

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE OF PAGES 1 1	
2. AMENDMENT/MODIFICATION NO. 174	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)	
6. ISSUED BY NNSA/Nevada Site Office U.S. Department of Energy NNSA/Nevada Site Office P.O. Box 98518 Las Vegas NV 89193-8518	CODE 05002	7. ADMINISTERED BY (If other than Item 6) NNSA/Nevada Site Office U.S. Department of Energy NNSA/Nevada Site Office P.O. Box 98518 Las Vegas NV 89193-8518	CODE 05002	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) NATIONAL SECURITY TECHNOLOGIES, LLC Attn: SUSAN C. OTIS PO BOX 98521 LAS VEGAS NV 891938521		(x) 9A. AMENDMENT OF SOLICITATION NO.	9B. DATED (SEE ITEM 11)	
CODE 195194779 FACILITY CODE		X 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC52-06NA25946	10B. DATED (SEE ITEM 13) 03/28/2006	

**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

**12. ACCOUNTING AND APPROPRIATION DATA (If required)**

**13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D. OTHER (Specify type of modification and authority) Section I Clause DEAR 970.5204-2 Laws, Regulations & DOE Directives (Dec 2000) & Agreement of the Parties

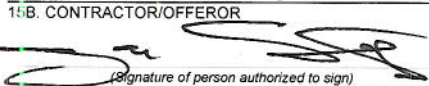

**E. IMPORTANT:** Contractor  is not,  is required to sign this document and return 1 copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)**

The purpose of this modification is to revise Clauses H-18 and H-19 and update Appendix A - Advance Understandings - Human Resources for Profit Contractors, and Appendix C - List of Applicable Laws, Regulations, & DOE Directives as set forth in Attachment 1.

Period of Performance: 07/01/2006 to 09/30/2016

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) Jack Stumpf Director, Business Operations & CFO	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Darby A. Dieterich
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 7/10/13
16B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	16C. DATE SIGNED 7/12/13

The following changes are being made to the contract as a result of this modification:

I. Part I, The Schedule, Section H, Special Contract Requirements, is modified as follows:

1. Deleting the text of Clause H-18, 41, Workforce Transition, Contractor Compensation, Benefits, Pension, and Labor Relations, in its entirety and substituting the following text in lieu thereof:

**H-18 WORKFORCE TRANSITION, CONTRACTOR COMPENSATION,  
BENEFITS, PENSION, AND LABOR RELATIONS**

(a) Workforce Transition

Clauses in this Section and Section J, Appendix A, are adopted for the exclusive benefit and convenience of the parties hereto; nothing contained therein shall be construed as conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

(b) Employee Retention

Subject to the availability of funds, the Contractor shall offer employment to all employees of the predecessor contractor who have successfully completed their probationary period as of the date of contract award, except the predecessor contractor's Key Personnel and other Senior Managers who reported directly to the predecessor contractor's General Manager. Employment offers to the predecessor contractor's Key Personnel and other Senior Managers who reported directly to the predecessor contractor's General Manager are at the discretion of the Contractor. Nothing in this paragraph shall preclude the Contractor from separating employees when in its judgment there is just cause to do so based on the employee's performance or conduct

(c) Labor Relations

- (1) The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- (2) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of determining the allowability of cost associated with the Contractor's economic bargaining objectives prior to negotiation of any collective bargaining agreement, extension, or revision thereto. As part of the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which could increase costs under this Contract or that could involve other items of special interest to the Government.
- (3) The Contractor shall provide an electronic copy of the bargaining agreement to

the Contracting Officer 30 days after formal ratification. The Contractor shall provide the "Report of Settlement" 30 days after formal ratification using the Work Force Information System (WFIS).

- (4) The Contractor shall notify the Contracting Officer in a timely fashion of all labor relations issues that may cause a significant impact to the workforce.
- (5) The Contractor shall immediately advise the Contracting Officer of the following:
  - (i) Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
  - (ii) Formal action by the National Labor Relations Board (NLRB) including but not limited to issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer;
  - (iii) Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law;
  - (iv) Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator; and
  - (v) Other significant issues that may involve review by other federal or state agencies.
- (6) Open Competition and Labor Relations Under Management and Operating and Other Major Facilities Contracts "Labor organization," as used in this clause, shall have the same meaning it has in 42 U.S.C. 2000e(d).
  - (i) Unless acting in the capacity of a constructor on a particular project, the Contractor shall not—
    - (A) Require bidders, Offerors, Contractors, or subcontractors to enter into or adhere to nor prohibit those parties from entering into or adhering to agreements with one or more labor organizations, i.e., project labor agreements that apply to construction project(s) relating to this Contract or
    - (B) Otherwise discriminate against bidders, Offerors, Contractors, or subcontractors for refusing to become or to remain signatories or to otherwise adhere to project labor agreements for construction project(s) relating to this Contract.

- (ii) When the Contractor is acting in the capacity of a constructor, i.e., performing a substantial portion of the construction with its own forces, it may use its discretion to require bidders, Offerors, Contractors, or subcontractors to enter into a project labor agreement that the Contractor has negotiated for that individual project.
  - (iii) Nothing in this clause shall limit the right of bidders, Offerors, Contractors, or subcontractors to voluntarily enter into project labor agreements.
- (7) Labor Standards-Davis Bacon Act
  - (i) The Contractor shall, with approval of the Contracting Officer, develop a procedure whereby NNSA will determine if the Davis Bacon Act is applicable to particular subcontracts. The Contractor shall conduct payroll and job-site audits and conduct investigations of complaints as authorized by NNSA on all Davis Bacon activity, including any subcontracts, as may be necessary to determine compliance with the Davis-Bacon Act. Where violations are found, the Contractor shall report them to the Contracting Officer. The Contracting Officer may require that the Contractor assist in the determination of the amount of restitution and withholding of funds from a subcontractor so that sufficient funds are withheld to provide restitution for back wages due for workers inappropriately classified and paid, fringe benefits owed, overtime payments due, and liquidated damages assessed.
  - (ii) The Contractor shall notify the Contracting Officer of any complaints and significant labor standards violations whether caused by the Contractor or subcontractors. The Contractor shall assist NNSA and or/the Department of Labor in the investigation of any alleged violations or disputes involving labor standards. The Contractor shall furnish a Davis-Bacon Semiannual Enforcement Report to NNSA/NSO by April 21 and October 21 each year.
- (8) Work Allocation
  - (i) The Contractor shall foster positive labor relations and manage work allocation to perform work expeditiously and efficiently by trained employees. Occasionally, work must be performed that does not clearly fall within the jurisdiction of any single labor or collective bargaining agreement to which the Contractor is a party (such work is hereinafter referred to as "Unassigned Work").

- (ii) The Contractor shall establish a process to allocate Unassigned Work that is acceptable to the affected unions and consistent with the requirements of applicable law and the terms of this Contract.

(d) Total Compensation System

The Contractor shall provide a total compensation package for all employees transferring from the predecessor contractor to this Contract with respect to salaries, health/welfare benefits, and pensions comparable to that provided by the predecessor contractor as of the date the Contractor assumes responsibility for management and operation of this Contract. The Contractor shall maintain the base salaries of the transferring workforce. Comparability shall be determined by the Contracting Officer in his/her sole discretion.

For all employees transferring from the predecessor contractor to this Contract up to the first six (6) months after the Contractor assumes responsibility for management and operation of this Contract, the Contractor shall carry over the length-of-service credit and leave balances accrued as of the date of hire by the Contractor.

The Contractor shall provide an integrated, market based pay and benefit program. The objective is to provide a level of total compensation which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets.

- (1) The Contractor's total compensation system shall include the following components:
  - (i) Philosophy and strategy for all pay delivery programs.
  - (ii) System for establishing a job worth hierarchy.
  - (iii) Method for relating internal job worth hierarchy to external market.
  - (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate.
  - (v) Method for planning and monitoring the expenditure of funds.
  - (vi) System for internal controls and self-assessment.
  - (vii) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or

other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract.

(2) Cash Compensation

The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract.

- (i) Any proposed major compensation program design changes prior to implementation.
- (ii) An Annual Compensation Increase Plan (CIP). The CIP shall be provided to the Contracting Officer on October 1 annually and shall include the following components and data:
  - (A) Comparison of average pay to market average pay;
  - (B) Information regarding surveys used for comparison;
  - (C) Aging factors used for escalating survey data and supporting information;
  - (D) Projection of escalation in the market and supporting information;
  - (E) Information to support proposed structure adjustments, if any;
  - (F) Analysis to support special adjustments;
  - (G) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, special adjustments, and structure movement;
    - (a) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.
    - (b) All pay actions granted under the CIP are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
    - (c) Specific payroll groups (e.g., exempt, nonexempt, key personnel) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
    - (d) The Contracting Officer may unilaterally adjust the CIP

amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).

