

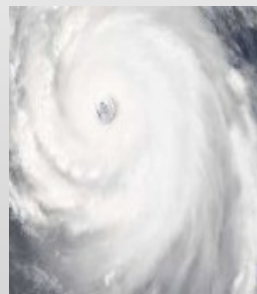


# LOS ALAMOS NATIONAL LABORATORY



*Credit: Mick Greenbank*

## SMALL BUSINESS PROGRAM SUMMARY ACQUISITION SERVICES MANAGEMENT FISCAL YEAR 2006



## Celebrating over six decades of excellence

In 2006, Los Alamos National Laboratory experienced one of the most transitioning events in history. In 1943, the University of California was chosen to operate Los Alamos National Laboratory and they continued operation until May 31, 2006. On June 1, 2006, Los Alamos National Security LLC assumed management and operation of the Laboratory. It was, and will continue to be, the policy of Los Alamos National Laboratory to ensure that small businesses have the maximum practicable opportunity to provide products and services to the Laboratory. This policy is specifically defined in Appendices E, L and M of the prime contract between the Department of Energy/NNSA and Los Alamos National Security, LLC. The Laboratory is committed to working with small businesses and will continue to strive for excellence.

This report is an overview of the number of Laboratory dollars placed with small businesses and its socioeconomic subcategories in conjunction with the impact on the economy of New Mexico and Northern New Mexico. Furthermore, this report summarizes our efforts to maximize subcontracting opportunities to small businesses and provides the Laboratory's procurement achievements and initiatives undertaken during fiscal year 2006 as well as those planned for fiscal year 2007.

### Socioeconomic Accomplishments Nationwide

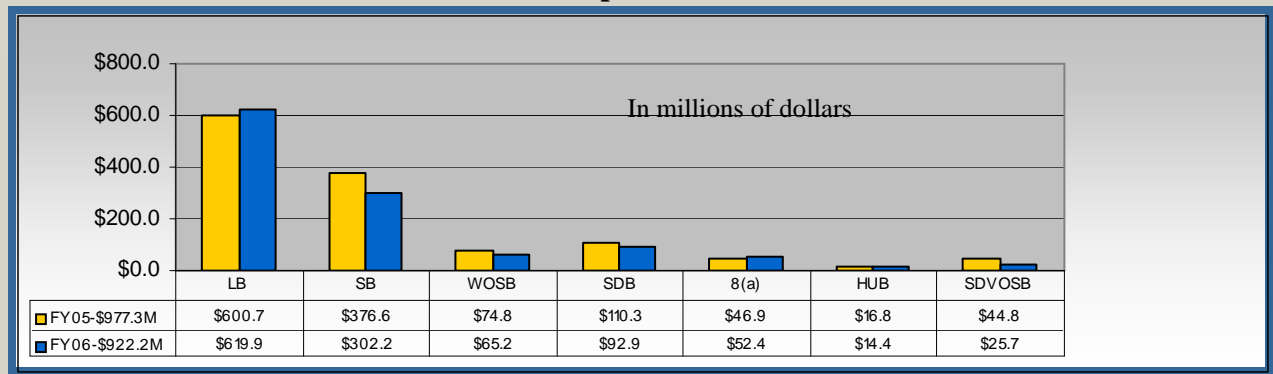
FY06 Nationwide Socioeconomic Performance	
Total Procurement *	\$940.8M
Constrained Procurement Base **	\$922.2M
Large Business (LB)	\$619.9M
Small Business (SB)	\$302.2M
Woman-Owned Small Business (WOSB)	\$65.2M
Small Disadvantaged (SDB)	\$92.9M
8(a)	\$52.4M
Hubzone (HUB)	\$14.4M
Veteran-Owned Small Business (VOSB)	\$25.7M
Service-Disabled Veteran-Owned Small Business (SDVOSB)	\$8.1M

\* FY06 "Total Procurement" represents the Laboratory's commitments to purchase goods and services from private and non-profit companies worldwide.

