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Information Resource Management Contract to Remain With Hanford Firms

The U.S. Department of Energy's Richland Operations Office (DOE-RL) has decided to keep the information resource management (IRM) work scope within the Fluor Hanford, Inc. (FHI) contract, and will not compete IRM services as a separate DOE prime contract. The decision was based on the recommendation of a DOE-RL source evaluation board, which reviewed the IRM scope and current contract structure.

FHI currently provides IRM services to Hanford Site tenants as part of its site services work scope through subcontracts with Lockheed Martin Services, Inc. (LMSI) and Qwest. Although DOE-RL was satisfied with the IRM services provided by FHI and its subcontractors, RL wanted to reduce costs for standard IRM services such as desktop computing and telephone service and implement state of the art information technologies.

"We analyzed ways to reduce overall information technology costs at Hanford, including input from the technology industry experts, and in the end we found that keeping the existing contractual structure in place was prudent," said Bob Rosselli, Deputy Manager of Business Services, DOE-RL. "LMSI and Qwest have provided excellent service to Hanford and we look forward to that continuing."

DOE-RL is working with FHI and its two subcontractors to reduce overall costs by \$31 - \$43 million over the next five years, a reduction of at least 10% over current information resource management costs. DOE and FHI expect cost savings in such areas as desktop computing, local area networking, and telephone services.

The current LMSI subcontract term expires on September 30, 2001, but the contract has a clause that allows FHI to exercise up to a five-year option. The estimated value of a five-year option to the LMSI subcontract is \$300-400 million. The Qwest subcontract expires on December 31, 2001. The

estimated value of a three-year extension to the Qwest subcontract is \$9.5 million. DOE-RL approved FHI's request for a three-year extension to the Qwest subcontract and tentatively approved a five-year extension to the LMSI subcontract. The LMSI subcontract extension is contingent upon FHI and LMSI reaching agreement on price and contract terms.

"We look forward to a long-term relationship with LMSI and Qwest with the clear objectives of increased innovation, reduced IRM life cycle costs, reduced infrastructure mortgage and improved alignment of the IRM planning process with the site missions," said Keith Thomson, FHI President and Chief Executive Officer. "Along with extending the LMSI and Qwest subcontracts to meet these objectives, we will renegotiate the terms, scope and pricing of the services provided."

DOE-RL and FHI also have agreed to remove the personnel security and correspondence support service work scope from the LMSI contract. The removal of this work scope will allow LMSI to focus on the IRM work scope, which is its core competency. DOE plans to contract with small businesses for this administrative and clerical work scope. The value of the work is about \$1.5 million per year. About 20 LMSI employees could be affected by the change in contracts.

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Historical Note: The U.S. Department of Energy's Richland Operations Office manages the Hanford Site in southeastern Washington State. Hanford was established during World War II as part of the top secret Manhattan Project to produce plutonium for nuclear weapons. Weapons material production was halted in the late 1980s. The Hanford Site is now engaged in the world's largest cleanup effort to deal with the legacy of radioactive and hazardous wastes that resulted from the plutonium production era. The U.S. Environmental Protection Agency and the Washington State Department of Ecology regulate Hanford's cleanup program under a long-term compliance contract called the Tri-Party Agreement. This agreement sets the framework and timelines on the cleanup work so that Hanford meets environmental standards. Hanford cleanup is focused on three outcomes: restoring the Columbia River Corridor for other uses, transitioning the Central Plateau to long term waste treatment and storage, and preparing for the future.

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