

The Regents of the University of California

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

January 21, 2015

The Committee on Oversight of the Department of Energy Laboratories met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents Atkins, De La Peña, Kieffer, Pattiz, Reiss, and Zettel; Ex officio members Napolitano and Varner; Advisory member Gilly

In attendance: Regents Elliott, Engelhorn, Gould, Island, Lansing, Leong Clancy, Lozano, Makarechian, Pérez, Ruiz, Saifuddin, and Wachter, Regents-designate Davis and Oved, Faculty Representative Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Senior Vice President Stobo, Vice President Budil, Chancellors Blumenthal, Gillman, Hawgood, Leland, Wilcox, and Yang, and Recording Secretary McCarthy

The meeting convened at 12:00 p.m. with Committee Chair Pattiz presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of November 20, 2014 were approved.

2. UPDATE ON THE DEPARTMENT OF ENERGY LABORATORIES

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Pattiz stated that the National Laboratories each receive an annual performance assessment rating from the Department of Energy (DOE) based on performance metrics established by DOE with input from the Laboratories, which determines whether the Laboratory's management and operating contract is extended for another year and how much of the possible fee has been earned. For fiscal year 2014, both Lawrence Livermore National Laboratory (LLNL) and Lawrence Berkeley National Laboratory (LBNL) received contract award extensions. Because of operational shortcomings, Los Alamos National Laboratory (LANL) failed to receive its one-year award term extension and DOE revoked a previously awarded one-year extension. DOE also heavily penalized Los Alamos National Security LLC (LANS) in the amount of its fee earned during fiscal year 2014.

Vice President Budil stated that in December of each year, the DOE and the National Nuclear Security Administration (NNSA) issue performance evaluations for each UC-affiliated National Laboratory. The Laboratories are evaluated on the quality and effectiveness of their science, technology, and engineering research that supports DOE missions, and on conduct of business and operations, the effectiveness and quality of their leadership, and on the effectiveness of the management and operations contractor. At LBNL, UC is the prime contractor; at LANL and LLNL, UC participates as a member of limited liability companies with private partners including Bechtel National, Inc., the Babcock and Wilcox Company, and URS Energy and Construction.

The LBNL had an excellent year, receiving a very high rating by the DOE Office of Science, 93 percent of its potential fee, and a one-year award term, extending its contract to 2020. LBNL was cited for outstanding contributions to science and technology, and particularly high-impact contributions in materials science, biological sciences, environmental and energy applications, contributions to building technologies, and scientific computing. It was notable that UC's investments in infrastructure, notably the Computational Research and Theory Facility and the Solar Energy Research Center, and a number of joint faculty appointments were cited as notable contributions by the University to the excellence of the Laboratory. The U.S. DOE Office of Science noted some concerns about the safety programs at LBNL, most notably electrical safety; a number of actions were underway at LBNL currently to address those concerns, in collaboration with DOE.

The NNSA awarded LLNL 92 percent of its potential fee and a one-year award term contract extension to 2019. LLNL was cited for notable improvements over the prior year's evaluation; in particular several key leadership changes resulted in outstanding improvements in transparency and alignment with DOE and NNSA goals and objectives, particularly in the areas of scientific computing. LLNL's National Ignition Facility was cited for its technical contributions and leadership in the national community. The research community at LLNL was highlighted as consistently providing transformative, innovative, and high-quality research. Areas for improvement at LLNL included work planning and control process; the Laboratory was working closely with both the federal field office staff and Ms. Budil's office to address these concerns.

LANL was awarded only ten percent of its available fee and it received no award term extension. A prior year's award term extension was revoked. LANL was rated "very good" in contributions to core missions of the NNSA and broader national security operations. LANL was also cited as a recognized leader in scientific discovery and innovation, reinforcing its stature as one of the nation's preeminent scientific institutions. However, operational concerns effectively overrode all of the many contributions LANL had made, resulting in the ultimate determination regarding the fee and award term. Primary concerns were a number of operational issues at LANL, including operation of nuclear facilities. There has been a pause in operations at the principal nuclear facility at LANL for an extended period. Concerns existed about the role that LANL may have played in the venting from a radioactive waste barrel at the Waste Isolation Pilot Plant

(WIPP) in New Mexico and about capital project management at the Laboratory. These issues were being addressed.

3. **RESOLUTIONS TO EXCLUDE ACCESS TO FEDERAL CLASSIFIED INFORMATION**

The President of the University recommended that the resolutions pertaining to the University's Department of Defense Facility Security Clearances be approved as shown in Attachments 1 through 3.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Pattiz stated that these resolutions were routine and in accord with Regents Policy 1600: Policy on Security Clearance for Access to Federal Classified Information, would exclude Regents Elliott, Ortiz Oakley, and Pérez from access to classified information.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 12:10 p.m.

Attest:

Secretary and Chief of Staff

ATTACHMENT 1

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of The University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Gareth Elliott	Regent

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of The University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Eloy Ortiz Oakley	Regent

RESOLUTION

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NAME	TITLE
John A. Pérez	Regent