\*\* FY06 "Constrained Base" excludes commitments with foreign entities and affiliate contracts, pursuant to the Small Business Association Guidelines

- The Laboratory's constrained procurement base for fiscal year 2006 was \$922.2 million. Of those funds, \$302.2 million or 32.8 percent were placed with small businesses in New Mexico and nationwide.
- Of the \$302.2 million placed with small businesses, \$130.8 million was set aside for small business.

### FY05 and FY06 Nationwide Performance Comparison

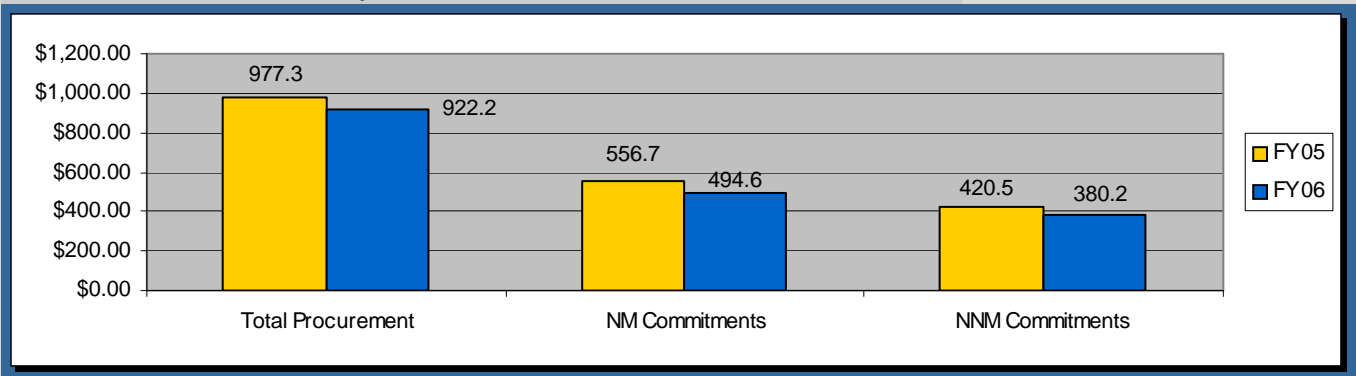


***Economic Impact in New Mexico and Northern New Mexico***

- The Laboratory purchased approximately \$494.6 million in goods and services with both large and small businesses in New Mexico. This total reflects 53.6 percent of the Laboratory’s total constrained procurement base of \$922.2 million.
- Procurements placed with both large and small businesses in Northern New Mexico totaled \$380.2 million. This total reflects 41.2 percent of the Laboratory’s total constrained procurement base..

New Mexico & Northern New Mexico Business Distribution-FY06	
Total NM Businesses	\$494,579,469
Total NNM Business	\$380,172,916

**Contract Commitments by Fiscal Year (In Millions of Dollars)**



***Fiscal Year 2006 Streamlined Procurements***

- Purchase Card (P-Card) purchases for fiscal year 2006 were \$24.5 million (an increase of 28.9 percent compared to Fiscal Year 2005). The Small Business Program Office and the Purchase Card Office are working with US Bank to gather more detailed socioeconomic facts on awards to small businesses. Small businesses will be verified via CCR or Representations and Certifications.
- The Laboratory had 27 Just-In-Time (JIT) contracts and spent \$47.4 million through the program in fiscal year 2006.
- Local Vendor Agreements are used to purchase safety/non-safety shoes, protective clothing, and safety/computer glasses, etc. The total amount spent in fiscal year 2006 through the program was \$433,098. The Local Vendor Agreements process was replaced with a new iProcurement system. The new system is much simpler and less time-consuming.
- Mechanical fabrications (machine shop services) and printed circuit board fabrications are obtained from an authorized list of subcontractors through a streamlined approach known as the Rapid Release Blanket (RRB) agreements. Contractual agreements have been negotiated and established with 21 local small businesses. In fiscal year 2006, \$3,176,374 was awarded to small businesses via RRBs.

