

Release date: April 18, 1996

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DOE

BATTELLE'S PNNL CONTRACT EXTENDED FIVE YEARS Contract Reform To Generate \$60 Million in Savings

U.S. Energy Secretary Hazel O'Leary announced today the approval of a five- year extension for Battelle Memorial Institute's operating contract of the Pacific Northwest National Laboratory in Richland, Washington. The current contract expires in September 1997.

Battelle's performance-based incentive fee contract was the first of its kind among all Department of Energy national laboratories, part of the Department's contract reform initiative. The contract includes a share-of-savings provision as well as a regular fixed fee.

"Battelle's savings initiatives are an excellent example of the Clinton Administration's efforts to make government work more effectively and at less cost. With contract reform in place, Battelle has moved the laboratory to higher standards of management and operational practices with Lab Director Dr. Bill Madia and his world-class team. I was extremely pleased to see that last year the laboratory received its highest ever ratings on response and performance," said Secretary O'Leary.

In his contract extension recommendation to headquarters, John Wagoner, Manager of DOE's Richland Operations Office, noted that Battelle's initiatives are projected to achieve up to \$60 million in savings by FY 1997. He emphasized that the extension would ensure continuation of critical work in areas of urgent risks, enhancement of worker safety, development of environmental technology, and would assist in the economic transition of the region.

During the recent Hanford downsizing, the Laboratory experienced considerable staff reduction. Nonetheless, Battelle succeeded in its mission support of Hanford contractors. According to Bob Rosselli, DOE's Assistant Manager for Science and Technology, "With a proactive management PNNL has focused its lines, not only in support of Hanford but other department missions as well. They've successfully positioned themselves for future growth in service to the department and its national objectives."

Battelle has managed the Pacific Northwest National Laboratory for DOE since its inception in 1965. PNNL is one of DOE's nine national, multiprogram laboratories and conducts basic and applied research to solve problems in environmental, energy, health and national security arenas.

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RL 96-036

Attachment Battelle's Pacific Northwest National Laboratory Contract Extension

- Battelle focused the Laboratory's lines of business in support of Department's missions and scientific agenda.
- PNNL focused strictly on its core mission of environmental science and technology, coinciding with a Galvin Report recommendation for Labs not to expand into new missions.

- Launched major, multi-year performance and productivity initiatives targeting cost savings of \$60 to \$80 million over a five year period.
- Received ratings of "Outstanding" for responding to challenges and "Excellent" for performance, the highest overall rating in its history.
- Battelle is considered by the Tri-Cities (Richland, Kennewick, Pasco) as a partner in building the future through technology commercialization that spin off technology based businesses, contributing to the economic base of the Hanford community (i.e., BetaScints, GEOSafe, Moltech, etc.).
- Battelle has invested nearly \$100 million in privately owned facilities near the Hanford Site. Also, the Laboratory is unique within the Department of Energy system in that it combines a Department of Energy National Laboratory and the privately owned Battelle research and development laboratory in a single complex. The Department of Energy and other federal government work is performed in Battelle-owned buildings as well as in Government-owned buildings; similarly, Battelle work is performed in Government-owned as well as in private buildings. All of this is on a cost reimbursement basis spelled out in a contract known as "the Use Permit."