

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1 CONTRACT ID CODE		PAGE OF PAGES	
				1 1	
2 AMENDMENT/MODIFICATION NO	3 EFFECTIVE DATE	4 REQUISITION/PURCHASE REQ NO	5 PROJECT NO (If applicable)		
046	09/30/2009				
6 ISSUED BY	CODE	7 ADMINISTERED BY (If other than Item 6)	CODE	00901	
Savannah River Operations U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802		Savannah River Operations U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802			
8 NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code)		(x)	9A AMENDMENT OF SOLICITATION NO.		
SAVANNAH RIVER NUCLEAR SOLUTIONS, LLC Attn: MARK COGGIN ONE FLUOR DANIEL DRIVE A-3-A ALISO VIEJO CA 926981000			9B DATED (SEE ITEM 11)		
		X	10A MODIFICATION OF CONTRACT/ORDER NO DE-AC09-08SR22470		
			10B DATED (SEE ITEM 11) 01/10/2008		
CODE	798861048	FACILITY CODE			

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended, is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment, (b) By acknowledging receipt of this amendment on each copy of the offer submitted, or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12 ACCOUNTING AND APPROPRIATION DATA (If required)

See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)
	C THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
X	D OTHER (Specify type of modification and authority) MUTUAL AGREEMENT

E. IMPORTANT: Contractor is not, is required to sign this document and return 3 copies to the issuing office

14 DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)

Subj to Retent: Y
The purpose of this modification is to incorporate the FY2010 Contract Performance Evaluation and Measurement Plan (PEMP) and the Performance Based Incentives (PBIs) into this contract.
Period of Performance: 04/08/2009 to 09/30/2011

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A NAME AND TITLE OF SIGNER (Type or print)		16A NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		James Lovett	
15B CONTRACTOR/OFFEROR	15C DATE SIGNED	16B UNITED STATES OF AMERICA	16C DATE SIGNED
(Signature of person authorized to sign)		Signature on File	09/30/2009
		(Signature of Contracting Officer)	



U.S. Department of Energy
Savannah River Site

**PERFORMANCE EVALUATION
MEASUREMENT PLAN**

Savannah River Nuclear Solutions, LLC
CONTRACT NO. DE-AC09-08SR22470

Performance Period:
October 1, 2009 through September 30, 2010

Approval Page

Approval:



James Lovett
Contracting Officer (CO)
DOE - Savannah River Site

9-30-2009

Date

Revision Summary Page

Rev. #	Rev. Date	Affected Sections / Pages	Description of Revision
0	10/01/09	All	Initial Issue for this performance period

Table of Contents

1. Purpose.....	7
2. PEMP Integrated Project Team (IPT).....	8
3. The PEMP Process.....	9
3.1. Fiscal Year 2010 IPT performance schedule.....	9
3.2. Performance Document Hierarchy	11
3.3. Performance Planning.....	11
3.4. Incorporating DOE, EM and Site Mission.....	11
3.5. Completion Criteria and Validation Documentation.....	12
3.6. Risk Management	12
3.7. Performance Fee Agreement.....	13
4. Change Control	14
5. Federal Oversight of Contractor Performance.....	15
6. Performance Evaluation.....	17
7. Payment of Fee	17
7.1. Fee Invoicing Process	18
8. Government Furnished Services/Items (GFS/I).....	18
9. Reporting Requirements	19
9.1. General Reporting.....	19
9.2. Performance Reporting Project Control System.....	19
Attachment A, SRS Performance Fee Allocation Model	20
Attachment B, Glossary	22
Attachment C, Integrated Project Team (IPT) Charter.....	26
Attachment D, Lessons Learned	30
Attachment E, Performance Fee Agreements.....	32

Acronyms

AM	Assistant Manager
BCP	Baseline Change Proposal
CCB	Configuration Control Board
CMP	Contractor Management Plan
CPAF	Cost Plus Award Fee
DOE	U.S. Department of Energy
DEAR	Department of Energy Acquisition Regulations
EM	DOE Office of Environmental Management
EMAAB	Environmental Management Acquisition Advisory Board
EVMS	Earned Value Management System
FPD	Federal Project Director
FAR	Federal Acquisition Regulations
FY	Fiscal Year
FDO	Fee Determining Official
GFSI	Government Furnished Services & Items
IMP	Interface Management Plan
IPABS	Integrated Planning, Accountability, and Budgeting System
IPABS-IS	IPABS-Information System
IPT	Integrated Project Team

