

The Regents of the University of California

**COMMITTEE ON OVERSIGHT OF THE  
DEPARTMENT OF ENERGY LABORATORIES**

November 18, 2004

The Committee on Oversight of the Department of Energy Laboratories met on the above date at Covell Commons, Los Angeles campus.

Members present: Regents Blum, Dynes, Johnson, Marcus, Montoya, Ornellas, Parsky, Pattiz, Preuss, Ruiz, and Wachter; Advisory members Rosenthal and Brunk

In attendance: Regents Anderson, Kozberg, Lee, Novack, and Sayles, Regents-designate Juline and Rominger, Faculty Representative Blumenthal, Secretary Trivette, General Counsel Holst, Treasurer Russ, Provost Greenwood, Senior Vice Presidents Darling and Mullinix, Vice Presidents Broome, Foley, and Hershman, Chancellors Carnesale, Cicerone, Fox, and Tomlinson-Keasey, Acting Chancellor Chemers, Executive Vice Chancellor Gray representing Chancellor Birgeneau, and Recording Secretary Nietfeld

The meeting convened at 12:45 p.m. with Committee Chair Preuss presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of September 22, 2004 were approved.

**2. STATUS OF COMPETITION AND OTHER MATTERS AT THE DEPARTMENT OF ENERGY LABORATORIES**

Vice President Foley anticipated that a bilateral extension of the contract to manage the Lawrence Livermore National Laboratory would be extended as far as September 2007, as provided by current legislation. This extension results from the fact that the Department of Energy does not wish to compete management contracts for Livermore and Los Alamos at the same time. The DOE and the National Nuclear Security Administration (NNSA) issued the acquisition plan for Los Alamos on September 30, 2004. The University expects that the draft Request for Proposal will be issued in the near future. In the meantime, the administration has formed a proposal team consisting of representatives from the three national laboratories. The NNSA would like to award the contract for the management of Los Alamos no later than July 1, 2005, in order to provide for new management by the start of the federal fiscal year on October 1. Mr. Foley stressed that the time to produce a proposal becomes more compacted as the DOE fails to issue the RFP. The proposal is for a five-year contract that could be extended to twenty years if performance is good. The University's administration is carefully studying the proposal for the Lawrence Berkeley National Laboratory as it expects similar elements in the proposal for Los Alamos. Vice President Foley acknowledged his appreciation to Governor Richardson of New Mexico for

recommending that the University consider including an industrial partner when it competes for the management of Los Alamos.

Committee Chair Preuss cautioned that no decision had been made as to whether the University should compete to manage either the Berkeley or Los Alamos laboratory. Regent Marcus believed that there was ongoing concern about the damage to the University that has been caused by the management of the laboratories, particularly with regard to the recruitment of faculty and competing for research grants.

Vice President Foley reported that two surveys conducted in Washington, D.C. with impact groups had found that management of the DOE laboratories had not been detrimental to the University's scientific reputation.

Admiral Foley turned to the issue of the stand down at the Los Alamos National Laboratory, which he believed would result in improved performance at the laboratory. The potential for cultural change has been enhanced, particularly because the staff wish to remain employees of the University of California. He reported that potential industrial partners for the management of Los Alamos had decided not to participate because they felt that UC should be the minority partner. The process to identify a partner is ongoing. Vice President Foley anticipated that the RFP to be issued by the Department of Energy could contain provisions that were so onerous that the University would decide not to compete. In the meantime, the administration is striving to put the best possible team together to draft a proposal to present to The Regents.

Committee Chair Preuss commended Vice President Foley for keeping the Regents up to date on these matters and asked that he continue to do so on a regular basis.

Returning to his report on the stand down at Los Alamos, Vice President Foley explained that all category-one activities, which are low risk, are operating; category-two activities are 88 percent operational. The higher-risk category three is approximately one-third operational; in some cases new appropriations will be required to restart these activities. The potential for the type of problems that have occurred at the laboratory has been reduced through a decrease in the amount of Classified Removable Electronic Media, which in the future will be stored in a series of libraries for classified materials. There will be a full-time, around-the-clock inventory by professional staff. Mr. Foley felt that these measures would reduce the amount of bad publicity coming from the laboratory's operations. He added that on-site assistance was being provided by staff from the Office of the President.

In response to a question from Regent Parsky, Vice President Foley explained that representatives of the Department of Energy are resident at the Los Alamos National Laboratory and participate in discussions and decision making. Regent Parsky emphasized that the DOE had certified that the University was prepared, from a safety and security standpoint, to manage the laboratory. Mr. Foley added that the University had also retained

outside experts to assist with these matters. President Dynes noted that the resumption of category-three functions was being approved by the Deputy Secretary of the Department of Energy.

(For speakers' comments, see the minutes of the November 17 and November 18, 2004 meetings of the Committee of the Whole.)

3. **BRIEFING ON RESULTS OF STUDENT SURVEY ON DEPARTMENT OF ENERGY LABORATORY MANAGEMENT ISSUES**

Associate Vice President Galligani recalled that a survey had been conducted of the faculty to glean their perspective on the University's continued management of the Lawrence Livermore National Laboratory and the Los Alamos National Laboratory. At the request of President Dynes, a similar survey was conducted among UC undergraduates in spring 2004. Over 17,000 University of California undergraduates (11 percent of the student body) responded to the survey, which was a supplement to the web-based University of California Undergraduate Experience Survey that went to all enrolled undergraduates. Information was provided regarding the University's background in laboratory management and the issue of competing.