- (e) The Contractor is authorized to make minor shifts (up to 10%) in funds between payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted.
- (iii) A discussion of the impact of budget and business constraints on the CIP amount; and
- (iv) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).
- (v) The compensation actions for all Key Personnel shall be submitted for approval upon replacement. The top contractor official salary actions including merit pay increases shall be submitted annually to the Contracting Officer for approval. The top contractor official's approved reimbursed base salary will serve as the maximum allowable salary reimbursement under the Contract. With these compensation actions, the Contractor shall provide supporting justification related to internal and external equity, individual performance and the Application for Contractor Compensation Approval Form (DOE 3220.5).
- (vi) Assignments of employees outside of their normal duty station lasting more than 30 consecutive calendar days for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be approved by the Contracting Officer prior to beginning the assignment. Requests shall be submitted 30 days prior to the desired start date. The Contractor shall submit a report of all such assignments, to include the total cost of each assignment, reason for assignment, location, duration, and cost-share arrangement to the Contracting Officer by January 30 of each year unless otherwise specified.
- (vii) The Contractor's Total Compensation System (e.g., to be set forth in the Personnel Appendix), shall meet the tests of allowability in FAR 31.205-6 and DEAR 970.3102-05-6, be fully documented, be consistently applied, and be acceptable to the Contracting Officer. Costs incurred in implementing the Total Compensation System shall be approved by the Contracting Officer. Any changes to the Total Compensation System shall be submitted to the Contracting Officer 60 days prior to implementation. Changes that impact current or future costs shall be approved by the Contracting Officer prior to implementation.

(3) Reports and Information: Compensation

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts, no later than 30 days after Compensation Increase Plan expenditures.
- (ii) Other compensation reports as requested by the Contracting Officer.

(4) Severance Pay

- (i) Severance pay benefits are not payable to an employee under this Contract if the employee:
  - (A) Voluntarily separates, resigns, or retires from employment
  - (B) Is offered employment with a successor/replacement Contractor
  - (C) Is offered employment with a parent or affiliated company
  - (D) Is discharged for cause
- (ii) Service Credit for purposes of determining severance pay does not include any period of prior service at a DOE/NNSA facility for which severance pay has been previously paid.

(e) Benefits

(1) Assumption of Existing Pension Plan

The Contractor is required to become a sponsor of the existing pension plans and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

- (i) No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans which will result in additional costs. Justification for new benefit plans and



changes to plan design or funding methodology which will increase costs must include cost impact, and the basis of determining cost. The Contractor shall notify the Contracting Officer prior to implementation of benefit plans that are either new or first time for the site, are a significant impact to employees; or which may set a precedent for the DOE/NNSA contractor system.

- (ii) Cost reimbursement for pension and other benefit programs sponsored by the Contractor will be based on Contracting Officer approval of Contractor actions pursuant to the "Employee Benefits Value Study" and an Employee Benefits Cost survey Comparison as described in (v) (A) and (v) (B) below.
- (iii) The Contractor shall notify the Contracting Officer prior to terminating any benefit plan during the term of the Contract.
- (iv) Effective January 1, 2013, Service Credit for cost reimbursement for employee benefits to include PRB eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, M&O Contractor Service Credit Recognition.
- (v) Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall participate in and/or submit the studies required in paragraphs (v) (A) and (v) (B) below. The studies shall be used by the Contractor in calculating the cost of benefits under existing benefit plans. In addition, the Contractor shall submit updated values to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan that will increase costs.
  - (A) The NNSA Consolidated Employee Benefits Value Study for non-bargaining unit employees, must be completed every two years or as directed by the Contracting Officer. The Contractor will utilize the comparator companies previously utilized in the last NNSA Consolidated Benefit Value Study. If any of the comparator companies no longer participate, the Contractor will recommend replacement companies for approval by the Contracting Officer. The Contractor shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit (DB) and defined contribution (DC) retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs in the Value Study. To the extent that the value study does not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

- (B) An Employee Benefits Cost Survey Comparison for non-bargaining employees, must be completed annually. The cost Survey must utilize a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees on a per capita basis per full time equivalent employee and compares it with appropriate comparator data.
- (C) When the weighted average net benefit value for all non-bargaining employees (including different tiers of benefits or groups of employees) exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer no later than 60 days after the Benefit Value Study is conducted.
- (D) When the average total benefit per capita cost exceeds the comparator group by more than five percent, the Contractor shall submit an analysis of the specific plan costs that are above the per capita cost range or total benefit cost as a percent of payroll and a corrective action plan within 60 days after the Benefits Cost Survey is conducted, to achieve conformance with the comparator group.
- (E) Within two years of Contracting Officer approval of the Contractor's corrective action plan for non-bargaining employees, the Contractor shall align employee benefit programs with the benefit value and per capita cost range as approved by the Contracting Officer.

(2) Reports and Information: Benefits

The Contractor shall provide to the Contracting Officer:

- (i) Annually, the Report of Contractor Expenditures for Employee Supplemental Compensation (DOE F 3220.8); and
- (ii) Quarterly, input requested benefits data into DOE's iBenefits pension and benefits management system.

(3) Pension Plans

- (i) Each Contractor pension plan shall be subjected to a limited-scope audit annually that satisfies the requirements of ERISA section 103, except that every third year the Contractor must conduct a full-scope audit satisfying ERISA section 103. Alternatively, the Contractor may choose to conduct a full-scope audit satisfying ERISA section 103 annually. In all cases, the Contractor must submit the audit results to the Contracting Officer. In years in which a limited scope audit is conducted, the

Contractor must provide the Contracting Officer with a copy of the qualified trustee or custodian's certification regarding the investment information that provides the basis for the plan sponsor to satisfy reporting requirements under ERISA section 104.

- (ii) The Contractor will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended. If a minimum contribution payment is required to avoid benefit restrictions to Plan participants, the Contractor shall notify the Contracting Officer at least sixty (60) days prior to the date the payment is due. Reimbursement above the annual ERISA required minimum contribution will require prior approval of the Contracting Officer. The Contracting Officer will take into consideration all pre-funding balances and funding standard carryover balances when evaluating whether to approve reimbursement above the minimum required contribution. Timing of a Contractor's contributions to a plan must enable a plan's actuary to certify that a plan is adequately funded at the beginning of a plan year.
- (iii) The Contractor shall obtain the advance written approval of the Contracting Officer for any pension plan changes that are not required by law and which may increase costs or liabilities and shall submit the information at least 60 days prior to effecting proposed changes to the Contracting Officer for approval or disapproval and a determination as to whether the costs to be incurred are deemed allowable pursuant to FAR 31.205-6, as supplemented by DEAR 970.3102-05-6. In addition, any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) shall be submitted and the Contractor shall provide the Contracting Officer with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable.
  - (A) The Contractor shall provide the following to the Contracting Officer:
    - (a) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
    - (b) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index;
    - (c) Except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from legal counsel for purposes of

- compliance with all legal requirements applicable to private sector DB pension plans;
  - (d) The Summary Plan Description; and
  - (e) Any such additional information as requested by the Contracting Officer.
- (B) When changes to DB and/or DC plans are required by law, the Contractor must provide the Contracting Officer a copy of the current plan document (as conformed to show all prior plan amendments) with the proposed new amendment indicated in redline/strikeout. This document is to be provided with as much time before the effective date of the change as possible, preferably at least 30 days when feasible.
- (iv) When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply.
- (A) No further benefits for service shall accrue;
  - (B) The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the NNSA Contract;
  - (C) The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan;
  - (D) Assets shall be determined using the “accrual-basis market value” on the date of termination of operations; and
  - (E) NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the IRS of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's “AA.”
- (v) Terminating Plans.
- (A) NNSA Contractors shall not terminate any pension plan

(commingled or site specific) without notifying the Department at least 60 days prior to the scheduled date of plan termination.

- (B) To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market or through lump sum payouts. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. The Contractor shall apply the assumptions and termination procedures of the Pension Benefit Guaranty Corporation.
  - (C) Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.
  - (D) If ERISA or IRC rules prevent a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the parties.
  - (E) On the same day as the Contractor notifies the IRS of the plan termination, all NNSA plan assets will be placed in a low-risk liability matching portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."
  - (F) NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
  - (G) After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To affect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.
- (vi) Post Contract Responsibilities for Pension and Other Benefit Plans
- (A) If this Contract expires or terminates and NNSA has awarded a Contract under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the

pension or other benefit plans covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new Contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a comingled plan is involved, the Contractor shall:

- (a) Spin off the NNSA portion of any commingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the commingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
  - (b) Bargain in good faith with NNSA or the successor Contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. NNSA and the Contractor(s) shall establish an effective date of spinoff. On the same day as the Contractor notifies the IRS of the spinoff, all NNSA plan assets assigned to a spun-off plan shall be placed in a low-risk liability matching portfolio until the successor trustee is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."
- (B) If this Contract expires or terminates and NNSA has not awarded a Contract to a new Contractor under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:
- (a) Subject to paragraph (vi) (B) (b) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
  - (b) The parties shall exercise their best efforts to reach

agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

- (vii) Reports and Information - Retirement Plans: For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year except for the Pension Management Plan which must be submitted by January 30 of each year.
  - (A) The annual actuarial valuation report for each NNSA-reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.
  - (B) Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan, no later than that submitted to the IRS.
  - (C) Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.
  - (D) The annual Pension Management Plan as described below ((4) Pension Management Plan) by January 30 of each year.