M&O	Management and Operating Contractor
NNSA	National Nuclear Security Administration
OD	Office Director
PBS	Project Baseline Summary
PBI	Performance Based Incentive
PEMP	Performance Evaluation and Measurement Plan
RMP	Risk Management Plan
SME	Subject Matter Expert
SOW	Statement of Work
SRNS	Savannah River Nuclear Solutions
WBS	Work Breakdown Structure

1. Purpose

This document serves as the fiscal year 2010 Performance Evaluation Measurement Plan (PEMP) identified in Section H-28, *Performance Based Incentives*, of Contract No. DE-AC09-08SR22470 between the U.S. Department of Energy (DOE) Environmental Management (EM) Savannah River (SR) and Savannah River Nuclear Solutions (SRNS) LLC, approved January 10, 2008.

This document was developed by DOE and SRNS to provide lessons learned from the previous performance period; illustrate performance improvements for this fiscal year, and identify performance incentives and metrics for all work performed by this contractor. Work in support of the American Recovery and Reinvestment Act (ARRA) is addressed in a separate PEMP.

The SRNS contract is a cost plus award fee (CPAF) performance-based management and operating (M&O) contract, regulated under Department of Energy Acquisition Regulation (DEAR), Subchapter I, *Agency Supplementary Regulations*, Part 970, *DOE Management and Operating contracts*.

This document addresses development of Performance Fee Agreements between DOE-SR and SRNS. This includes administration of performance measures, including Performance-Based Incentives (PBI), and award fee defined in the contract, Section B, *Supplies or Services and Prices/Costs*.

National Nuclear Security Administration (NNSA) and EM incentives established under the contract are contained in the PEMP as are provisions regarding payment of incentives and award fee. Specific provisions regarding payment of an incentive, or an award fee, may also be included in the incentive itself.

2. PEMP Integrated Project Team (IPT)

The PEMP Integrated Project Team (IPT) has been established in accordance with DOE O 413.3A, *Program and Project Management for the Acquisition of Capital Assets*. The team's charter defines specific roles and responsibilities of the IPT. The IPT consists of representation from DOE EM, NNSA, and SRNS. See Attachment C.

The IPT provides oversight of site contracts, monitoring performance against project baselines during all project phases, from contract award to contract completion, in order to satisfy mission need at Savannah River. Oversight is based on directive DOE O 226.1A, *Implementation of Department of Energy Oversight Policy*. Savannah River Site manual SRM 226.1.1B, *Integrated Performance Assurance Manual (IPAM)*, and procedure SRIP 430.1, *Facility Representative Program*, are used to document project status and identify performance issues.

IPT members who are federal employees also participate on the Performance Fee Board, assisting the Fee Determining Official (FDO) with final fee determination. The Board is described in the section of the PEMP discussing the payment process.

In establishing the IPT, the site has assembled a group of professionals representing diverse disciplines with knowledge, skills, and abilities necessary for successful execution of the project. IPT members are qualified for their respective positions and are assigned the proper level of authority to make decisions, with responsibility and accountability for their actions.

The Assistant Manager of Integration and Planning (AMIP) leads the IPT, supported by federal and contractor staff. The staff is supported as needed by Subject Matter Experts (SME) as well as matrix support personnel (both federal and contractor) who possess specific competencies and the skill and expertise required for successful execution of the projects.

3. The PEMP Process

The PEMP process for SRNS is based on fiscal year performance as identified in the contract.

