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Department of Energy Awards Contract for Management and Operation of Argonne National Laboratory to the University of Chicago Argonne, LLC

WASHINGTON, DC – The U.S. Department of Energy (DOE) has awarded a new \$2.5 billion, five-year contract for management and operation of Argonne National Laboratory (ANL) to the UChicago Argonne, LLC, owned solely by the University of Chicago. The new independent entity was supported in its proposal by the University of Illinois at Urbana/Champaign, the University of Illinois at Chicago, and Northwestern University, participating with the LLC in making significant financial commitments to support scientific activities at the laboratory.

Under the new contract, UChicago Argonne is also joined by industrial partners, Jacobs Engineering Group Inc. and BWXT Services Inc., who will play major management roles in business operations and nuclear operations, respectively. Under the new contract, these firms have also made commitments to contribute services and other support to the laboratory.

The LLC and its partners have committed to providing \$15.5 million over the term of the five-year contract, primarily to support joint appointments and scientific institutes at the laboratory. The universities will also participate as members of a new Science Policy Council which will advise the laboratory science leadership and report to a Board of Governors reporting to the LLC. Jacobs and BWXT will also provide representatives to the Board of Governors.

The UChicago Argonne, LLC proposal to DOE contained four major management initiatives intended to retain and build scientific talent at the laboratory, strengthen and improve safety management, upgrade project management systems and capability, and improve information technology to accelerate scientific discovery, reduce business costs and improve internal communications. The LLC also intends to achieve formal certifications in quality and business management excellence.

“This agreement contains provisions that will enhance the science opportunities at Argonne while providing strong management capability and commitments by the new contractor team,” said DOE Under Secretary for Science Raymond L. Orbach.

The new contract contains a number of provisions intended to provide incentives for superior performance, including award term provisions under which the department may recognize superior performance through phased extensions of the contract for up to a total of 20 years, if the contractor meets specific performance levels established by DOE.

The initial contract term will be October 1, 2006, to September 2011. During the initial five-year term of the contract and the first five years of any award term extensions, the LLC could earn an annual fee of up to \$5.3 million for superior performance.

ANL funding for FY 2007, projected to be \$508 million, is provided by the Office of Science, other DOE programs, as well as other government agencies and private industry.

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