(4) Pension Management Plan

- (i) The Contractor shall submit a plan for management and administration (Pension Management Plan) for each defined benefit pension plan (Plan) for which the Department has a continuing obligation to reimburse pension contributions that is consistent with the terms of this Contract and which includes projected assets, projected liabilities, and estimated contributions and the prior year's actuarial valuation report annually on

January 30.

- (ii) The Pension Management Plan shall include:
  - (A) The Contractor's best projection of the contributions which it will be legally obligated to make to the Plan(s), beginning with the required contributions for the current fiscal year, based on the latest actuarial valuation, and continuing for the following five fiscal years. This estimate will be based upon compliance with all applicable legal requirements relating to the determination of contributions and upon the assumptions set out in the Plan document(s). All contribution calculations should reflect payments made during DOE fiscal years, beginning Oct 1, through September 30, and the next succeeding six fiscal years. Please include a summary of the key actuarial assumptions used to determine the required contribution. All projections must be based upon the most recently available asset information for the Plan. For example, for a Plan with a July 1 valuation date, project the July 1, value of assets for the current year to be used in the calculation from the actual January 1, value of assets from the same year.
  - (B) If the actuarial valuation submitted pursuant to the annual Pension Management Plan update indicates that the sponsor of the Plan must impose benefit restrictions, the Contractor shall provide the following information:
    - (a) The type of benefit restriction that will take place;
    - (b) The number of Contractor employees that potentially could be impacted and the nature of the restriction (e.g., financial impact) by imposition of the required benefit restriction;
    - (c) The amount of money that would need to be contributed to the Plan and the timing of such contribution to avoid legally required benefit restrictions; and
    - (d) A recommendation regarding whether the additional money should be contributed to the Plan and the rationale for the recommendation.
  - (C) A detailed discussion of how the Contractor intends to manage the Plan(s) to maximize contribution predictability (i.e. forecasting accuracy) and to contain current and future costs, to include the rationale for selection of all Plan assumptions (i.e., actuarial experience studies) that determine the required contributions and which impact the level and predictability of



required contributions. As part of the Contractor's plan to maximize contribution predictability, the Contractor may propose funding strategies other than ERISA minimums for NNSA's consideration and approval. The Contractor shall submit the following for NNSA to consider in deciding on the alternate funding strategy:

- (a) Identify whether the current year additional amount can be absorbed within the current operating budget;
  - (b) Discuss the integration of Plan's funding strategy and investment strategy taking into consideration the plan's demographic profile, liability duration, and impact of current year funding decisions on future year contribution requirements;
  - (c) Discuss the strategy for achieving fully funded status and protecting against erosion of the Plan's funded status;
  - (d) Discuss the strategy for specifically protecting any pension funding contributions reimbursed in excess of the minimum required contribution against the risk of significant loss; and
  - (e) Discuss whether the plan has a prefunding or funding standard carryover balance that could be used to improve the plan's AFTAP without requiring additional contributions. Provide a rationale regarding the recommended use of the available balance(s).
- (D) An assessment to evaluate the effectiveness of the Contractor's Plan(s) investment management/results. The assessment must include at a minimum: a review and analysis of Plan investment objectives and asset allocations; results of the most recent asset liability study and investment policy review; the strategies employed to achieve the Plan's investment objectives; and the methods used to monitor execution of those strategies and the achievement of the investment objectives. The Contractor shall also identify its plans, if any, for revising any aspect of its Pension Management Plan based on the results of the review.

Within thirty (30) days after the date of the submission, appropriate Contractor representatives will meet with the Contracting Officer and other DOE/NNSA representatives to discuss the Contractor's proposed Pension Management Plan. The Contractor must be prepared to discuss any differences between the prior fiscal year's projected pension contributions

for future fiscal years and the most recent projected pension contributions for future fiscal years and the rationale for any such discrepancies. In addition, discrepancies between the actual contributions made for the most recent fiscal year preceding the meeting and the projected contributions for that fiscal year and the rationale for any such discrepancies, and funding strategies for the Plan will be discussed.

(f) Workforce Planning

(1) Workforce Planning - General

The Contractor shall analyze workforce requirements consistent with current and future mission requirements and develop appropriate workforce transition strategies to ensure appropriate skills are available at the right time, in the right number, in the right place. Particular attention shall be paid to current and future critical skills. This analysis shall be available for review upon Contracting Officer request.

(2) Reductions in Contractor Employment – Workforce Restructuring

(i) Voluntary Separations: In order to minimize the number of involuntary separations and mitigate the impact on affected employees, the Contractor will consider in consultation with the Contracting Officer, the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP) when workforce restructuring is necessary. The Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. No reimbursement of costs associated with VSPs will be allowable if not approved by the Contracting Officer prior to implementation.

(ii) Involuntary Reductions in Contractor Employment

(A) If the restructuring involves separating between 10-99 employees in a rolling twelve-month period, the Contractor shall notify the Contracting Officer no later than 15 days in advance of the action.

(B) For restructuring actions that involve separating between 50-99 employees, the Contractor shall prepare a specific workforce restructuring plan and submit the plan to the Contracting Officer for informational purposes. In addition, the Contractor shall perform a diversity impact analysis and provide a copy of the analysis to the NNSA Site Counsel for any restructuring actions that involve 50 or more employees within a 12 month period.

If the restructuring may involve the separation of 100 or more

employees within a 12-month period, the Contractor shall submit a specific workforce restructuring plan, for approval by the Contracting Officer.

- (C) All notifications to the NNSA must contain pertinent information such as reasons, costs, dates, and numbers of impacted employees.
  - (D) The contractor may submit multi-year workforce restructuring plans for consideration and approval.
- (iii) Any payment of benefits beyond those already approved in the Contract must be approved by the Administrator, NNSA, through the Contracting Officer.
2. **Deleting the text of Clause H-19, Workers Compensation, in its entirety and substituting the following text in lieu thereof:**

**H-19 WORKERS COMPENSATION**

- (a) The Contractor, unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new workers' compensation policies and all initial proposals for self-insurance. Additionally, Contractors shall provide copies to the Contracting Officer of all renewal policies for workers' compensation.
- (b) Workers' compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short term disability) are to be administered so that the total benefit payments from all sources shall not exceed 100% of employee's net pay.

**II. Part III – List of Documents, Exhibits, and Other Attachments, Section J – List of Attachments, Appendix A – Advance Understandings Human Resources for Profit Contractors, is modified by deleting the text in its entirety and substituting the text set forth in Attachment 2 to this modification.**

**III. Part III – List of Documents, Exhibits, and Other Attachments, Section J – List of Attachments, Appendix C – List of Applicable Laws, Regulations, and DOE Directives, is modified as follows:**

**1. List B, List of Applicable Directives, is modified by deleting the following directives:**

DIRECTIVE NUMBER			DATE	DOE DIRECTIVE TITLE
DOE	O	350.1 Chg 3	2/23/2010	Contractor Human Resource Management Programs

**2. List B, List of Applicable Directives, is modified by adding the following directives:**

DIRECTIVE NUMBER			DATE	DOE DIRECTIVE TITLE
NA	SD	350.1	2/5/2009	M&O Contractor Service Credit Recognition

**No other changes are made as a result of this modification. All other terms and conditions remain unchanged.**

**(END OF MODIFICATION)**

National Security Technologies, LLC (NSTec)

**SECTION J**  
**APPENDIX A**

**ADVANCE UNDERSTANDINGS**

**HUMAN RESOURCES FOR PROFIT CONTRACTORS**

(June 28, 2013)

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## I. INTRODUCTION

These advance understandings set forth those Contractor Human Resource Management policies and related expenses that have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work. Only those items of personnel costs and related expenses that are set forth herein or specifically referenced in these advance understandings are allowable costs by advance understanding under this Contract. Nothing in these advance understandings is intended to alter the terms and conditions of any collective bargaining agreement.

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that areas requiring prior approval of the NNSA Contracting Officer or designee are reviewed and approved prior to incurrence of costs.

Either party may request that these advance understandings be revised and the parties agree to give consideration in good faith to any such request. Revisions to the advance understandings shall be accomplished by executing a contract modification.

These advance understandings are adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in these advance understandings to the Contracting Officer or designee.

The Contractor will, in accordance with its commitment to excellence and its philosophy of continuous improvement, meet performance objectives under best practices in the design, implementation, and administration of its Human Resource Management Programs. For purposes of evaluating work under the contract for Contractor administration of Human Resource Management Programs, NNSA shall consider the degree to which the Contractor has achieved best business practices defined by performance objectives.