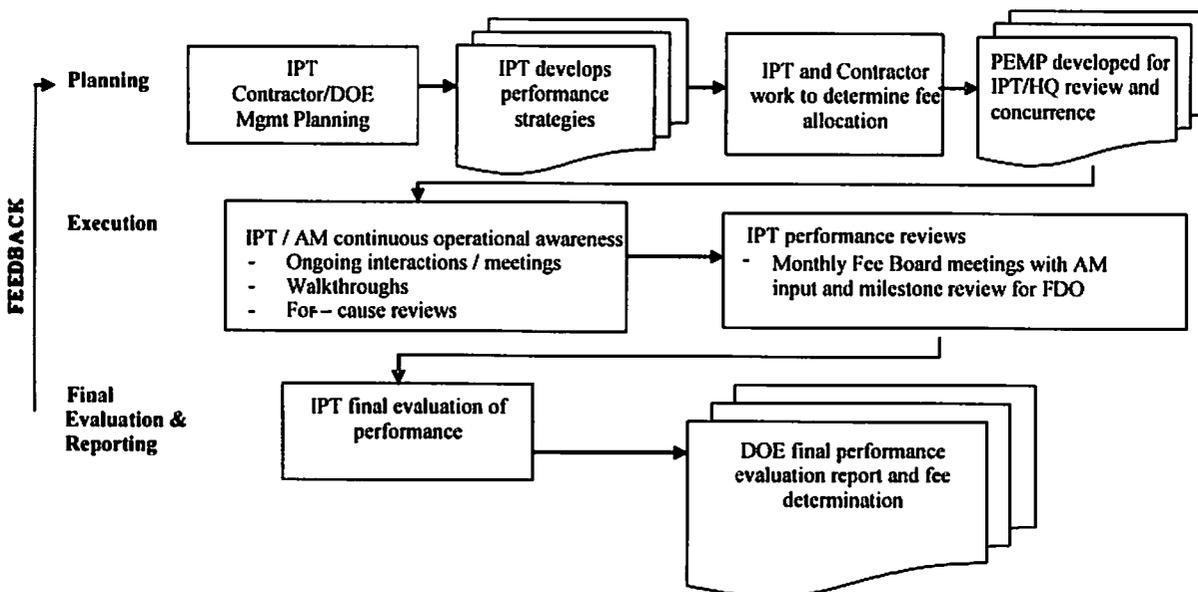


Figure 1: An example of a performance evaluation and measurement process

3.1. Fiscal Year 2010 IPT performance schedule

Development of the fiscal year 2010 PEMP performance schedule began in July of fiscal year 2009 allowing time for identification of milestones with agreement between DOE and SRNS.

Following is the fiscal year 2010 IPT monthly schedule:

October 2009	Monthly IPT meeting Contractor performs annual performance self-assessment appraisal for FY2009 Performance issues/resolution Contractor provides Statement of Costs Incurred and Claimed through September 30
November 2009	Monthly IPT meeting Performance issues/resolution FDO makes decision on FY2009 award 60 days after receipt of contractor assessment
December 2009	Monthly IPT meeting Performance issues/resolution
January 2010	Monthly IPT meeting

	Performance issues/resolution
February 2010	Monthly IPT meeting Performance issues/resolution
March 2010	Monthly IPT meeting Performance issues/resolution
April 2010	Monthly IPT meeting Performance issues/resolution
May 2010	Monthly IPT meeting Performance issues/resolution
June 2010	Monthly IPT meeting Performance issues/resolution Draft 2011 Performance Fee Agreement strategies
July 2010	Monthly IPT meeting Performance issues/resolution Identify revisions to PEMP Draft 2011 Performance Fee Agreement statements and measures
August 2010	Monthly IPT meeting Performance issues/resolution Draft 2011 Performance Fee Agreement payment plans and schedules Submit draft PEMP and Performance Fee Agreement to headquarters for review
September 2010	Monthly IPT meeting for fiscal year2010 milestones Performance issues/resolution Fiscal year 2011 PEMP / Performance Fee Agreement approved by HQs and issued to SRNS
October 2010	Monthly IPT meeting for fiscal year2010 and fiscal year2011, if applicable Contractor performs annual performance self-assessment appraisal for FY2010 Performance issues/resolution Contractor provides Statement of Costs Incurred and Claimed through September 30
November 2010	Monthly IPT meeting for fiscal year2011 milestones Performance issues/resolution FDO makes decision on FY2010 award 60 days after receipt of contractor assessment

3.2. Performance Document Hierarchy

The PEMP is subordinate to the prime contract. Therefore, where matters of interpretation are concerned the original contract supersedes the PEMP and represents the final decision. Any matters of interpretation are to be identified to the DOE-SR CO for resolution.

3.3. Performance Planning

The PEMP is developed with federal and contractor staff input. Both federal and contractor parties strive to reach mutual agreement on expected business, operational and technical performance and work together to develop incentives and award fee descriptions and associated measures tied to key end products, DOE strategic goals and objectives. Incentives and fee demonstrate direct flow down of DOE strategic goals and priorities.

The CO reserves the unilateral right to make final decisions on all performance objectives and incentives (including the associated measures and targets) used to evaluate contractor performance, including any modifications.