## Laboratory Northern New Mexico Economic Impact Program



The Consortium of Major LANL Subcontractors (Consortium) was established to promote and leverage corporate regional economic development initiatives and increase small business procurement opportunities for lower tier subcontractors by collaboratively managing the resources committed to economic development as defined in the Economic Impact and Community Development Plans (EICDP). On an average, there were 12-15 Major Subcontractors with EICDPs on site at Los Alamos during 2006. The Consortium's vision for collaborative economic development among the Subcontractors became a reality and were able to accomplish the following:

### 1. Santa Fe Farmer's Market RailYard Building Project was the first collaborative Consortium Project:

The Washington Group, LATA and DMJM H&N provided more than 150 consulting hours to the Santa Fe Farmers Market Institute. The Market received over \$15,000 in pro bono professional assistance. Extensive legal expenses would have been incurred if the original RFP had proceeded; however, the RFP process was expedited and delays were minimized in the government permitting process. Building Fundraising for their building, in the amount of \$3M, was facilitated via participation by consortium members.

2. **Consortium Economic Development Grant Pool was created.** Austin Commercial, LATA, and Burns and Roe contributed a total of \$80,000 to this Grant Pool during 2006. Eleven Community organizations made grant requests totaling \$138,000 during the Grant Pool's first grant cycle. The Consortium funded six grant requests totaling \$80,000 (57 percent of the total grants requested). The Consortium held a grant awards reception attended by Consortium Members, Grantees, Laboratory staff, and community leaders.

### 2006 Consortium Economic Development Grant Pool Recipients

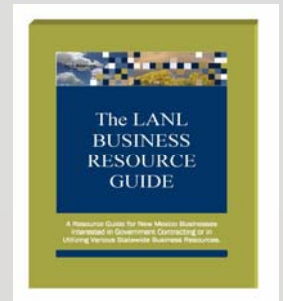
Grantee Organization	Program Funded	\$ Granted	Purpose
Los Alamos Commerce and Development Corp.	Youth Entrepreneurship	\$5,000	Expand their youth entrepreneurship program to more youth
Taos DaVinci Project	Youth Entrepreneurship	\$5,000	Support production & marketing efforts of their youth-run business's products
Northern New Mexico College	Industry Cluster	\$15,000	Purchase equipment for Commercial Kitchen
Taos County Economic Development Corp	Industry Cluster	\$15,000	Staff support for Commercial Kitchen
Santa Fe Farmers Market Institute	Industry Cluster	\$20,000	Support for Building Construction Fund
Espanola Valley Fiber Arts Center	Industry Cluster	\$20,000	Support for Building purchase fund

3. **A promotional video was produced** by the Consortium highlighting their history, purpose, and member contributions to the community. The 12-minute video, created as documentation of the Consortium's two year evolution featuring interviews with Laboratory management and seven subcontractors highlighted seven economic development projects.

4. **A reception for LANL and LANS leadership** was held in May 2006 to thank LANL management for its support and to inform the new LANS management team of the Consortium's vision, accomplishments, and commitment to the region's economic development.

## ***Small Business Program Initiatives***

- On August 30, 2006 Laboratory Director Michael Anastasio issued a memo to employees describing the importance of procuring products and services from small businesses, specifically in the seven-county region around the Laboratory.
- Forecasted opportunities are being updated and posted on the Small Business Home Page
- A Material Assignment Schedule (MAS) is requested from the Laboratory technical groups. The schedule provides advanced notice of opportunities for the procurement department, subcontractors, and all those involved in the acquisition planning.
- In FY06, the business resource guide was developed and distributed. The intent of the guide is for New Mexico Businesses and Community Organizations interested in identifying Resources to improve their businesses or organizations. The guide can be found at: [http://community.lanl.gov/business\\_resource\\_guide/docs/resourceguide.pdf](http://community.lanl.gov/business_resource_guide/docs/resourceguide.pdf)



- The Small Business Program Office continued to partner with the Department of Energy (DOE), the National Nuclear Security Administration (NNSA), the U.S. Small Business Administration (SBA), New Mexico's Eight Northern Pueblos, the local chambers of commerce, the NNM Supplier Alliance, the New Mexico 8(a) & Minority Business Association, American Indian Chamber of Commerce, Albuquerque Hispano Chamber of Commerce and other business organizations and committees to maximize business and economic development opportunities for small businesses.
- Newsletters were distributed and posted on the continually updated Web site, <http://business.lanl.gov>. All prior newsletters and communication grams are also available on the Web site archive.
- Visits to local small businesses were conducted to learn more about their respective capabilities
- The Small Business Program Office partnered with many of the Northern New Mexico Suppliers. LANS made a commitment to host two small business events per year and LANS started its commitment by co-hosting the Northern New Mexico Supplier Alliance Expo in July 2006.