## II. DEFINITIONS

### 1. Accredited Service.

- a. Employees who transfer directly to NSTec from the predecessor contractor will retain the site service date and continuous service date recognized by the predecessor contractor. Employees who are hired by NSTec with predecessor contractor service will be given credit for NNS site service for benefit purposes, if there has not been a break in service longer than three years. Vested and credited service in the Thrift Plan and Pension Plan are subject to ERISA service rules.
- b. Transfers from parent companies:
  - i. *Prior to January 1, 2013*, NSTec employees transferring directly from Northrop Grumman, AECOM, CH2M Hill, or Nuclear Fuel Services will retain the continuous or credited service date recognized by the NSTec parent companies from which they transfer for the purpose of eligibility for benefits, including service awards, PTO, and 401(k) and pension plan vesting.

- ii. *After January 1, 2013*, NSTec employees transferring directly from Northrop Grumman, AECOM, CH2M Hill, or Nuclear Fuel Services will retain the continuous or credited service date recognized by the NSTec parent companies from which they transfer for the following purposes:
      - 1. Service with parent organization not under DOE or NNSA M&O or Site Management contract: PTO eligibility and accrual only.
      - 2. Service with parent organization under DOE or NNSA M&O or Site Management contract: PTO eligibility and accrual; eligibility for leaves of absence; eligibility for vesting and employer contributions to market-based retirement plans (but not for determination of benefit); eligibility for retiree medical, dental, and life insurance benefits (when the individual worked at least the 5 years prior to retirement under DOE or NNSA M&O or facilities management cost reimbursement contracts); eligibility and/or determination of benefit for long- and short-term disability; and determination of severance benefits (for service for which severance has not already been paid).
    - iii. Employees transferring directly from The Babcock & Wilcox Company without prior Nuclear Fuel Services service will be credited with continuous service as of January 5, 2009 (the date The Babcock & Wilcox Company acquired Nuclear Fuel Services), or their actual service date as established by Babcock & Wilcox, whichever is later. Eligibility for benefits based on that credited service date will be in accordance with paragraph ii. above.
2. **Bargaining Unit Employees (Union Employees)**. Employees whose wages, hours of work, and working conditions have been negotiated into labor contracts.
  3. **Base Pay**. The compensation of an exempt or nonexempt employee, exclusive of premium pay or other type of compensation. The base pay is expressed as an hourly, weekly, or annual rate.
  4. **Basic Workweek** - Nonbargaining employees. A 40-hour workweek consisting of five consecutive basic workdays of eight hours each.
  5. **Casual Employee**. Employment status of an employee hired to provide manpower when temporary employees are needed for a specific project or to respond to an immediate need. Casual employees are called to work when needed and work as many hours per week as necessary. All hours worked will be compensated as nonexempt nonbargaining employees. Casual employees may work for NSTec a maximum of 900 hours per calendar year. Any casual employee who works less than 40 hours in a nine-month period may be administratively terminated. Casual employees are covered by legally required benefits, but do not receive or participate in any other type of employee benefit program, group insurance plans, or paid absences. Casual employees will not be eligible to receive benefits provided under the Defense Authorization Act, Section 3161, upon termination.
  6. **Casual Overtime**. Work in excess of the basic workweek that cannot be scheduled in advance.
  7. **CFR**. Code of Federal Regulations

8. **Compensation Increase Plan (CIP)**. A plan for establishing need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, promotion, adjustment, and reclassification increases.
9. **Compressed Workweek**. A work period designed to allow employees to fulfill work requirements in fewer days by increasing the number of hours worked in a single workday. A compressed workweek is expressed as 4/10 (four consecutive work days of 10 hours each to total 40 hours worked in a one-week period resulting in three consecutive days off during each workweek) or 9/80 (nine work days totaling 80 hours worked in a two-week period resulting in two consecutive days off the first week and three consecutive days off the second week).
10. **Contractor**. Refers to National Security Technologies, LLC (NSTec). The responsibilities and authorities specified in this Appendix for the "Contractor" shall be exercised by the General Manager of NSTec or his authorized representative.
11. **Exempt Employee**. Executive, administrative and professional employees who are exempt from certain provisions of the Fair Labor Standards Act (FLSA).
12. **Full-Time**. Employment status of an employee regularly scheduled to work 40 or more hours per workweek.
- 12.b. **Furlough**. The period of time in which an employee is placed in non-pay status because of lack of work, lack of funds, or other nondisciplinary reasons. Furloughs must be more than 40 consecutive work hours and cannot exceed 60 calendar days in a rolling 12-month period.
13. **Incentive**. A reward, financial or otherwise, that compensates the worker(s) for high and/or continued performance above standards. An incentive also is a motivating influence to induce accomplishment or performance above normal.
14. **Job Worth Hierarchy**. A ranking of jobs within an organization by relative value to the organization for pay purposes.
15. **Merit Increase**. An adjustment to individual salary based on performance ranking.
16. **Nonexempt Nonbargaining Employees**. Employees who are subject to minimum wage and overtime pay provisions of the Fair Labor Standards Act, and who are not covered by a collective bargaining agreement.
17. **Overtime Pay**. Total amount of pay including base pay portion for work beyond 40 hours in a workweek.
18. **Part-Time**. Employment status of an employee regularly scheduled to work less than 40 hours per workweek. Employees in this status are considered nonexempt for overtime purposes.
19. **Promotion**. The assignment of an employee to a job of greater value to the organization. This assignment is sometimes recognized by a higher job classification or pay grade.

- 20. **Salary Range.** The range of pay rates, from minimum to maximum, set for a pay grade or job classification.
- 21. **Special Adjustment.** An increase to an employee's base pay due to internal or external equity considerations.
- 22. **Termination.** When an employee quits, retires, dies, or is discharged, affected by a reduction-in-force, or removed from the payroll because of disability (as distinguished from disability absence where the employee is not removed from the payroll).

**III. COMPENSATION**

**A. – C. RESERVED**

**D. Other Pay Programs**

The following pay policy items are allowable costs and require NNSA approval within prescribed parameters. Among those costs are:

**1. Employee Bonus Award Program**

- a. The Contractor shall submit for NNSA Contracting Officer or designee approval prior to implementing an employee bonus award program that aligns to the missions and objectives of the NNSA and does not exceed 1.5% of payroll.
- b. Additional Bonus for Non-Key Personnel. The contractor may provide one-time non-base lump sum payments as a form of bonus to non-key personnel in accordance with the cost reduction clause (DEAR 970.5215-4 – NNSA Deviation dated March 2011) from resulted shared savings earned and negotiated cost reduction proposals.

**2. Pay for Time Not Worked**

**a. Paid Time Off (PTO).**

PTO is provided to eligible employees to be used as they wish, i.e., for vacation, sick leave, personal reasons, or religious observances. With the exception of illness, PTO is to be scheduled in advance and mutually agreed upon by the supervisor and the employee after taking work requirements into consideration.

(1) Eligibility

Salaried employees are eligible to use PTO as it accrues. No minimum length of service is required. Employees in casual status do not accrue PTO.

Accredited Service Requirement	Annual Accrual	Max. Accrual *
<ul style="list-style-type: none"> <li>• From Accredited Service Date Until 5th anniversary of that date</li> </ul>	120 Hours	480 Hours
<ul style="list-style-type: none"> <li>• From 5th anniversary date Until 20th anniversary date</li> </ul>	160 Hours	640 Hours

- From 20th anniversary date forward      200 Hours                      800 Hours

\* When an employee reaches the maximum accrual, no more PTO is accrued until time is charged to PTO and the hours go below the maximum. Employees deployed on an emergency response team (as listed in paragraph III.F.19.b) will be allowed to continue accruing PTO over the maximum for up to 4 months after their return from deployment.

- (2) Part-time employees accrue PTO on a prorated basis.
- (3) Employees will continue to accrue PTO during all paid absences (except when using donated PTO).
- (4) Employees will not accrue PTO while in any unpaid employment status for a full workweek.
- (5) Use of PTO must be approved by supervisors authorized to sign time records. PTO is used by employees in increments of one-half hour or more.
- (6) Approved holidays occurring during PTO will not be counted against PTO accounts.
- (7) Group insurance coverage will remain in force and premium payments will continue to be apportioned between employer and employee on the same basis as during active work time. Participation in the retirement savings plan will continue and contributions will be based on actual eligible earnings while on PTO.
- (8) If an employee is disabled and chooses to use PTO, it can be taken in up to full work day increments and paid in addition to short-term or long-term disability benefits, or integrated with workers compensation payments (see paragraph III.E.2.i following).
- (9) Upon termination or transfer to an NSTec affiliate (Northrop Grumman, AECOM, CH2M Hill, or Nuclear Fuel Services), the employee's unused PTO funds are transferred to that entity or paid off. The funds associated with this transfer or cash out are reimbursable under this Contract.
- (10) Employees can donate accrued PTO to fellow employees who have exhausted all accrued PTO and are undergoing either a family medical or personal medical crisis, including other special emergencies, as approved by the manager of HR.

**b. Sick Leave Savings Account**

- (1) Sick leave savings account balances effective 7/1/06 will remain.
- (2) For rehires with a break in service of three years or less, unused sick leave that was accrued at termination will be credited to the employee's sick leave savings account.

