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Power and Money in Los Alamos Contract

The UC system, which has run the sprawling nuclear weapons lab since World War II, is battling its critics and an imposing challenger.

By REBECCA TROUNSON
Times Staff Writer

The competition for the newly lucrative contract to run Los Alamos National Laboratory is now a head-to-head battle between two formidable teams: on one side, the University of California and engineering powerhouse Bechtel; on the other, the University of Texas and Lockheed Martin, the nation's largest defense contractor.

At stake is not only the day-to-day operation of Los Alamos, the vast nuclear weapons design center that stretches across 40 miles of New Mexico high desert. The contract winner also will claim a key role — potentially for the next two decades — in advising policymakers on the safety and reliability of the nation's aging nuclear stockpile and whether new bombs are needed.

"Big power, political and otherwise, is really what draws people to this contract," said Greg Mello, executive director of the Los Alamos Study Group, an independent nuclear watchdog group based in Albuquerque. Now, Mello noted, with the government's recent decision to boost the annual fee to run the lab by a factor of nine — to as much as \$79 million — "it's big money too."

Since World War II, when Los Alamos scientists toiled in secrecy to create the atomic bomb, the lab has been operated by the University of California under a no-bid contract with the federal government. But after fiscal and security breaches at Los Alamos sparked sharp criticism in Congress of UC's management, the Energy Department in 2003 said it was opening the next contract to competition.

Facing a Tuesday deadline, the contending teams — one holed up in San Francisco, the other in Albuquerque — are scrambling to complete the detailed proposals that each hopes will tip the scales its way. They are laying out visions for managing the huge laboratory, its 12,000 employees and its yearly budget of \$2.2 billion, pointing out their

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Competing Teams Fine-Tune Proposals for Operating Lab

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own strengths and, at least indirectly, their rival's weaknesses.

Energy Department officials say the winner will be announced by December and is expected to be on the job June 1. The seven-year contract will be renewable annually for 13 additional years.

The drama for many observers is in the high-stakes matchup between two such powerful, politically influential — and, some say, roughly equivalent — teams.

Will the University of Texas enjoy a political advantage with one of the state's favorite sons in the White House and another, Republican U.S. Rep. Joe L. Barton, heading the key congressional committee overseeing Los Alamos? Will UC be able to overcome the view of many in Washington that it should not be rewarded for its failures?

And what of Lockheed? Should a weapons manufacturer, even with a university as partner, be a primary manager of the country's premier nuclear weapons center? If it wins the contract, will lab scientists feel free to conduct research and express views on technical matters, even if those run counter to government or company policy?

As Tuesday's deadline nears, the teams are laboring nearly around the clock to put the final touches on bid documents numbering hundreds of pages. Most substantive details, and even some participants' identities, are closely guarded secrets. Some say, half joking, that they wonder if rivals are watching their comings and goings at the office.

The Los Alamos competition already is "a pretty good show," said Peter Stockton, a longtime weapons investigator with the Washington watchdog group Project on Government Oversight. "The lobbying here over the next few months is going to be just fascinating to watch."

Joining UC's 10-campus system in its bid is Bechtel National, a division of San Francisco-based Bechtel Group, a global engineering and construction firm. Other team members include companies with expertise in nuclear operations and environmental cleanup, and a group of New Mexico universities.

On the other side is Lockheed Martin, which has managed Sandia National Laboratories, nuclear weapons engineering and technology centers in New Mexico and California, since 1993. Its

key partner in the Los Alamos contest is the nine-campus University of Texas system, whose leaders have long expressed interest in running a national lab.

UT Chancellor Mark G. Yudof said in an interview that the team's bid also will include other research universities, although he said he could not name them publicly before the proposal is submitted. The Lockheed group also includes firms with specialties in nuclear operations and facilities development.

The only other announced competitor is a coalition of California and New Mexico anti-nuclear groups, which has said it wants to ensure better health and safety provisions for Los Alamos workers and stronger protection for whistle-blowers.

Energy Department officials say the award will be made on the proposals' merits, along with performance records.

Tom D'Agostino, a top official with the Energy Department's National Nuclear Security Administration, will make the final decision, NNSA spokesman Al Stotts said. D'Agostino, the agency's acting deputy administrator for defense programs, is not a political appointee. D'Agos-

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Los Alamos Contract Fuses Power and Money