## **Small Business Subcontracting Program**

When the Laboratory awards subcontracts to large business whose subcontracts exceed \$500,000 (\$1million for construction), these major large business subcontractors must submit Small Business Plans in accordance with Public Law 95-507. These plans require proposed small business goals that are negotiable. Although, the Laboratory cannot use the second tier dollars as part of achieving its small business goals under the prime contract, the second tier procurement awards impact the

economy locally, regionally and nationally and therefore the Small Business Program Office is very assertive in pushing for goals that are commensurate with the scope of work to be performed.

In FY06, there were less subcontracting plans from the major subcontractors during FY06. Some of the reasons include 1) many of the major subcontractors have negotiated commercial subcontracting plans under GSA 2) many awards are made to university and educational non-profit organizations for research and development work and 3) the Laboratory's procurement organization has taken a more aggressive approach in identifying small business for requirements that were previously awarded to large business. As a result, 12 subcontracting plans were retired in FY06 with only two being negotiated. This continuing trend of setting aside more Laboratory requirements for small business will help to enable the Laboratory to achieve its small business goals.



## ***Small Business Program Honors***

Senior Contract Administrator Scott Havemann was named, “Small Business Advocate of the Year for management and operating contracts,” by the Department of Energy/National Nuclear Security Administration, while



Scott Havemann

Small Business Program Manager Dennis Roybal was awarded the DOE Small Business Program Manager of the Year Award.



Dennis Roybal

Both Mr. Roybal and Mr. Havemann were recognized at the 7th Annual DOE small business conference held in Seattle in June 2006.

Additionally, Dennis Roybal was awarded the Regional MED Week Award for the Dallas Region as the Minority Business Advocate by the US Department of Commerce.

## ***Fiscal Year 2007 Small Business Program Planned Initiatives***

- Build capacity among small businesses in Northern New Mexico
- Continue to improve the acquisition forecasting opportunities process and increase the listing of forecasted procurement opportunities on Laboratory and DOE Web sites
- Develop and implement a Regional Purchasing Program pursuant to Appendix E of the DOE/NNSA LANS prime contract
- Develop and implement a mentor/protégé program
- Review purchase requests greater than \$100,000 to target opportunities for small businesses
- Implement individual socioeconomic goals for each procurement group to increase awareness and support for small businesses
- Support of small business goals will be a performance objective for each contract administrator’s performance appraisal
- Semi-annual supplier forums will be sponsored by the Small Business Program Office and the Procurement groups.
- E-Auctions will be a means of acquiring selected goods and services. These reverse auctions save time, money and make some procurements more cost effective. E-Auctions will occur to the extent that it makes good business sense.
- Subcontractors will be held to the highest standards for quality assurance, security and safety in order to be a qualified bidder.
- All businesses will require verification by either representations and certifications or by certification in CCR.
- All subcontractors will need to be re-certified after five years pursuant to new Small Business Administration size standards.

## **Conclusion**

The Laboratory is dedicated to its inreach and outreach efforts to identify and utilize socioeconomic businesses for procurement opportunities. The Small Business Program Office is committed to small business initiatives and our vision and mission statements truly reflect our position.

**Vision:** Setting new standards and small business initiatives within NNSA that will contribute to *developing and strengthening our strategic partners* for today’s and tomorrow’s national security challenges.

**Mission** - In meeting our national and local responsibilities, the Small Business Program Team *provides advocacy and guidance to enable small businesses to provide competitive goods and services* to the Laboratory and improve their ability to serve other customers locally, regionally and nationally.

The Small Business Program Office looks forward to working with you in the upcoming year. If you should have comments or questions, please email [business@lanl.gov](mailto:business@lanl.gov), and we will respond in a timely manner. If you need additional resources, please visit our website at <http://business.lanl.gov>.