- (3) The sick leave savings account is supplemental to other benefits. It is not a vested benefit to which employees are entitled upon termination or reclassification from salaried to casual status. Consequently, the sick leave savings account will not be paid off upon termination.

**c. Holidays**

- (1) Eligible employees will be granted 80 hours of holiday pay each calendar year for the following holidays:

New Year's Day	Labor Day
Martin Luther King Day	Veterans Day
Presidents' Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving Day
Independence Day	Christmas Day

- (2) When recognized holidays fall on a Saturday, the preceding Friday will be recognized as the holiday. When recognized holidays fall on a Sunday, they will be observed the following Monday.
- (3) For those employees working alternate work schedules/hours, a specific schedule will be established each calendar year.
- (4) Thirty days prior to the end of each calendar year, the Contractor will notify the NNSA Contracting Officer of the holidays to be observed.
- (5) To be eligible for holiday pay, the employee must be in paid status on the workday either preceding or following the holiday. No pay will be granted for a holiday that falls on the day preceding the date of employment, nor for a holiday that falls after the last day worked.
- (6) If a scheduled holiday occurs when an employee is on an approved paid absence (e.g., PTO, jury duty, etc), the employee is entitled to holiday pay and no charge is made against their PTO.

**d. Bereavement Leave**

- (1) In connection with a death in the immediate family, a bereavement leave of up to three days with pay is granted with time record signature approval. No minimum length of service is required.
- (2) The paid leave can be used at the time of the death or within a reasonable period following the death.
- (3) "Immediate family" is defined to include the following:
  - A. Spouse or registered domestic partner
  - B. Mother or father, mother-in-law or father-in-law, stepmother or stepfather, or

- foster mother or foster father
- C. Son or daughter, son-in-law or daughter-in-law, stepson or stepdaughter, or foster son or foster daughter
- D. Brother or sister, brother-in-law or sister-in-law, stepbrother or stepsister, or foster brother or foster sister
- E. Grandparents or spouse's or registered domestic partner's grandparents
- F. Grandchildren or spouse's or registered domestic partner's grandchildren

For bereavement leave, this definition is not limited to an Employee's natural or legal immediate family, and in the absence of a natural or legal relationship includes those persons considered by family, friends, and the community to bear such a relationship to the Employee, including a legal guardian.

**e. Jury/Witness Duty**

- (1) Employees who have been called to be selected or to serve on a jury impaneled by a civil authority, or who have been called to testify as witnesses in legal proceedings to which the employee is not a party either voluntarily or under subpoena, will be granted time off with pay. Time off with pay will not exceed the number of hours in their scheduled workday. Verification of an employee's attendance at court is required.
- (2) Compensation of any type received by the employee for the performance of court duty, excluding subsistence or travel allowances, shall be remitted to the Contractor by the employee.

**f. Paid Absences Due to Emergency Conditions**

- (1) The Contractor's senior officer or manager assigned at a location has the responsibility to decide whether a natural or civil emergency condition exists to the extent it prevents employees from reporting to work, or requires that they leave the work location during scheduled work hours.
- (2) When normal attendance requirements are waived or modified due to emergency situations, employees will be paid for the hours of excused absence at their base pay rate not to exceed the number of hours in their standard workday.
- (3) Natural emergency conditions include, but are not limited to, extreme weather conditions, utility failures, and life-threatening accidents. Civil emergencies include riots, demonstrations, and bomb threats. This policy is to be used in short-term situations and would not necessarily apply in the event of major catastrophes which might cause the disruption of operations for an extended period of time.

**g. Time Off for Voting**

The Contractor can grant an employee time off with pay for purposes of voting in a duly constituted election in accordance with applicable state laws.

#### **h. Grievances and Arbitration Leave**

A union steward is allowed time off with pay to perform the functions required of him/her in any grievance or arbitration proceeding. An employee called by the Contractor in such proceedings shall be paid for time lost.

#### **i. Workers Compensation**

- (1) The Contractor pays an employee "injury time" for absences from work as the result of a job-incurred injury or illness at 100 percent of base pay; unless/until the employee receives statutory workers compensation benefits. When the employee receives statutory workers compensation benefits, the Contractor supplements these benefits with "injury time" up to 75 percent of base pay, not to exceed six (6) months or 26 weeks from the date of injury. Once an employee qualifies for statutory workers' compensation benefits, injury time paid at 100 percent will be adjusted retroactively to the 75 percent level as a supplement to the statutory benefit.
- (2) Employees may choose to supplement statutory workers' compensation benefits, including "injury time," up to 100 percent of base pay with their sick leave savings or PTO. The sick leave savings account can be used on the first day of absence if the absence is the result of a work-related injury (as defined by applicable Workers Compensation regulations). In such cases, payments to the employee from the sick leave savings account will be reduced by the amount of Workers Compensation benefits for which the employee is eligible, even if the employee fails to file a Workers Compensation claim.

#### **j. Military Leave**

- (1) Employees who are members of the armed forces of the United States or National Guard, and who have short-term military obligations for training purposes or civil emergencies will be granted 15 working days of leave per fiscal year to satisfy their obligations. The amount of pay received from NSTec during such leave is the difference, if any, between the employee's base pay at NSTec and the employee's military base pay.
- (2) Employees called to active military duty under presidential or congressional order, will receive up to one-half of their base rate of pay for at least 180 days after their call to active duty. Employees may use earned and/or accrued PTO to extend this 180-day period. In no instance will Contractor payments of salaries or wages and pay received for active military duty exceed employee's base pay rate earned prior to the call to active duty. For these purposes, active duty pay includes base pay, all specialty pay, and all allowances except housing, subsistence, travel, and uniform allowances. Employees will receive enrolled benefits for dependents for a period of 180 days that can be extended by earned and or accrued PTO. Employees will continue to accrue credited service for pension during the 180-day period.



## **k. Defense of Employees Involved in Work-Related Claims and Legal Actions**

(This provision is intended to clarify how the vicarious liability of the Contractor for the acts of its employees will be administered. It is not intended to alter the parties' rights or responsibilities with respect to allowable costs or avoidable costs determinations.)

- (1) If a claim or legal action is brought against an employee as the result of the employee's conduct while performing duties under this contract and within the employee's scope of employment, the Contractor is allowed the cost of defending the employee, including appeals and cost of any judgment; provided, however, that the prior approval of the NNSA Contracting Officer or designee and the consent of the employee to be defended shall be obtained before any such defense is undertaken.
- (2) The provisions of the contract clause entitled "Litigation and Claims" shall have the same application to claims and legal actions against employees under this section as it has to those claims and legal actions which are brought directly against the Contractor. Before costs of any retained legal counsel is allowed, the selection of such counsel must have the concurrence of the NNSA Contracting Officer or designee.
- (3) When involved in any claim or legal action covered by this section, an employee is, with the prior approval of the NNSA Contracting Officer or designee be allowed time off with base pay on scheduled work days for consultation with counsel, trial attendance, and such other matters as are reasonably incident to the claim or legal action.

## **l. Administrative Investigative Leave**

Employees removed from an NSTec work site while pending investigation are placed on paid administrative investigative leave until the investigation has been completed, subject to approval by the Director, Enterprise Resources.

## **E. Pay in Addition to Base Pay**

### **1. Overtime**

- a. Eligible employees will receive overtime pay for hours worked in excess of the basic workweek. All overtime hours worked are subject to federal, state, or local labor laws.

In some states, such as California, the wage and hour laws on overtime is more stringent than the federal regulations. In such cases, the state laws take precedence over federal laws.

Authorized paid absences (PTO, Sick Leave Savings, Holidays, etc.) taken during a

workweek will not be counted as time worked for purposes of computing overtime pay for the scheduled work day or workweek.

b. Exempt Employees

(1) Employees in Letter Grades A through D

Employees in letter grades A through D will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a workweek. If required to work on paid holidays, these employees will be paid one-and-one-half times their base hourly rate, in addition to base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

(2) Employees in Letter Grades E through G

Employees in letter grades E through G can be paid overtime at their base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour workweek is scheduled, properly documented, and approved by the employee's immediate manager/supervisor in advance. Overtime will not be approved for casual overtime required to fulfill their regular duties and responsibilities.

Employees in these letter grades who are required to work on a scheduled holiday will be paid at their base pay rate for all hours actually worked, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

(3) Employees in Letter Grades H through L

Employees in letter grades H through L are not typically paid overtime. Under unusual circumstances, employees can be paid overtime at the employee's base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour workweek is scheduled and properly documented, including appropriate justification for an exception. The Contractor shall submit an overtime request for approval to the NNSA Contracting Officer or designee for employees in these grades. The NNSA Contracting Officer or designee will evaluate each request on a case-by-case basis.

