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FISCAL IMPACT REPORT

SPONSOR Garcia Richard/ R. Martinez **ORIGINAL DATE** 02/03/15
LAST UPDATED _____ **HB** HJM 9
SHORT TITLE LANL Cleanup Contracts & Local Businesses **SB** _____
ANALYST Cerny

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate but Minimal	Indeterminate but Minimal			

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Indian Affairs Department (IAD)
 Workforce Solutions Department (WSD)
 Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Joint Memorial 9 requests that the EDD, the WSD, the regional development corporation, the regional coalition of Los Alamos National Laboratory (LANL) communities and representatives of county, municipal and tribal governments of north-central New Mexico work with the consortium of major LANL subcontractors to study:

- The prospective impact of the federal department of energy's decision to transition the environmental mitigation work at LANL from the national nuclear security administration to environmental management oversight;
- To identify strategies to mitigate the impact of that decision on local NM businesses.

HJM 9 states four major task order agreement contracts for environmental cleanup, worth a collective contract ceiling of \$950 million were put out to bid nationwide and were awarded to three or four companies with strong local connections and staff.

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HJM also states that the subcontracts for environmental cleanup awarded to New Mexico small businesses in 2012 and 2013 have not been used as expected, with fewer bidding opportunities than expected, causing most of the companies awarded the contracts to lay off staff or consider closing offices because of the lack of environmental work.

HJM 9 further states that cleanup commitments to New Mexico continue to be delayed or stopped because of LANL funding priorities with limited budgets to remove transuranic waste from LANL's waste management site and because of the ruptured drum of plutonium waste at the Waste Isolation Pilot Project (WIPP) site.

HJM 9 states that the transition of the environmental mitigation work from the national nuclear security administration to environmental management oversight has the potential to negatively impact nearly half of the consortium of major LANL subcontractors, their collective employees, families and residents of the state.

HJM 9 also requests the NM Congressional Delegation to support efforts by state and local stakeholders, to maintain contracts awarded, and to increase local business procurement by federal department of energy and institutions.

FISCAL IMPLICATIONS

HJM 9 carries no appropriation and has indeterminate but likely minimal impact on state agencies.

SIGNIFICANT ISSUES

HJM 9 states that effective economic planning on behalf of NM residents requires a strategic collaboration by the state, its vital institutions, the private sector, local municipalities and counties, and Indian nations, tribes and pueblos.

The consortium of major LANL contractors cited in the memorial is an organization made up of all LANL subcontractors. The consortium:

- Has contracts of \$5,000,000 or more;
- Generates over \$100,000,000 in annual revenue, expands the state's tax base and employs thousands of NM residents;
- Requires their members to maintain local facilities and implement a community development plan in northern NM;
- Over the past four years, has directly contributed more than \$14,000,000 of funds and services to northern NM communities and nonprofit organizations;
- Contributions have provided schools with equipment and resources for students in need, provided computers and training to local youth organizations, rebuilt acequias for local farmers, and provided heavy earthmoving equipment to flood-ravaged pueblos; and
- Administers and contributes funds of over \$500,000 dollars in grants to dozens of economic development projects with local nonprofit organizations and local governments.

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HJM 9 does not indicate when the study it requires will be completed or to whom it will be delivered.

Analysis of the IAD points out collaborative projects with LANL such as the Los Alamos Pueblos Project (LAPP), comprised of four New Mexico pueblo governments (Santa Clara Pueblo, Pueblo of Cochiti, Pueblo of Jemez, and Pueblo de San Ildefonso), has individual cooperative agreements to develop and maintain environmental monitoring programs. The LAPP is funded by both Environmental Management and National Nuclear Security Administration/Defense Programs (NNSA). Provisions of the agreements allow LAPP tribal program personnel to obtain the necessary training to monitor and sample soil, air, groundwater, and other media. Such sampling is performed both at the pueblo level and jointly with LANL. The agreements allow for the formation of pueblo structured environmental programs to ensure DOE operations are not impacting the pueblo lands; and to the extent there are impacts, allow for continued monitoring of contaminated sites. The Pueblos utilize the Santa Fe Indian School to assist in monitoring activities and collaborate with LANL on issues of mutual interest. Currently, LAPP personnel are actively participating, at the request of DOE, NNSA, and LANL, in reviewing and commenting on the LANL Site-Wide Environmental Impact Statement.

However, further analysis of the IAD states the following concerns (citing Tewa Women United):

Of concern are the Pueblos surrounding LANL. For over 60 years, LANL has been dumping and discharging its toxic and radioactive wastes onto Tewa ancestral land. This land is revered as sacred to the Tewa people. It contains sacred sites and has sacred land usage. The meaning of life can be found within these dimensions. LANL is surrounded by four Pueblos. San Ildefonso and Santa Clara Pueblo sit adjacent to LANL, both downwind and downstream.

The contamination from this dumping and discharging has been devastating to the land, water, air, food, and the overall well-being of the Tewa people and their ways of life. Recently, a sampling project was conducted in these Pueblo homes to track contamination. Proof of major contaminants were found in their very own homes. Despite proof of this historical devastation, LANL continues to discharge and dump its toxic waste.

<http://tewawomenunited.org/programs/environmental-justice-program>

OTHER SUBSTANTIVE ISSUES

A December 4, 2014 article in the Los Alamos Monitor states (excerpted):

Federal officials said Wednesday that they plan to issue a temporary contract for the removal of nuclear waste at Los Alamos National Laboratory to the same contractor that failed to meet previous cleanup goals.

The officials said they made the decision to avoid any disruption while oversight of the cleanup work is shifted from the National Nuclear Security Administration to the Department of Energy's Office of Environmental Management.

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Earlier this year, Energy Secretary Ernest Moniz ordered the cleanup program moved from the National Nuclear Security Administration to the Energy Department division after a barrel of waste packed at Los Alamos leaked and forced the closure of the government's underground nuclear waste repository in southern New Mexico. On Wednesday, agency officials said they plan to award the short-term contract to lab manager Los Alamos National Security to maintain stability during the interim.

Watchdog groups quickly criticized the proposal, saying the Energy Department would essentially be rewarding the contractor for its previous failures to meet cleanup goals and for lapses that led to the leak at the Waste Isolation Pilot Plant.

<http://www.lamonitor.com/content/feds-detail-cleanup-changes-lanl>

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