National Nuclear Security Administration
System of Management and Operating Contracts

Management and Operating Contracts Through the Years

The Management and Operating (M&O) contracting model has its roots in the Manhattan Project, when the Corps of Engineers awarded contracts to attract and retain the scientific and technical talent necessary to develop the atomic bomb. The Atomic Energy Act of 1946 codified this model, providing the Atomic Energy Commission the ability to contract with private sector entities to operate government-owned facilities.

Today, the National Nuclear Security Administration (NNSA) continues to use M&O contracts to operate the eight laboratories, sites, and plants that carry out our national security missions. The M&O contract relationship enables the government to establish the programmatic objectives, while the entities awarded the M&O contracts provide high quality products and operations using the best practices of the private sector. This M&O contracting model is designed as a special, long-term partnership between the government and the private sector.

Current Mission Complexities and Current M&O Contract Expiration Dates

NNSA's missions are more challenging than ever. NNSA is supporting seven concurrent nuclear weapons modernization programs and planning for two peer nuclear adversaries; addressing a myriad of proliferation and global security challenges; and supporting naval nuclear propulsion programs that continue to provide the nation a competitive advantage. At the same time, NNSA is urgently revitalizing its aged infrastructure to support the mission demands. It is in this challenging context that six of the eight NNSA M&O contracts were set to expire in 2026-2027.

System of M&O Contracts Strategy

Multiple, concurrent M&O contract competitions hinder the ability of our private sector partners to identify high quality Key Personnel with capability to manage NNSA's unique work. Additionally, M&O contract competitions require significant federal resources and dedicated executive leadership attention. To ensure NNSA's private sector partners and federal staff can support high quality M&O contract competitions, NNSA developed the "System of M&O Contracts" strategy which aims to compete an M&O contract at regular, every-other-year intervals over the next several decades.

The System of M&O Contracts strategy is designed to provide sufficient time for industry partners to prepare for upcoming competitions and optimize time for NNSA's federal acquisition personnel to conduct competitions and apply lessons learned from previous contract competitions.

The System of M&O Contracts plan will be updated as needed if mission need and/or contractor performance changes.

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Implementing the System of M&O Contracts

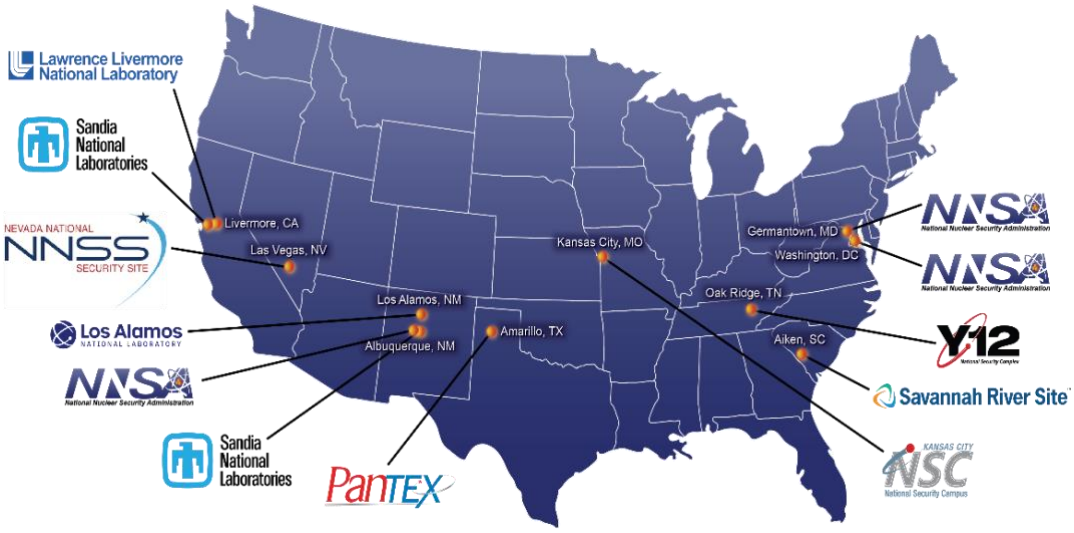
As the first step, in June 2024, NNSA awarded the Pantex Plant M&O contract with a five-year base term and three five-year options, for a possible 20-year period of performance. This longer contract length will help M&O contractors focus on recruiting and sustaining expert Key Personnel teams throughout the contract term, provide overall workforce stability, and allow the M&O contractor to execute multiple weapons life extension programs and long-term, complex construction projects that are critical for national security.

Next, NNSA made public its intention to recompete the Savannah River Site (SRS) contract for award in 2026 and recompete the Y-12 National Security Complex contract for award in 2027. In September 2024, NNSA issued a draft solicitation for the SRS competition. In February 2024, NNSA declared its intention to extend the M&O contracts at the Kansas City National Security Campus (KCNSC) and the Lawrence Livermore National Laboratory (LLNL). The M&O contract at KCNSC has been formally extended, and the extension for LLNL is in process.