Normally, employees who are required to work on a scheduled holiday receive pay only for the holiday. However, they receive pay at their base pay rate for hours actually worked in addition to the base pay for the holiday when the above overtime approvals have been granted.

c. Nonexempt Employees (Number grades 1 through 7)

Nonexempt employees will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a workweek. Any nonexempt employee who is required to work on a paid holiday will be paid one-and-one half times their base hourly rate, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour workweek.

d. Overtime Pay - Training Programs (grades 1 through 7 and A through D only)

Attendance at lectures, meetings, training programs and similar activities outside the employee's scheduled working hours should not be counted as time worked for overtime purposes if *all* of the following criteria are met:

- (1) Attendance is voluntary; and
- (2) The course, lecture or meeting is not directly related to the employee's job; and
- (3) The employee does not perform any productive work during attendance.

If any one of these criteria is not met, overtime must be paid.

When employees, on their own initiative, attend an independent school or college course after their scheduled work hours, the time is not hours worked for overtime purposes even if the course is job-related and the Contractor refunds the tuition and/or program cost.

e. Overtime pay for casual employees

Casual employees will be paid one-and-one-half times their base hourly rate for any hours worked in excess of 40 in the workweek. Those who are required to work on holidays will be paid base pay only.

f. Overtime for bargaining unit employees

Overtime pay for bargaining unit employees is specified in the labor agreements.

## 2. Shift Differentials

a. Employees in grades 1 through 7, grades A through G, and casual employees will be paid shift differential payments of 10 percent of their base salaries when they are assigned to one of the following for at least three consecutive workdays:

- (1) A scheduled work shift that begins three or more hours before the start of the established daytime work shift.
- (2) A scheduled work shift that begins three or more hours after the start of the established daytime work shift.

b. Eligible employees will be paid the shift differential payment only for the days worked on other than an established daytime shift. The shift differential is not included in payment for paid absences such as PTO and holidays. Pay for such absences will be calculated on the base salary rate.

c. Overtime pay on workdays when employees receive shift differential pay will be calculated using base salary plus shift differential.

- d. Shift differentials and Lead Man pay are allowable as specified by the Collective Bargaining Agreements.
- e. Employees in grades 1-7 who are assigned to a shift without being given 48 hours' notice of assignment or shift change are paid one and one-half times their base pay hourly rate for that portion of the newly scheduled shift which does not coincide with the hours of the employee's former shift during the first 48 hours of the new shift.
- f. NSTec employees in grades 1 through 7 and A through D working at the NIF at LLNL will be paid 7.5% for working swing shift and 15% for owl shift. During all leaves with pay and holidays, eligible employees are paid at the shift differential rate applicable to the shifts they would otherwise have been scheduled to work. Overtime hours are paid at the applicable shift differential rates times one and one-half. When programmatic requirements necessitate a regular shift assignment for an extended period, employees in grades E through G may be paid the same shift differentials if approved in advance by the NSTec President.

### **3. Call-In Pay**

Employees in grades 1-7 who are called in to work after having left their job site at the end of their regular shift to perform work before, but not continuous with, their regular shift are provided at least four hours' pay. Employees in grades 1-7 who are assigned to a compressed workweek are paid a minimum of five hours of base pay. If no work is performed, the hours paid but not worked will be straight time, except on holidays when the applicable premium rate is paid. Only hours worked will count towards computing overtime.

### **4. Temporary Job Assignments**

Employees in grades 1-7 who are assigned temporarily, 90 days or less, to a lower job classification retain and are paid their regular rate for the period of assignment. Employees in grades 1-7 who are assigned temporarily to a higher job classification are paid a twenty-five cent (\$.25) per hour premium or the minimum of the higher classification, whichever is higher, during the period of temporary assignment.

### **5. Flight Pay Premium**

- a. Air crew members assigned to perform duties for a minimum of 30 minutes aboard diagnostic aircraft are paid a flight pay differential of 25 percent of their base pay for actual hours flown in the aircraft to the nearest hour. Flight crew members (pilots and mechanics) are not eligible for flight pay differential.
- b. Crew rest time for flight crew members is paid time if the required rest time would cause the individual to receive less than their normal base salary for that week.

### **6. Hazard Premium**

- a. When nonbargaining employees are assigned to and do perform work on wooden poles

or towers at a height of more than 40 feet, they shall be paid time and one-half their base pay for the actual time worked at such heights.

- b. When nonbargaining employees are assigned to and do perform work on wooden poles or towers at a height of more than 80 feet, they shall be paid double their base pay rate for the actual time worked at such heights.
- c. When nonbargaining employees are assigned to and do perform work in steel-cased drill holes at a depth in excess of 1,000 feet, they shall be paid at time and one-half their base pay rate for the actual time worked at such depths.
- d. The premium set forth above shall be computed and paid in increments of one hour.

#### **7. Re-Entry Premium (Tunnel/Underground)**

- a. Nonbargaining employees, while engaged in re-entry work and required by the Company to wear both full protective clothing (coveralls, booties, gloves, caps, etc.) and a full face respirator, shall receive a premium of one dollar (\$1.00) per hour above their base pay.
- b. If a nonbargaining employee engages in re-entry work during any portion of the workday, the employee shall receive the premium for the entire shift.

#### **8. Lead Differential/Work Direction Differential**

An employee in grades 1-7 who is assigned to direct the work of other employees for a period of one workweek or longer receives seventy five cents (\$.75) per hour above his/her base pay for the actual hours worked in such a capacity. The Work Direction Differential is added to the employee's base pay for the purposes of computing overtime.

#### **9. Reporting Pay and Partial Shift Work**

Employees in grades 1-7 are paid four hours of base pay (or five hours of base pay, if they work a compressed workweek) when they report for work on their assigned shift and are not put to work, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

If put to work for a portion of their assigned shift, employees in grades 1-7 are paid a minimum of eight hours or a maximum of their basic work day at their base pay rate, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

#### **10. Subsistence Allowances**

- a. Employees assigned to report at Mercury will be paid at the rate of \$5.00 per day worked.

- b. Employees assigned to reporting points beyond Mercury will be paid at the rate of \$7.50 per day worked.
- c. Employees assigned to TTR will receive \$7.50 per day subsistence for travel to NTS or Las Vegas when required to return to TTR the same day. If required to stay overnight at NTS, the employee will receive \$7.50 subsistence instead of \$5.00.
- d. Employees assigned to Las Vegas will receive \$5.00 for each day worked in Mercury; and \$7.50 for each day worked at NTS areas beyond Mercury, at TTR, and Nevada Research and Development (NRDA). To be eligible for this subsistence payment, employees must either report to or return from work at NTS, NRDA, or TTR on their own time or using other than government furnished transportation unless required to stay overnight.
- e. Employees assigned to Las Vegas will receive \$5.00 for each day worked in Mercury; and \$7.50 for each day worked at NTS areas beyond Mercury, at TTR, and Nevada Research and Development (NRDA) in accordance with the following table:

<b>When travel occurs</b>	<b>What vehicle is used</b>	<b>Subsistence?</b>
Before start of normal workday	Any vehicle	Yes
During workday (both directions)	Government vehicle	No
During workday (both directions)	Personal vehicle (no government vehicle available)	Yes
During workday (both directions)	Personal vehicle by choice (government vehicle is available)	No
After end of normal workday	Any vehicle	Yes
Any time and required to spend the night at the site	Any vehicle	Yes

- f. TTR employees required to stay overnight in Las Vegas will be in official travel status.
- g. Nonbargaining employees who are required to work without a 12-hour break during a 24-hour period and who spend the night at the Nevada Test Site will receive \$10.00 per occasion meal allowance in addition to the above daily subsistence allowances.

**11. Retention Bonus**

When critical personnel are at risk of leaving the Contractor and their leaving would be to the detriment of a major project or program, the Contractor may request the Contracting Officer’s approval of an appropriate retention bonus, separate from the annual CIP budget.

**12. RESERVED**

**13. Personnel Borrowed**

It is recognized that the technical and staffing requirements of the Contractor will vary during the performance of this Contract. The technical and staff support capabilities of the Contract and its affiliates were proposed and recognized in the competitive selection

process. Therefore, the Contractor may obtain direct support from affiliates to meet technical and staffing requirements on an as-needed basis. The process and procedure for utilizing support from affiliates shall be approved by the Contracting Officer.

Services from approved Contractor affiliates will be at cost without additional fee or profit. Allowable cost will include direct costs and all allocable affiliate indirect costs in accordance with applicable DCAA cost principles and cost accounting standards. Temporary assignments of Contractor affiliate personnel to the NTS Site or other sites identified in this Contract shall bear indirect costs based upon a DCAA recommended/approved offsite rate that excludes home office facilities related costs. However, in the event a DCAA recommendation/approved offsite rate does not exist for a specific Contractor affiliate, the Contractor affiliate shall not be required to develop an offsite rate unless the temporary assignment exceeds 6 months.

Contractor affiliates providing such services and personnel shall perform the work in accordance with applicable terms and conditions of this Contract.

#### **14. NSTec Personnel Loaned**

The Contractor may loan, at no cost to the Government, individuals working under this Contract to other operations of the parent companies (Northrop Grumman, AECOM, CH2M Hill, and The Babcock & Wilcox Company) or their affiliates on a non-interference basis as determined by the Contractor. Loans longer than six months require Contracting Officer or designee approval.