The PEMP is revised and approved prior to the beginning of each evaluation period. Only the CO can change the PEMP. No changes will occur to the PEMP in the last 60 days of the evaluation period, unless with bilateral agreement between the CO and the contractor.

The CO may mutually negotiate with the contractor additional available fee for additional work not covered by the available budget. The funds for such work and the associated available fee is funded through the contractor's efficiencies in accomplishing the otherwise funded work. The additional work must be performed in a safe manner meeting all necessary requirements; and the performance of the additional work cannot affect the safe, proper performance of the otherwise funded work. Any additional work will be authorized in accordance with provision in the contract Section H entitled, *Work Authorization System* and is considered Super Stretch scope. This additional work falls under the management of DOE O 412.1A, *Work Authorization System*.

Clause I.42 DEAR 970.5215-4, *Cost Reduction*, provides an opportunity for the contractor to identify areas where cost reductions may be affected and develop and submit a Cost Reduction Proposals (CRP) to the CO. If accepted by the CO, SRNS may share in any net savings in accordance with paragraph (g) of this clause.

3.4. Incorporating DOE, EM and Site Mission

The Savannah River Site publishes a Strategic Plan each year in support of DOE-EM and NNSA missions. The Strategic Plan articulates the site vision and missions to successfully execute current missions while welcoming and preparing for new opportunities.

The 2009 Strategic Plan identified 82 strategies. During the past several months federal and contractor staff have worked together to define supporting performance measures for those strategies in order to develop performance statements, metrics and milestones. As a result of this effort, EM, NNSA and site missions are tied to the contract statement of work.

Functional areas of the contract statement of work identify mission-critical outcomes. Outputs and measures define how work is performed in order to meet the outcomes. This framework is used to develop the detailed performance criteria in the Performance Fee Agreement.

3.5. Completion Criteria and Validation Documentation

The IPT develops performance criteria to complete contract outputs. The criterion considers fee allocation based on risk assumptions, including Government Furnished Services/Items (GFS/I). Assumptions and GFS/I are identified in Work Breakdown Structure (WBS) Basis of Estimate (BOE), and are communicated to the DOE through the Contractor Performance Baseline (CPB).

Verification documentation is identified within the Performance Fee Agreement to ensure DOE and contractor agrees what constitutes completion of the performance. This documentation can take many forms such as a shipping manifest, completion of a walk-down, a report, etc. It is important that actual means of verification is agreed to and documented during the Performance Fee Agreement development.

NOTE: Performance language should reflect sensitivities relative to site activities and facilities, and operational security (OPSEC), according to DOE O 470.4A, *Safeguards and Security Program*.

3.6. Risk Management

DOE site management uses an integrated risk management process for the EM Life Cycle baseline. This process provides programmatic risk analyses of the EM Scope of Work, establishes a process for identification and management of risks within, and integrates risk data from prime contractors.

The SRS integrated approach to risk management ensures project teams and management are involved in the risk management process: risk identification, grading, handling, impact determination, and integration. The process concludes with preparation of the Risk Management Plan (RMP) and contingency estimates contained in the SRS Risk Summary and Integrated Contingency Analysis. Each project RMP provides a summary description of the integrated approach employed in the development of a project risk plan.

A risk and opportunity assessment process is used to identify risks and opportunities associated with each project. The risks and opportunities are analyzed and handling strategies developed to ensure risks are managed to acceptable levels and opportunities are availed to improve the probability of successful completion of the project work scope. A detailed description of the methodology employed for the risk and opportunity assessment conducted by each of the Integrated Project Risk Teams appears in *Systems Engineering Methodology Guidance Manual*.

3.7. Performance Fee Agreement

A Fee Allocation Model is developed by the IPT and used to demonstrate distribution of contract fee based on weighting of funding, priority and complexity. The Fee Allocation Model outcome is used to develop expected fee earning based on the Performance Fee Agreements.

A Performance Fee Agreement is an agreement between the federal government and a contractor identifying specific performance criteria that represents implementation of mission strategy and contains criteria for evaluating performance completion. The agreement identifies an amount of fee, used as an incentive, associated with completing and documenting performance.

