

# **What is Required to Prepare to Bid for a Contract for Any or All of the DOE National Laboratories?**

**Academic Council Special Committee on the National Laboratories (ACSCONL)**

## **White Paper IV – March 2004**

The decision regarding whether to bid to maintain the management contracts for either or both of the DOE national laboratories will be made by the Regents, with a recommendation from the UC President. That decision has not yet been made, and will not be made until the Request for Proposals (RFP) has been issued and the conditions of the contract (and whether they are negotiable) have been reviewed. In the meantime, however, the Office of the President is engaged in activities preparatory to bidding, in case that is the decision of the Regents.

The typical cost to prepare a bid for DOE laboratories, in those few instances in which there have been competitions, is around \$5 million. There have been some bidders who have spent substantially more, but the expectation is that the total cost for three bids (Lawrence Berkeley, Los Alamos, and Lawrence Livermore national laboratories) will not exceed \$15 million. This total reflects expected differences in the kind of bid process likely to be utilized at the Berkeley Laboratory as opposed to the weapons laboratories, and the opportunities for economies of scale given the similarities in potential bids at each of the weapons laboratories.

The Department of Energy and the National Nuclear Security Agency have expressed a desire that the University offer bids for each of the competitions. A recent report of the DOE Blue Ribbon Commission (BRC) on the Use of Competitive Procedures at the DOE National Laboratories recommended that grants of up to \$2 million be authorized for use by non-profit and educational institutions to permit them to have resources for generating competitive proposals. NNSA and the University also modified the Los Alamos and Lawrence Livermore contracts in May 2003 to clarify that a permitted use of the management fees earned on those contracts included preparation and submission of competitive proposals for continued operation of the DOE laboratories. Accordingly, the use of these funds for participating in a competition will not erode the financial position of the University to accomplish its primary educational and research missions. In addition to these funding sources, if the University does enter into some form of a teaming agreement with industrial organizations at one or more laboratories, these teaming partners could provide funds for the competition as well.

As stated above, the described funding sources will not result in any reduction of UC general operating funds. However, use of fee could result in reductions of discretionary research currently funded by the fee, which could disrupt ongoing and planned research projects. On the other hand, not bidding would most likely lead to an end to that source of funding for future discretionary research.

Most of the costs of submitting a proposal will occur, if at all, after the Board of Regents has authorized a bid. However, because the University is developing a new capability not

required for these contracts in the past and because the University must be able to prepare a bid in the typically short time frame between the issuance of a final RFP and the proposal's due date, preparation costs are already being incurred that may amount to as much as 20% of the final bid cost.