The receiving organization will reimburse the Contractor for full costs plus NNSA adders as appropriate. Travel costs of such loaned personnel will be the responsibility of the requesting company.

#### **15. NSTec Personnel Loaned to Outside Organizations**

With the prior approval of the NNSA Contracting Officer or designee, the Contractor can temporarily assign NSTec employees to locations and organizations other than their assigned organization. Such assignments could be to federal, state, and local government, non-profit organizations, private sector partners, or other customers.

Such assignments must be in the best interest of the NNSA and the Contractor.

The term of these assignments will be determined to best meet the needs and obligations of the specific request but normally will be two years or less. Up to 100 percent of the cost of the assignment to the Contractor will be reimbursed, as provided in the approval letter.

Employees on temporary assignment will remain employees of NSTec, LLC.

#### **16. Commuting Benefits**

Contractor will provide non-taxable commuting benefits as defined by IRS guidelines for transportation passes to employees working in the Washington, D.C. area, remaining

consistent with NNSA employees receiving commuting benefits in Washington, D.C.

### **17. Evacuation Pay**

- a. An employee (except a nonexempt twenty-four (24) hour shift Fire Department employee) evacuated temporarily from the employee's assigned work site and for whom no work is provided, but whose services are further required in support of continuing operations, will be paid at his/her base hourly rate up to a maximum of ten hours per day, for all hours not worked and which the employee would have normally worked had he/she not been evacuated.
- b. If an employee in grades 1-7 and A-D (except a nonexempt twenty-four (24) hour shift Fire Department employee) is in an evacuation status and a work status on the same day, the employee will be paid their base hourly rate for a combination of the two statuses up to the hours in their basic scheduled workweek, or for the actual hours worked, whichever is longer.
- c. Nonexempt twenty-four (24) hour shift Fire Department employees are paid at their regular scheduled rate of pay for all time that corresponds to their basic scheduled work day while in evacuation status. Should the employee work on a scheduled non-work day while in evacuation status, the employee will be compensated for all hours worked at the applicable rate of pay for the type of work performed.
- d. If no work is performed on the employee's scheduled non-work day while in evacuation status, no payment will be made for that day.

### **18. Death Benefit**

- a. In the event of the death of a nonbargaining full time employee, the Contractor will pay the surviving spouse or other designated beneficiary, or if there is no surviving spouse or other designated beneficiary, will pay the estate of the deceased, a lump sum amount not to exceed four weeks at the employee's then-current base or equivalent hourly rate as well as any earned and accrued PTO due.
- b. Upon the death of an employee while in travel status or on temporary duty assignment, the cost of preparation and transportation is allowable for the deceased employee, dependents of the deceased employee, and the personal effects of the deceased employee. This allowable cost will be from the place of travel assignment or temporary duty assignment to the place of the employee's permanent duty station or equivalent distance. The above is applicable providing the Contractor gave authorization for family members to accompany the employee on temporary duty assignment.

### **19. Emergency Response Duty Pay**

- a. NSTec employees in grades 1-7, grades A-G, and bargaining unit employees who are specifically authorized and scheduled to be available within a set number of hours for emergency response work outside their normal work hours are eligible to receive a



flat-rate incentive payment of \$40 for each 24-hour period of coverage.

- b. Payment is limited to members of the following teams:
  - AMS Fixed Wing Team
  - AMS Rotary Wing Team
  - ECN Team
  - RAP0 Team
  - AMS NCR Rotary Wing Team
  - AMS P3 Team
  - WTSG Team
  - Nuclear Radiological Advisory Team (NRAT)
  - Search Response Team
  - Consequence Management Response Team Phase I
  - Consequence Management Planning Team (CMPT)
  - Joint Technical Operations Team II (JTOT)
  - RSL-Nellis Duty Manager
  - Watchbill (supporting NNSA/NV Emergency Operations Center)
  - RSL-Nellis Home Team Manager
  - PTSB
  - ETSG
  - Secure Energy Analysis System Team
- c. If a team is deployed for an exercise or real-world event, the flat-rate incentive payment will continue to be paid during the deployment.
- d. The flat-rate incentive payment will be taxable income and appropriate deductions, including voluntary 401(k) contributions will be taken. It will not be included in overtime rate calculations.

## **20. Pay During Deployment**

- a. Employees in grades 1-7 and A-G receive pay for the time spent in transportation to and from deployment as a member of one of the teams listed in paragraph III.E.19.b for exercises or real-world responses. This provision does NOT apply to routine business travel.
- b. Pay status begins from the time the employee arrives at RSL-Nellis or RSL-Andrews and ends when the employee is released from duty for the day at the destination. The reverse applies for the return trip.
- c. Straight time or time-and-a-half is paid depending on the employee's salary grade and the hours worked during the current workweek.

## **21. Device Assembly Facility (DAF) Duty Officer, DAF Operations and DAF Radiation Control Technicians (RCTs)**

- a. DAF Duty Officers or DAF Operators who are required to be on call and able to report within two hours are eligible to receive a flat-rate incentive payment of \$40 for each

24-hour period of coverage.

- b. RCTs who are required to be on call and able to report within two hours during warm standby conditions at the DAF are eligible to receive a flat-rate incentive payment of \$40 for each 24-hour period of coverage.
- c. The flat-rate incentive payment will be taxable income and appropriate deductions, will be taken. It will not be included in overtime rate calculations.

#### **F. Certification Pay**

Certification pay will require prior NNSA Contracting Officer or designee approval.

#### **G. Site Allowance**

Site allowances will be established with approval of the NNSA Contracting Officer or designee.

#### **H. Location Pay for Temporary Assignments**

Location pay for temporary assignments will be established, including amount of pay and the circumstances under which it is provided with approval of the Contracting Officer or designee.

#### **I. Severance Pay - Nonbargaining Employees**

- a. In the event of a Reduction in Employment (RIE), the Contractor will provide severance pay to all regular full-time employees and regular part-time employees on a work schedule of at least 30 hours per week. Eligible employees with less than one year of accredited service will receive one-week base pay; eligible employees with more than one year of accredited service will receive one-week's pay per year of accredited service, to a maximum of 15 weeks' severance pay. Employees must complete at least six months of accredited service in their final year of employment to receive one week's severance pay for that year. Severance pay will not be given for any previous service where severance was paid by a Contractor or affiliate.
- b. RESERVED
- c. Employees who have been accepted for a voluntary RIE or who are impacted by a RIE and who are eligible for and subsequently elect retirement will not be denied severance pay. In the event NNSA approves a special one-time retirement incentive in connection with a work force reduction, the eligibility "window" for the retirement incentive will be closed before any voluntary or involuntary RIE designations are made. Employees electing a retirement incentive are not eligible for severance pay.
- d. Severance pay is not counted as pay or service in calculating retirement benefits.
- e. The term "severance pay" does not include incentives for employees who voluntarily separate or retire.

#### **IV. EMPLOYEE BENEFITS PROGRAMS**

##### **A. RESERVED**

##### **B. Medical Benefits Program for Employees Affected by a Reduction in Employment**

1. The cost for continuation of medical coverage for Contractor employees who have been voluntarily or involuntarily separated from employment in connection with a work force reduction will be reimbursable provided the employee was:
  - a. Eligible for medical insurance coverage under the Contractor's plan at the time of separation from employment; and
  - b. Not eligible for coverage under another employer's group health plan or under Medicare since the date of separation.
2. Employee premiums for this program are as follows:

First year: current active employee rate  
Second year: 50 percent of appropriate COBRA rate  
Third Year: 100 percent of appropriate COBRA rate

##### **C. RESERVED**

##### **D. Medical Facilities and Health Services**

1. The cost of providing periodic and termination physical examinations and associated medical services to employees will be allowed under a plan approved by the NNSA Contracting Officer or designee. The cost of associated medical services shall be limited to immunization, inoculation, and emergency treatment, except as otherwise approved by the NNSA Contracting Officer or designee.
2. The reasonable costs of establishment and operation of job site medical facilities, air evacuation (military and civilian), and the reasonable costs of medical care with medical doctors on call twenty-four hours per day, seven days per week are allowable for employees. Services will be available when en route between established point of origin and the job site and while on official travel status or authorized leave.
3. Employees are paid at their base or equivalent hourly rate for time spent during regular working hours in receiving the above medical and health services when furnished or required by the Contractor.

##### **E. Recreation and Employee Morale**

1. The Contractor may contribute to recreational and morale-building programs the sum of twenty dollars times the number of full-time employees on the Contractor's payroll on

April 1 and October 1 of each year. This includes activities such as participation in diversity events and other programs consistent with the allowable cost clause of this contract. Contractor will submit an annual Recreation and Employee Morale Plan for approval by the Contracting Officer or designee 30 days prior to the start of the fiscal year. This plan will include award programs to recognize service anniversaries and retirements, programs to improve work environments, and costs of a wellness program (limited to activities related to stress management, smoking cessation, exercise, nutrition, and weight loss).

2. The Contractor is authorized to maintain established programs such as employee counseling and in-house employee publications.