There are several formats for developing Performance Fee Agreements. The following are definitions provided by EM:

- **OBJECTIVE INCENTIVES** tend to be specific in nature and lend themselves to evaluation against quantifiable measures (i.e., objective performance measures). To the extent that a performance measure is defined and measured in objective terms, the fee associated with its achievement is earned based on the extent to which the contractor's performance meets those objective terms.
- **SUBJECTIVE INCENTIVES** use adjectival measures related to quality of service or product. The success of a contractor against subjective measures is determined by the government, which will consider the related conditions under which the work was performed and the contractor's specific performance as measured against the government's objective.
- **HYBRID INCENTIVES** contain both subjective and objective elements. An example of such an incentive might be the achievement of an acceptable Safety Program by a specific date. The extent to which it is acceptable will be determined subjectively, while the date of achievement will be determined objectively.
- **BASE INCENTIVE** is associated with work to be performed under the scope of the contract and which is believed by the parties to be within available funding.
- **STRETCH INCENTIVE** motivates the contractor to accelerate contractual work by achieving cost efficiencies, thereby accomplishing all work within the same work package at a cost less than that reflected in the approved baseline. The cost efficiencies achieved are normally within the range of the original estimate (budget) for the work or achievable through efficiencies in the performance of such work. Any fee associated with the acceleration of such work is part of the basic Total Estimated Fee Pool. By designation as a Stretch Performance Fee Agreement, the contractor is authorized to initiate activity at its discretion at the time the incentive is created. The Contractor does not need to obtain approval from the Change Control Board prior to beginning work on a Stretch Performance Fee Agreement.
- **SUPER-STRETCH INCENTIVE** motivates the contractor to significantly accelerate and accomplish more work than that incentivized by "Stretch" incentives. When the work is identified and authorized, it will be tied to an appropriate fee that is entirely funded from the savings to be realized from the contractor's achieved cost efficiencies in the

performance of the funded work. The authorization to perform “Super-stretch” work is controlled by a Change Control Board to ensure that critical work is performed utilizing fund savings and resources prior to undertaking the Super-stretch Performance Fee Agreements. The fee associated with a Super-stretch Performance Fee Agreement is not included in the total available fee pool and is additive to it. Because the work and fee are entirely funded by Contractor identified savings, the fee amount established for a Super-stretch Performance Fee Agreement is generally higher than for a Base or Stretch Performance Fee Agreement. Super-stretch incentives require a cost model to demonstrate savings.

- **MULTI-YEAR or GATEWAY** creates the requirement that previously incentivized work, usually in the same work package, is to be performed prior to any follow-on incentives being earned (these may be subsequent annual incentives or “Super Stretch” Incentives). Gateways are to be used to ensure that priority work will be performed and that necessary tasks are not deferred as contractors make decisions relative to the application of resources relative to potential fee.
- **INTEGRATED INCENTIVE** is an incentive that appears in several contracts which has the same end goal and requires the various contractors to work together in achieving that goal. An example would be to include in all contracts addressing the shipment of TRU waste to WIPP an incentive to ship the TRU waste and to coordinate such shipments such that TRUPACTS and trucks would be available to the various contractors when needed.

The Performance Fee Agreement is documentation of objectives and completion criterion, which includes risk analysis and assumptions. An agreement should include:

- Consistent nomenclature
- Correlation to Work Breakdown Structure
- Performance period and allocated fee
- Federal and contractor points of contract, review and approval
- Performance outcome
- Contract output (from contract statement of work)
- Output requirement (from contract listing of directives and standards)
- Completion criteria, including specific criteria to demonstrate completion
- Evaluation criteria

The agreements represent formal and binding performance fee expectations on the part of DOE and SRNS and identify the fee allocation amount for each performance component.

The IPT may determine early fee payment is an appropriate incentive for work completed ahead of schedule, provided all other requirements for completing work are satisfied, and necessary change/configuration controls and risks have been addressed.

4. Change Control

All correspondence regarding proposed changes to Performance Fee Agreements shall be sent to the CO. The CO consults with the appropriate Assistant Manager/Office Director (AM/OD) to

determine if the proposed change impacts the CPB. If the proposed change does not impact the baseline, the CO will issue correspondence to the contractor that incorporates the advice of a Subject Matter Expert concerning the proposal.

Action directed by CO correspondence is considered to be within scope of work of the existing contract. If the contractor considers that carrying out this direction may increase contract costs or delay any delivery, the contractor shall promptly notify the CO orally, confirming and explaining the notification in writing as soon as possible, but within no more than five (5) working days. Following oral notification and submission of the written notice of impacts, the Contractor shall await further direction from the CO prior to implementing the action.

