

Congress of the United States
House of Representatives
Washington, DC 20515-3101

March 31, 2016

The Honorable Ernest Moniz
Secretary
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Dear Secretary Moniz,

The people of New Mexico are proud of the important national security work conducted at Department of Energy's (DOE) Sandia National Laboratories, and its economic footprint throughout the state is extensive. Investments in Sandia National Laboratories support New Mexico's infrastructure, economy, education system, and workforce, which in turn, contribute to Sandia's national security mission. As DOE continues to work with potential bidders for Sandia National Laboratories' contract, I encourage you to take steps to preserve and expand Sandia's economic impact in New Mexico.

As a starting point, the management and operating contract for Los Alamos National Laboratory (LANL) may serve as a model for your consideration. The LANL contract includes a Regional Purchasing Program provision, which I have included for your review. This provision acknowledges LANL's major economic presence in the state and recognizes that its procurement policies have the opportunity to strengthen regional business enterprise, stimulate greater regional employment and infrastructure, increase the business tax base, and reduce regional dependence on federal investment. This program also incentivizes the use of local and regional subcontractors through a 5% regional purchasing pricing preference.

LANL's Regional Purchasing Program and pricing preference have strengthened the economy of Northern New Mexico while meeting National Nuclear Security Administration expectations. I strongly believe that DOE must prioritize similar economic development programs as it evaluates proposals of potential bidders of Sandia's new contract. Specifically, I believe that Sandia's new contract should reflect a 10% increase adjustment factor to be applied to the total proposed cost of those subcontractors whose businesses are not licensed and physically located in New Mexico, and whose labor force proposed to perform the majority of such work (51% or more in terms of direct productive labor hours) does not reside in New Mexico.

It is imperative that the contractor has a collaborative and supportive relationship with local businesses, business groups, and educational and research institutions that want to contribute to Sandia's mission. I believe DOE should ensure that the contractor partners with regional economic development organizations and other groups to notify and assist regional vendors to effectively compete for Laboratory subcontracts and purchase orders. DOE should also ensure that the new contractor adopts procurement policies that attract new businesses to New Mexico to fulfill Sandia's procurement requests for goods and services that don't already exist in the state. Lastly, the new contractor should work with and support research and development efforts at New Mexico colleges and universities. These partnerships support future engineers, scientists, and researchers who often work at our nation's National Laboratories after graduation.

Another critical component of Sandia's economic development role is Sandia's commitment to partnering with small businesses, industry, and universities to develop and bring new technologies to the marketplace. The next contractor must make a renewed commitment to form public-private partnerships in order to license, commercialize, and spin-off innovative technologies. New tools and resources for technology transfer will help new businesses emerge and existing companies expand.

I respectfully ask that you review upcoming bids for Sandia National Laboratories with these important criteria in mind, especially the inclusion of a purchasing pricing preference. Making the economic, workforce, and educational development of New Mexico a priority will ensure that Sandia National Laboratories can easily access the human and economic capital it needs to meet its national security mission.

As you know, the New Mexico economy continues to struggle. We have some of the highest rates of unemployment and poverty in the nation. I believe that Sandia National Laboratories can help turn the state around, and I thank you for your attention to this matter. As the draft RFP is finalized, I will be highlighting these issues with interested bidders. If you have any questions, please do not hesitate to contact John Richter at 202-225-6316. Thank you again for your consideration.

Sincerely,



Michelle Lujan Grisham
Member of Congress