#### **F. Employee Education Training Assistance Program (EETAP)**

1. Nonbargaining employees who are scheduled for at least 30 hours per week and who are active or on medical/family leave on the course start date and through the completion of the course, are eligible.
2. Courses must be related to the employee's current position or to a probable future assignment in the Contractor's organization. In addition, these courses must be offered by an accredited institution of higher learning and approved before the employee enrolls in the course.
3. The Contractor will pay or reimburse for eligible costs, less financial assistance from other sources (grants, assistantships, fellowships, scholarships, VA assistance, etc.) when the employee achieves a grade of C or better, or "Pass" in a pass-fail course. The contractor will provide a maximum of \$5,000 per employee each fiscal year, unless written approval of the NNSA Contracting Officer or designee is obtained in advance. The employee must furnish records of course completion and eligible costs incurred, including the amount of any rebate on tuition or fees received from the institution, which will be deducted from the reimbursement or re-paid to the Contractor by the employee.
4. Eligible costs include tuition, required textbooks, applicable state and local taxes and required direct charges billed by the institution for instruction, such as laboratory fees, initial registration fees, and health fees.

Ineligible costs include late charges, equipment, tools, general supplies, supplemental non-required textbooks, medical insurance, tuition for courses that are audited, and parking fees.

5. Employees must reimburse the Contractor if they do not successfully complete the course with a grade of C or better (or "Pass" in a pass-fail course).

#### **G. Unpaid Leaves**

The Contractor will comply with any legal requirement to offer such leaves as well as internal policies and procedures related to eligibility, length of leave, benefit eligibility, and premium payments. Employees will pay the active employee rate for benefit plans while on an

approved unpaid leave; employees on Military Leave receive limited benefits.

**V. RETIREMENT PLANS – RESERVED**

**VI. MISCELLANEOUS**

**A. Safety Programs**

1. The cost of providing safety programs as required by the Department of Energy/NNSA or approved by the NNSA Contracting Officer or designee shall be allowed in connection with work performed under the Contract.
2. Personal protective equipment will be provided by the Contractor at no cost to those employees exposed to possible health and safety hazards arising from operational requirements.

**B. Food Services, Housing, and Camp Facilities**

The net cost to the Contractor of operating cafeterias, dining rooms, canteens, and providing food housing, laundry services, custodial and janitorial services, and camp facilities in connection with the performance of work under this Contract, and such other services that are required or approved by the NNSA Contracting Officer or designee shall be allowable cost to the Contract.

**C. Substance Abuse Program**

The Contractor shall submit to the NNSA Contracting Officer or designee for approval a substance abuse program consistent with the minimum requirements of 10 CFR Part 707, Workplace Substance Abuse Programs at DOE Sites.

**D. Employee Assistance Programs**

The Contractor shall submit to the NNSA Contracting Officer or designee for approval the program plans and budget for the following Employee Assistance Services: crises intervention, consultation, counseling and referral to address a range of medical, mental, emotional and personal problems of employees, particularly those that affect job performance.

**E. Health Club Memberships**

The Contractor is authorized to contract with a health club to provide employees of NSTec, NSO, or other NSO contractors (including locations outside Nevada) the opportunity for low cost memberships. The cost of the “corporate” membership is allowable.

**VII. TRAVEL**

Travel costs shall be allowable to the extent that they are incurred in accordance with DEAR 970.3102-05-46 and FAR 31.205-46. Travel-related costs shall be reasonable and allowable to the extent they comply with the rules for per diem rates set forth in the Federal Travel Regulations

in effect at the time of travel.

## **VIII. RELOCATION**

Relocation expenses for en route travel, transportation of household goods, house hunting trips, temporary living, residence-related payments (home sale, home purchase, mortgage interest differential payments, rental differential payments, and costs of canceling an unexpired lease), and tax assistance shall be incurred in accordance with the provisions, limitations, and exclusions of FAR 31.205-35, except as noted below. Current FTR rates and methods of calculation will be used for those expenses left undefined in the FAR

**A.** Relocation expenses are authorized when the new work location is more than 75 miles from the current work location, except changes in work location between the Las Vegas area and the Nevada Test Site.

### **B. Shipment of Autos, House Trailers and Mobile Homes**

1. Costs for shipment by freight forwarder of one auto for new hires, college hires, or transferring employees will be reimbursed with the following limitations:
  - a. The shipment is advantageous and cost effective to the government and the General Manager or designee approves shipment.
  - b. Vehicles must be in operating condition. Shipment of antique autos is not authorized regardless of operating condition.
  - c. Assignment location must be more than 500 miles from point of origin.
  - d. No reimbursement will be made for storage charges at point of origin or destination.
  - e. Transportation is limited to vehicles having a gross size for shipping purposes of not more than 20 measurement tons (800 cubic feet).

All necessary and customary expenses directly related to the transportation of a privately owned vehicle may be allowed, including crating and packing expenses, shipping charges, and port charges for readying the vehicle for shipment at port of embarkation and for use at port of debarkation.

When it is in the best interests of the government, transferring employees who travel by plane to their new location may ship two vehicles with the approval of the General Manager or designee.

2. Costs for the shipment of a single-unit house trailer or mobile home, moved by the employee or commercial carrier and used as the principal residence, will be reimbursed. The employee is responsible for the cost of insurance for valuation of the mobile home above the carriers' maximum liability, or charges designated in the tariffs as "Special Service."

**C. Allowance for Miscellaneous Expenses**

Employees buying, selling, or leasing a permanent residence at the new location will receive a lump sum of \$1,000 for other necessary and reasonable expenses normally incident to relocation. Up to a total of \$5,000 (including the \$1,000 lump sum) can be reimbursed upon presentation of receipts for eligible expenses (such as disconnecting and connecting household appliances; automobile registration; driver's license taxes; cutting and fitting rugs, draperies, and curtains; forfeited utility fees and deposits; and purchase of insurance against damage to or loss of personal property while in transit) for the full amount of reimbursement.

**D. Labor costs incurred during the relocation** of transferring employees during any work day travel period, based on an average of 300 miles per day, are allowable.

**IX. TEMPORARY ASSIGNMENTS**

Employees on an assignment at least 75 miles away from their normal work location that lasts longer than six months and less than 12 months are eligible for a Temporary Change of Station in accordance with the FTR.

**X. RECRUITMENT**

**A. Recruiting Costs**

The reasonable and necessary costs incurred for the recruitment of personnel will be allowed. Costs include, but are not necessarily limited to, advertising in newspapers and technical journals, preparation of recruiting materials, and travel for recruiting personnel and technical representative.

**B. State and Nonprofit (No-fee) Minority Agencies**

The Contractor will, to the maximum extent feasible, utilize the services of the local State and nonprofit (no-fee) Minority Agencies in the recruiting of personnel and will provide those agencies with current listings of job openings for which outside recruiting is being conducted.

**C. Other Recruiting Methods**

The Contractor can utilize employment agencies or employment consultants in the recruiting of personnel and can travel to educational institutions, attend job fairs, or sponsor "Open Houses" in special recruitment areas and invite prospective employees whose skills are in short supply to the point of hire and/or permanent duty station for a pre-employment interview.

**D. Physical Examinations**

The reasonable costs of employment physical examinations for new hires, rehires, and employees returning to work after an absence of more than five days due to illness or injury, including substance abuse testing, are allowable.

## **E. Pre-employment Verification Standards**

The reasonable costs of pre-employment personnel investigations are allowable. All costs associated with the processing of a security clearance where the contract requires the employee to have such clearance, are allowable.

## **F. Special Employment Programs**

### **1. Cooperative Education Student Employment (co-op) Program**

- a. Administration of a co-op program to recruit potential long-term technical, professional, or administrative employees will be in accordance with a plan on file with and approved by the Contracting Officer of designee.
- b. Co-op and summer student employees whose Contractor work locations are more than 100 miles from their schools are reimbursed for public transportation or automobile mileage for the most direct route. Reimbursement will not exceed the equivalent of least cost economy airfare. En route expenses and up to five days' settling-in expenses, up to the maximum per diem rate are authorized upon arrival at the work location.

### **2. Post Doctoral (Postdoc) Program**

- a. Positions. Postdoc positions are limited-term regular, full-time positions. Hiring managers complete a Job Requisition that includes the salary grade and job responsibilities. These positions are not included in the posting process.
- b. Duration. Participants can be employed for up to two (2) years, with the possibility of one (1) additional year, based on the organization's needs. The employment relationship remains "at-will," and can be terminated at any time by either party.
- c. Eligibility. In order to be considered for a Postdoc appointment, the candidate must be nominated and sponsored by an NSTec scientist, engineer, or manager in salary grade H or above. Candidates may be considered for a Postdoc position within three (3) years of receiving the PhD.
- d. Benefits. Participants will be eligible for full-time benefits with the exception of the Employee Education Training Assistance Program (EETAP), relocation, and severance pay when the employment relationship ends. Relocation benefits may be provided on a limited basis.
- e. In October, NSTec will provide the Contracting Officer with a summary of the Postdoc Program for the prior fiscal year.