

Stanford's input to the
Commission to Review the Effectiveness of
the National Energy Laboratories

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Numerous studies have found value in the original
GOCO model
and
that the DOE lab system has moved substantially
away from it



Secretary of Energy Advisory Board

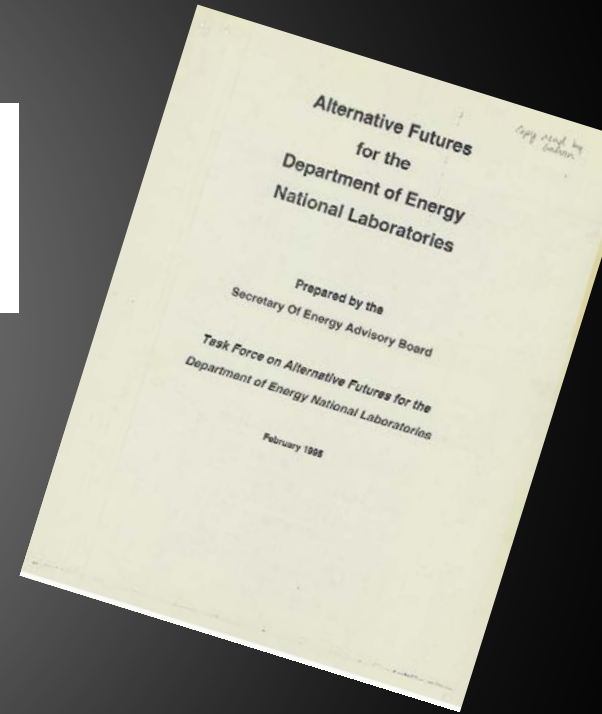
DOE Headquarters
Washington, DC

"... the GOCO management relationship has been a major factor in maintaining high-quality scientific and technical personnel ...and in accomplishing major missions of national importance..."

—1992 SEAB report

"Their successful performance is due, in part, to the contractual relationship itself."

-Sec. Hodel



*"A virtual GOGO"
-Bob Galvin*



David Lilienthal set the original vision for the Government-Owned, Contractor-Operated (GOCO) model for lab management

- Key elements of Lilienthal's vision:
 - “enlist the interest and support of industries and universities”
 - “eliminate bureaucratic supervision”
 - Provide “freedom from various hampering restriction”
 - Facilitate “operating economies”



The public and private sectors working together as “co-trustees” to expand science and technology of the nation



The essence and benefit of the original GOCO model has been getting boiled away, one degree at a time!

Today's
M&O
contract

Original
GOCO
contracts



And many contractors have walked away



Today's Cooperative Agreement (CA) looks much like the original GOCO model

- Focuses on “What” not “How”
 - “Recipient” (read Contractor) relies on its own policies and practices, applicable laws, not DOE Orders
 - Recipient personnel, management and business systems are utilized
 - Reduced DOE oversight and involvement in day-to-day operations
 - High contractor accountability for RESULTS
- A CA can be tailored for a university environment or commercial entity

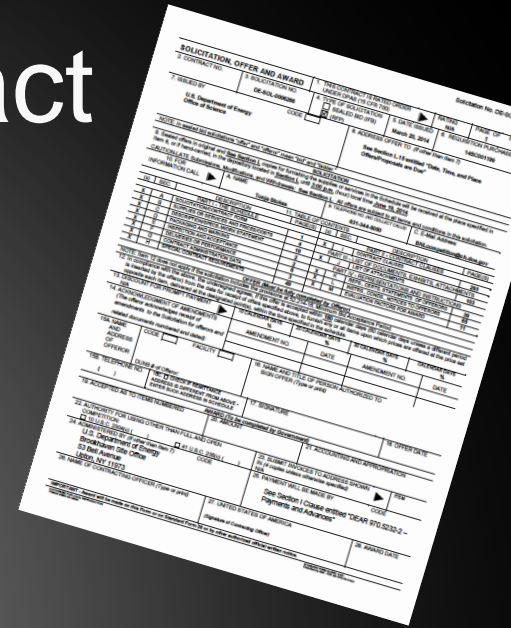


There are clear limitations to a “standard” CA (which are generally used for managing larger projects and single purpose labs, not Multi-Program National Labs)

- Would the lab still be considered a 1) FFRDC?, 2) National lab?, 3) “federal enclave”, 4) draw funds directly from the Treasury?
 - Would it matter? What are the impacts?
- Questions exist about the ability and efficiency of funding from non-DOE sources, and use of DOE-owned facilities for others
- Lack of a Fee puts “contractor” at risk for “planned and unplanned” unallowable costs
- Allocation of risk for environment clean-up of future contamination is uncertain



Today's M&O contract



- ~500 pages
 - 150+ FAR and DEAR Clauses
 - That are generally “non-negotiable”
 - Another 30 – 40 H Clauses
 - That may or may not be “negotiable”
 - 50+ DOE orders