If the proposed change impacts the baseline, then the CO will request the contractor to develop a Baseline Change Proposal (BCP) for review by the federal configuration control board. DOE has an established configuration control board (CCB) with assigned levels of approval authority based on change thresholds and/or contractual authority. This approach was designed to ensure changes can be addressed rapidly without compromising control. Both parties recognize that modified work scope may occur and change control actions will be processed in a timely manner.

5. Federal Oversight of Contractor Performance

Central to administration of the contract is assessment of contractor performance. All federal staff members performing assessments are expected to understand terms and conditions of the contract. In order to verify performance, a systematic process of assessment, analysis, documentation and feedback will be required. A range of assessment techniques from data/metric reviews and analysis, to review of self-assessments by the contractor, to formal multidisciplinary assessments will be employed. The assessments will be tailored based on the level of definition of the work requirements and complexity of the function.

Procedures for assessing contract performance are described in the SR Manual (SRM) 226.1.1, *Integrated Performance Assurance Manual*. The intent of the oversight processes described in the manual is to assure contractor compliance with contract requirements, provide for timely identification and correction of deficient conditions, verify effectiveness of completed corrective actions, and pursue excellence through continued improvement. Additionally, the manual is intended to assist DOE in implementing the site contractor oversight system (a management framework of related processes to determine whether federal and contractor assurance programs are performing effectively and/or complying with DOE requirements).

The contractor oversight system is founded on an integrated safety management system (ISMS), emulating DOE P 450.4, *Safety Management System*. SRM 226.1.1 describes processes comprising the contractor oversight system, which enables DOE to: (1) clearly communicate requirements and expectations to contractors; (2) assess the quality, effectiveness, and efficiency of contractor assurance systems and resulting work products in complying with contract requirements; (3) effect continuous improvement in contractors' operations; and (4) enhance the effectiveness of DOE-SR oversight of contractor performance.

The contractor oversight system provides DOE site management information needed to make informed decisions regarding both contractor and DOE performance and to determine whether program corrections are necessary. Communicating requirements and expectations to the contractor is an essential component in the contractor oversight system. Requirements and expectations are communicated through the Statement of Work, special clauses, contract modifications, and through technical direction by the CO or representative.

SRM 226.1.1 provides detailed requirements for standardized scheduling, planning, conducting, reporting, and follow-up and closure activities for Type 1, 2, and 3 Assessments. Assessments are designed to provide managers with meaningful, accurate, and current information on the status of program compliance, productivity, and quality. Use of standardized assessment methods is a key feature of DOE site performance assurance.

In accordance with DOE O 226.1A, *Implementation of Department of Energy Oversight Policy*, the site also uses independent and self-assessments to determine effectiveness of site assessment of the implementation of contractor assurance systems for environment, safety, and health; safeguards and security; emergency management; cyber security; and business practices systems and their sub elements. Results from these independent and self-assessments in addition to external assessments provide insight into areas where improvements in contractor oversight can be made. The end result is a management system regularly assessing performance, assuring comprehensive corrective action, and providing continuous improvement by identifying, correcting, and preventing problems hindering achievement of site missions.

DOE will dedicate resources to verify interface management and interface control activities, led by the M&O contractor, are the result of collaborative efforts on the part of all contractors who perform work at SRS to define system boundary and interfacing systems, document system boundaries and interfacing systems, and define interface functions and requirements. In addition to verifying all required documentation is in place, DOE will resolve disputes between and/or among contractors.

The DOE prime contractors will provide or receive services from other contractors and ensure deliverables, including Government-Furnished Services and Items (GFSI), are identified and documented in accordance with Interface Management plan/program. The Interface Management IPT will verify when the M&O contractor requests services from another contractor; they provide specifications, requirements, hazard information, quality assurance, technical, safety, and environmental requirements for the work to be performed. Contractors requesting services from the M&O contractor are responsible for oversight of requirements related to the specific work task(s) to ensure the performing contractor delivers a product or service meeting requirements of the requesting contractor. DOE is responsible for the oversight of the individual DOE prime contractors and ensuring they meet the requirements for delivery of services. The performing contractor is expected to consult DOE whenever requirements conflict with, or are greater than, its own baseline requirements.