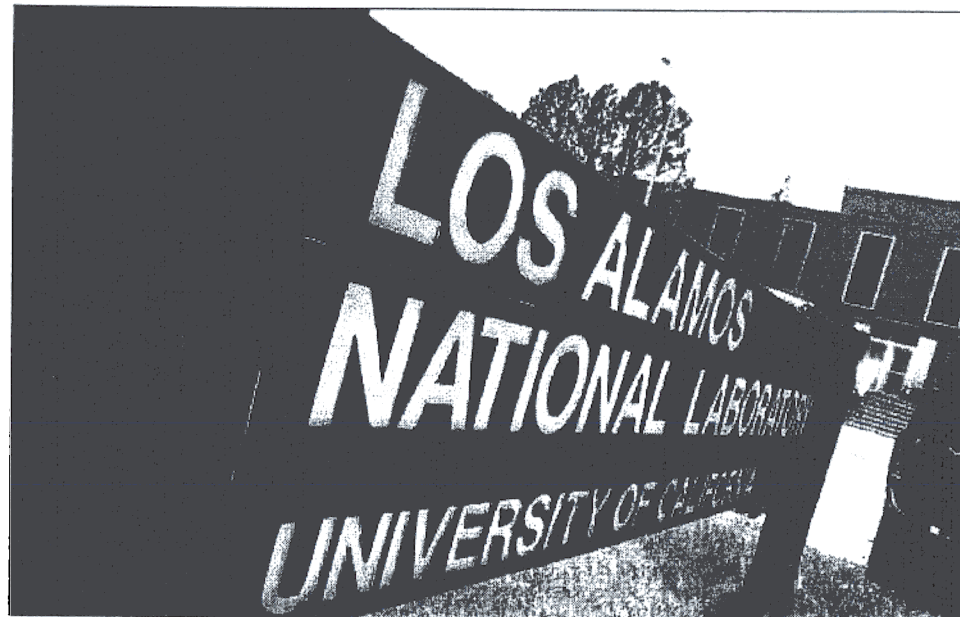
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tino will not comment during the competition, Stotts said.

At a time of escalating concern about terrorism and other security threats, UC supporters argue that the university has provided effective leadership and renowned scientific ability for decades on one of America's most sensitive security missions.

They cite the potential risks of completely new management and say that it makes sense for such a highly respected public university system — along with new partners that can shore up its weaknesses — to continue to operate the facility.

Stung by the Energy Department's decision to pull its exclusive contract, UC leaders for months remained undecided about whether to compete. Finally, however, as UC President Robert C. Dynes said in a recent interview, the question came down to: "If not us, who?" And we felt comfortable that we had put the best team together."

Some outside experts agree. "I don't want to say that Lock-



JOE RARDLE Getty Images

UNDER FIRE: Fiscal and security troubles at Los Alamos sparked criticism of UC's management.

heed or the University of Texas can't do this," said Sidney Dreil, a Stanford University professor emeritus and nuclear weapons expert who has served on review committees at Los Alamos. "But what I do know is that you have the experience of UC, which has done it, now combined with the management and security expertise of Bechtel. What more could you want?"

But there are many inside and outside Los Alamos who

criticize UC's recent history at the lab and admire Lockheed's management of Sandia.

"There's no question, under Lockheed, Los Alamos would be run more effectively and efficiently," said Chris Mechels, a former Los Alamos employee and longtime activist on lab issues. "You've got to get a cultural change in there. If UC gets this contract, there's a much greater likelihood of all the problems remaining."

He and others recited UC's recent troubles at Los Alamos, including financial mismanagement, repeated security and safety incidents, and a lax leadership style. Last year, after two classified computer disks were believed to be missing — mistakenly, it later turned out — the lab was shut down for much of the year.

Members of the Energy Department panel that will evaluate the contract proposals will



ROBERT DURELL, Los Angeles Times

CANDIDATE: Michael R. Anastasio, 56, center, is leader of the UC-Bechtel team competing for the contract to operate Los Alamos. With him are team members Linda Trocki, left, and Bill Mairson.

spend a day in August with each team and meet the team leaders — Michael R. Anastasio for UC-Bechtel, C. Paul Robinson for Lockheed-UT — one of whom will become the director of Los Alamos.

Anastasio, 56, is director of the UC-run Lawrence Livermore nuclear weapons laboratory in the Bay Area, a sister facility to Los Alamos. "We are a new team," Anastasio said. "Our challenge is to convince the Department of Energy that that's true, and that not only are we a new team but that we're the right team."

Known as a consensus builder, Anastasio, a physicist, has worked at Livermore for 25 years. Before becoming Livermore director in 2002, he was deputy director for strategic operations there and also headed its nuclear weapons programs.

Both Anastasio and Robinson have testified extensively before Congress and advised the Energy Department and the Pentagon on nuclear weapons issues, including debates about the continued moratorium on underground nuclear testing.

Robinson, 63, also a physicist, stepped down in April as the head of Sandia. Among other roles, he served as chief negotiator and head of the U.S. delegation to the U.S.-Soviet nuclear testing talks in Geneva from 1988 to 1990. He also spent nearly 20 years at Los Alamos and led its nuclear weapons program.

Robinson suggested recently

that Lockheed's bid will paint a portrait of a lab badly in need of new, more efficient management.

"We're devoting most of the time in our proposal [to discussing] regenerating a laboratory that's down on its back," he said in a telephone interview. "Folks in the lab are very displeased that they have not had direction for their work. I guess leadership is the right word for that . . . and we want to make things easier for the folks there. Science is difficult enough."

Robinson also responded to concerns about the potential conflict of having scientists managed by a defense contractor rather than by a university.

For many years, he said, Lockheed has had its own version of academic freedom, with its leaders stating publicly and repeatedly that those running Sandia or other Lockheed operations should never put the company's interests ahead of the nation's.

Whichever team prevails, weapons investigator Stockton and others say the decision to open the contract to bidding for the first time may help ensure more safety and efficiency at the lab.

"We really don't have a dog in this fight," said Stockton, whose organization has often criticized UC's management of the lab. What we wanted and are glad to see is that there is finally a real competition for the Los Alamos contract."