Categories and/or amount of unallowable costs grow every year



Today's M&O Contracts for Lab Management have limitations too

- “One size fits all” approach in contracts management fails the “original intent” of the M&O concept – **there is little room for best practices from industry or academia**
- This has resulted in an “process” focus and creation of a **“government run lab” culture**
- Shifting risk profile for Contractors has greatly **reduced interest by new players** in Lab contracts/competition

And with this comes a loss of accountability



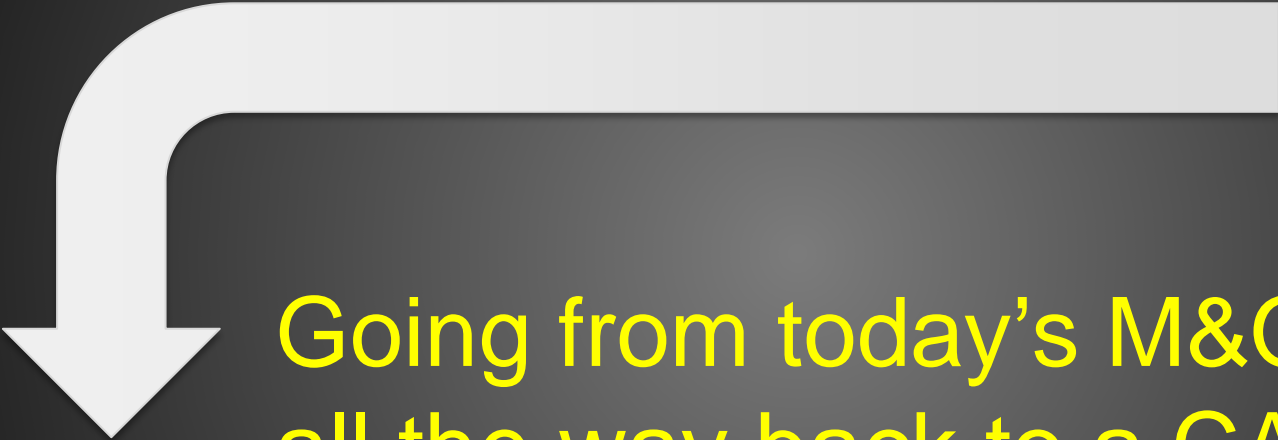
Can we identify a “best of both worlds” paradigm?

What positives from the past can be brought forward?	What limitations of the old systems should be improved upon?
What are the advantages of today's contracts that can be kept?	What disadvantages of today's contracts can be eliminated?

No one has seriously analyzed these questions

An experiment worth considering

M&O
Contract
2014



Going from today's M&O contract
all the way back to a CA
for an existing Laboratory
is not prudent and might not
even be possible

Cooperative
Agreement



An experiment worth considering

Conversely, trying to manage a National Lab with a “standard” CA is equally imprudent

M&O
Contract
2014

Cooperative
Agreement



An experiment worth considering

What if we try to return to
M&O contract principles of
the 1980s?

Cooperative
Agreement

M&O
Contract
2014

A fortified CA
or a slimmed down M&O

A “Cooperative M&O
Agreement”

Stanford is willing to consider
hosting this experiment





Why Stanford?

- SLAC is on Stanford land (426 ac)
 - \$400M multi-program lab, 1500 staff
- Stanford has invested in and owns several SLAC buildings
- SLAC currently operates using many Stanford business systems already, e.g.
 - Pension and Benefits
 - Occupational medicine
 - Personnel policies, not DOE
- The DOE/Stanford relationship is very strong and capable of handling this difficult challenge



A 3 phase project plan

- **Phase I-Analysis.** What would a CMOA look like? ~6-9 months.
 - Take the best elements of a CA and M&O and make a CMOA.
 - Understand the risks and opportunities.
 - DOE, Stanford, SLAC staff develop it.
- **Go/No Go decision to proceed.**
 - Made jointly by DOE/S-1 and Stanford's President
- **Phase II-Implementation.** Operate SLAC under a CMOA. ~2-3 years
 - “experiment” overseen by a Board of Overseers (DOE programs, DOE mission support, other labs and contractors)
 - Dehmer and Madia: Co-Chairs
- **Phase III-Lessons learned.** Report preparation ~3 mos.
 - By the BoO and Co-Chairs

What happens next? TBD



A wide-angle photograph of the Stanford University campus. The central focus is the redwood chapel, a large stone building with a prominent gable and a colorful stained-glass window. The chapel is flanked by two long, two-story stone buildings with arched windows and doorways. In the foreground, a large green lawn is bisected by a paved walkway. The background shows rolling hills under a clear blue sky. The text "Thank you" is overlaid in white at the top center.

Thank you

Questions?