

September 8, 2020

Administrator Lisa Gordon Hagerty
National Nuclear Security Administration
Under Secretary for Nuclear Security
U.S. Department of Energy
1000 Independence Ave., S.W.
Washington, DC 20585

Subject: For Efficiency Safety and Security NNSA should separate the Oak Ridge and Pantex M&O Contract

Dear Administrator Gordon-Hagerty:

Energy Communities Alliance (ECA) believes NNSA should allow one contractor to focus on the critical missions at the Y-12 National Security Complex (Y-12) and one contractor to focus on the Pantex Plant (Pantex). This combined Management & Operating (M&O) contract¹ may not fully support the critical national security missions at each site.

NNSA reported that the six year trial M&O contract has security, safety and management issues.² Hence, NNSA has not experienced *improved performance* by combining the management and operations at Pantex and Y-12 as evidenced by NNSA's 'early' termination (non-renewal) of the existing contract. The 2014 arguments of increased efficiency, safety, savings, etc. are not consistent with the actions of NNSA.

Before proceeding, NNSA should at least try to make a public case to explain to the over 8,000 workers (at Y-12 and Pantex), the subcontractors, the communities and tax payers why this makes sense. Has NNSA looked at having two contracts again? What are the real issues at the

¹ Pantex and Y-12 are run under a single contract; before July 2014, they had separate contracts. Pantex, near Amarillo, Texas, is charged with maintaining the safety, security, and effectiveness of the nation's nuclear weapons stockpile. Work performed at Pantex includes support of the nuclear weapons life extension programs; nuclear weapons dismantlement; the development, testing and fabrication of high explosive components; and interim storage and surveillance of plutonium pits. See <https://www.energy.gov/nnsa/nnsa-production-office-contract>

² See <https://www.energy.gov/nnsa/articles/nnsa-releases-performance-evaluation-summary-consolidated-nuclear-security> and <https://www.wbir.com/article/news/local/feds-dissatisfied-with-y-12-management-will-let-contract-with-cns-to-expire-in-2021/51-a0d162bc-0540-4724-842b-d594a83bd9f8>.



site that is causing the shakeup and does one contract between two very different sites still make sense?

The existing M&O contract has existed for the past six years and is not considered to be successful by NNSA³. NNSA stressed safety and other concerns in this notice but there is an underlying belief that contracts that are not renewed due to safety concerns can be deduced to be a failure.

NNSA sites are primarily (except for this combined contract) to be run by one contractor. The communities believe that almost all of these are successful projects where the contracting team focuses solely on the one project and the site missions. The management of the one site coordinates with all of the other NNSA sites and the issues from one site do not impact the other site. The manager is not trying to fly (multiple flights and over 1,000 miles) between sites each week to address site issues. One site will usually suffer as the manager focuses on the one site (we should note that the sites perform some of the most critical technical national security missions).

NNSA has not explained why the contract remains combined. Many have advocated that the contract should be returned to the historical two separate contractors for the sites and consider this 6 year experiment a good test case as to why one contractor should focus on one site – especially when it deals with national security and NNSA can focus on the overall management.

NNSA has touted cost savings as a reason to keep the one M&O contract for both sites. However, cost savings are claimed at every DOE and NNSA site. As the contract is not being renewed we don't know whether the original contract "savings" would have been achieved.⁴ However, we think that if NNSA is touting cost savings while at the same time claiming the contractor is not meeting safety and security requirements – that we would prefer the costs be expended at the baseline set by NNSA and the contractor to meet NNSA's safety and security requirements.

At the time the idea of combining the two separate contracts (2011) experts identified it did not make sense to combine the two contracts but NNSA moved forward with it. Many concerns ranged from whether the management could fully focus on the management at each site, how the new contract would change community culture, raising concerns over the impacts faced by local owned businesses and disadvantaged business, and the interplay of an integrated contract on community initiatives.

In the NNSA FY 2019 Performance Evaluation Summary⁵, the issues that NNSA listed as reasons to not renew the contract mirrored the same concerns that the City of Oak Ridge identified

³ [No extension for CNS' Y-12 contract](#) (*Oak Ridger*, 6/30/2020). "Several issues involved safety, including "nuclear explosive safety."

⁴ NNSA identified the cost savings were originally estimated to be \$3.7 billion over 10 years. NNSA reduced the number during the first 3 years of the contract (an almost \$1 billion decrease) according to GAO.<https://www.gao.gov/assets/710/707786.pdf>.

⁵ [Consolidated Nuclear Security, LLC FY 2019 Performance Evaluation Summary](#).



nearly a decade earlier prior to combining the two sites into one contract. The current contractor group is one of the top contractor groups in the country. With the current contractor scoring only 70.8% in the evaluation, the need to move away from a combined contract is evident or at least investigate the option to have two separate contracts.

ECA is often approached by both our members and other communities when contracts change over to ask why the contracting makes sense. They know that their site may be next, and they want to ensure that a contract works and will be successful for the mission of the site. DOE and NNSA always identify cost savings, efficiency and safety as the reason for changes but we need more information. The same terms can no longer be used as an all-encompassing justification.

ECA is asking NNSA to identify why it is continuing with this current process and whether it has looked at managing these sites like DOE and NNSA do the rest of its sites – with a management team responsible for one site which manages critical components of our national security infrastructure. With unique missions, community cultures, and site characteristics, individual, specialized contracts may serve better than combining contracts.

Please contact us with any questions.

Regards,

A handwritten signature in blue ink, appearing to read 'Seth Kirshenber', is written over the printed name and title. The signature is fluid and cursive, with a large loop at the end.

Seth Kirshenber
Executive Director