracting processes. One solution that has been proposed by NNSA is to move the contracting officer that oversees County cooperative agreements to the Los Alamos Site Office. The County supports such a move and believes that it will cut overhead costs for the services and improve the working relationship between the County and NNSA.