Looking Forward

In the coming year, NNSA will evaluate its desired course of action with respect to the three M&O contracts for operation of Sandia National Laboratories, the Nevada National Security Site, and the Los Alamos National Laboratory that all will expire within an 18-month period. NNSA will determine whether meaningful improvement in cost or performance will be achieved through competition and will take action based on that analysis.

NNSA looks forward to conducting regular, high-quality contract competitions that will facilitate a robust number of industry partners continuing to compete for NNSA contract work. This plan of action will promote NNSA's ability to deliver in the near term on a challenging program of record.



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The table below shows the current end dates for NNSA M&O Contracts. It reflects the implementation of the System of M&O Contracts for the Pantex, KCNSC, and LLNL contracts.

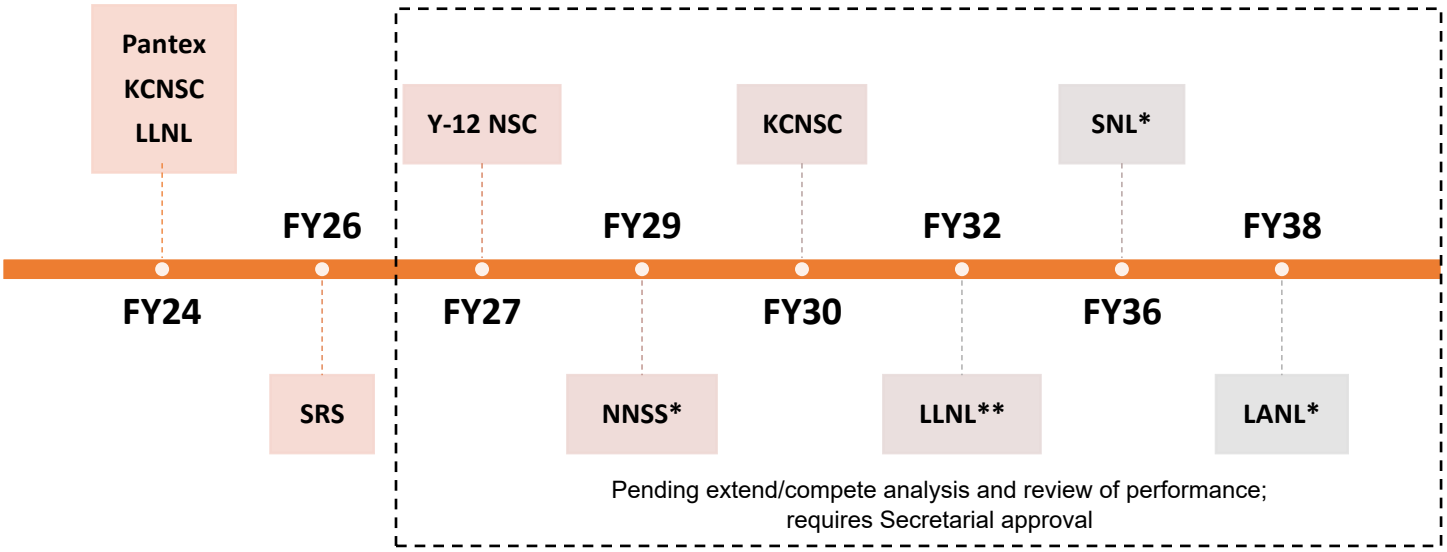
Current End Dates for NNSA M&O Contracts

Laboratory, Plant, Site	Contractor	Award Date	Start Date	Current End Date
Pantex Plant (Pantex)	PanTeXas Deterrence LLC	6/13/24	11/1/24	10/31/29*
Kansas City National Security Campus (KCNSC)	Honeywell FM&T	7/9/15	10/1/15	9/30/30
Lawrence Livermore National Laboratory (LLNL)	Lawrence Livermore National Security, LLC (LLNS)	5/9/07	10/1/07	9/30/31*
Savannah River Site (SRS)	Savannah River Nuclear Solutions (SRNS), LLC	1/10/08	10/1/08	9/30/26
Nevada National Security Site (NNSS)	Mission Support and Test Services LLC (MSTS)	5/12/17	12/1/17	11/30/27
Sandia National Laboratories (SNL)	National Technology and Engineering Solutions of Sandia, LLC (NTESS)	12/16/16	5/1/17	4/30/27
Y-12 National Security Complex (Y-12)	Consolidated Nuclear Security, LLC (CNS)	1/8/13	7/1/14	9/30/27
Los Alamos National Laboratory (LANL)	Triad National Security, LLC (Triad)	6/8/18	11/1/18	10/31/28

*(if all options exercised, maximum potential expiration date for Pantex is 10/31/44 and for LLNL is 9/30/2032)

The figure below shows the notional acquisition schedule of M&O contracts under the System of M&O Contracts. This figure describes NNSA's intent, which is subject to change, to finalize extensions and recompetes.

Notional Acquisition Schedule of M&O Contracts under the System of M&O Contracts



*Any contract extension must be made in accordance with FAR 17.605(b) and DEAR 917.602(c). Secretarial approval is required.
**Anticipated period of extension.