Associate Vice President Galligani reported the following responses to the survey:

- Slightly more than half of the respondents were either undecided (16.8 percent) or felt that they did not have enough information to have an informed opinion (34.6 percent) regarding whether the University should bid to continue management of the laboratories. Thirteen percent were opposed or strongly opposed to bidding.
- Of those respondents with a preference, 73 percent either favored (40.8 percent) or strongly favored (31.5 percent) the University's bidding to continue management of the laboratories.
- The most frequent reason given for supported continued laboratory management (79.3 percent) was that the University's management of the laboratories allows for greater public oversight than would management by a private contractor. Other respondents felt that the nation benefits from UC involvement and that UC expertise is important to national security.
- Of those who opposed bidding, the most frequently cited reason (70.2 percent) was that the national security mission of the laboratories, in particular its relation to nuclear weapons stockpile stewardship, conflicts with the University's research and public service missions. They also believed that this involvement is damaging to the University's reputation and that the difficulties involved outweigh the benefits.

Regent Montoya asked for the results broken down by campus, and Associate Vice President Galligani agreed to provide this information.

Faculty Representative Blumenthal added that the survey of the faculty had resulted in more than twice as many responses, with 67 percent in favor of competing. The reasons were similar to those given by students, and the results were similar across campuses and disciplines.

Regent Preuss observed that both surveys would assist the Regents as they deliberate whether or not to bid for the contract to manage Los Alamos.

In response to a question from Regent Ruiz about the importance of the national laboratories to the University, President Dynes observed that the relationship between the Lawrence Berkeley National Laboratory and the Berkeley campus is a strong one, with close collaboration among laboratory scientists and faculty. This relationship is valuable to both the University and the Department of Energy. The President continued that the management of Livermore and Los Alamos also provides important opportunities for scientific interaction with the campuses; students learn how to work in a group environment in a way which is quite different from what they learn on campus. This collaboration creates a sense of intellectual independence at the laboratories.

Regent-designate Rominger raised the issue of the weapons laboratories becoming more engaged in fields such as biological sciences and developmental physics. President Dynes noted that the research performed at these laboratories draws scientists from all over the world. People are attracted to the nuclear weapons laboratories because of the science and the facilities that they offer.

Regent Preuss commented on the importance of the research related to homeland security that is being performed at the laboratories. President Dynes recalled that, following the events of September 11, 2001, decision-makers in Washington had called for increased security measures. Many of the components already existed at the national laboratories because the scientific staff had the vision, as well as the freedom and the ability, to be doing research in these areas.

4. **DEPARTMENT OF ENERGY DRAFT REQUEST FOR PROPOSAL FOR THE MANAGEMENT AND OPERATION OF THE LAWRENCE BERKELEY NATIONAL LABORATORY**

Vice President Foley reported that the draft Request for Proposal for the Lawrence Berkeley National Laboratory was issued in mid-October. A public meeting was held in Oakland at the end of October which was attended by representatives of the Department of Energy, the University of California, and other interested parties who may or may not wish to compete. This week, the DOE's Source Evaluation Board held one-on-one meetings in Chicago, where the University was represented by Laboratory Director Chu. These discussions were held in order to answer questions from the University and to amplify on the RFP. He expected the final RFP to be issued in early December, which could necessitate a special meeting of the Board in order to gain approval to bid for the contract. At that meeting, the Board will be presented with detailed information on any issues that may have arisen with respect to the final RFP. The Department of Energy is treating the Request for Proposal as a full and open competition to manage the Berkeley laboratory, which means that any qualified entity may submit a bid. Exceptions in the contract that have been provided to the University over the years will not be included in the final RFP because of the nature of the competition. The contract will be awarded for five years, with the possibility of an extension to twenty years.

Regent Novack commented on the high quality of the science being performed at LBNL in a wealth of disciplines. The laboratory offers a unique opportunity for challenging intellectual projects, with people from many disciplines working together to create breakthroughs. The interactions and synergies from the nearby campuses are also apparent. He spoke strongly in favor of authorizing the President to compete for the continued management of the laboratory.

President Dynes drew attention to the intellectual capacity of the research and educational institutions that are clustered around the Bay Area. It is the responsibility of the University of California to ensure that these resources are put to the best use for society.

Regent Pattiz asked for comment on the amount of funding that will be required to compete for continued management of the laboratories. Vice President Foley focused his comments on the Los Alamos National Laboratory, with an annual budget of \$2.2 billion. The University receives a management fee of no more than 0.6 percent and is typically able to return between \$3 million and \$4 million to the laboratory as seed money for University-directed research and development. Over the years, the University has acquired a nest egg of about \$20 million, some of which will be used to fund any proposals. Any industrial partner would receive 0.5 percent in management fees, which is not a large sum of money, but access to the research and development at the laboratory would be valuable to such a partner. Regent Pattiz suggested that, due to the important research that is performed at the national laboratories, the University of California is as important to the federal government as the government is to the funding of the laboratories. He was doubtful that any competitor

for the contracts would be able to put together a proposal equivalent to that of the University's.

The meeting adjourned at 1:30 p.m.

Attest:

Secretary