6. Performance Evaluation

Upon completion of performance criteria described in the Performance Fee Agreement, the contractor will document completion in the Fee Invoicing System (FIS) and forward the documentation to the relevant DOE organization technical representative, who in turn will perform a verification of documentation to confirm output criterion has been met. This may also require an in-field validation.

Upon verification, recommendation is forwarded through management to the Performance Fee Board. The Board will verify documentation provided demonstrates satisfactory completion according to performance incentive requirements. Fee determination will be made in accordance with the PEMP based on fee identified in the Performance Fee Agreement.

The contractor may perform a self-assessment of their performance. The Board will review any assessment provided by the contractor. If the Board does not concur with the contractor's self-evaluation and recommendation, all such disagreements shall be expressed in a performance evaluation letter to the contractor. The contractor shall submit written comments and any supporting documentation to the Board within five (5) working days of receiving the evaluation letter. Within ten (10) working days of receiving any contractor comments or reclama, the Board shall provide the CO a recommendation, including amount, rationale, and justification.

When disputes occur during the verification process and resolution is not forth coming between the contractor and the appropriate AM, the IPT is the avenue for dispute resolution. The parties should request a special IPT review to present the case and the IPT should be responsible for making the determination on an appropriate path forward.

The IPT will routinely measure and report contractor:

- Technical performance (quality of product/service)
- Cost control
- Adherence to schedule
- Business relations

The survey is critical to record contract performance that is considered implicit, or subjective. Clear measures will be defined and consistent with standards of reporting contractor performance (FAR 42.15, FAR 15.3, FAR 9.1, and DEAR 909.1), The Federal Acquisition Streamlining Act of 1994, and the federal acquisition guide, chapter 42.15.

7. Payment of Fee

The contractor requests fee payment by submitting an invoice. Following verification by the relevant DOE organization manager/agreement owner, recommendation is forwarded to the Performance Fee Board and FDO. The FDO, in conjunction with the Performance Fee Board, concurs with the agreement owner on fee payment for each invoice, or recommends a reduction to the fee payment. Determination of performance incentive fee earned is the unilateral determination of the FDO.

The contractor will be advised in writing of the amount and basis of the performance incentive fee determination. Performance incentive fee not earned during the performance period will not be allocated to future performance periods. However, fee may be allocated to new performance-based incentives as developed by the IPT, as long as the completion of the newly developed incentive does not extend beyond the performance period.

Fee is considered provisional throughout the performance period. The FDO determines the total fee awarded to the contractor. Fee may be reduced per contract Section B-9 *DEAR 970.5215-3 Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (JAN 2004) ALTERNATE II (JAN 2004) (DEVIATION)*. Up to 20 percent of allocated fee may be reduced by the FDO if performance based incentive milestones are not completed during the performance period.

Total available fee amount earned payments are made by direct payment or withdrawn from funds advanced or available under the contract, as determined by the CO. The CO may offset against any such fee payment the amounts owed to the government by the contractor, including any amounts owed for disallowed costs under the contract. No base fee amount, or total available fee amount, payment may be withdrawn against the cleared payments financing arrangement without the prior written approval of the CO.

7.1. Fee Invoicing Process

The contractor has developed an automated Fee Invoicing System (FIS) that utilizes measurement data from each Performance Fee Agreement. The contractor works with DOE to identify appropriate DOE approvers. The system assigns responsibility to each output so that the routing process ensures appropriate review by federal and contractor staff. Time limits are assigned to each step to ensure smooth processing and timely approvals. The system notifies responsible approvers when the time limit has been exceeded.

8. Government Furnished Services/Items (GFS/I)

GFS/I are factored into the final fee determination for this incentive contract. GFS/I are identified in the Basis of Estimates (BOE) found in WBS dictionaries for specific tasks. The purpose of the GFS/I are to identify inherent government responsibilities and may pose some level of risk to the contractor in completing award fee or performance based incentives. GFS/I are the burden of the government, mutually accepted as part of the performance agreement. If the government fails to achieve GFS/I, equitable adjustment may be made specific to the incentive. These adjustments, however, cannot exceed the maximum available fee for the specific incentive.

9. Reporting Requirements

9.1. General Reporting

The contract requires each report must be accompanied by a letter or other document which:

- Identifies the contract number under which the item is being delivered; and
- Identifies the contract requirement or other instruction which requires the delivered item(s).

The contractor is responsible for maintaining all records and controlled documents related to the PEMP per DOE O 200.1, *Information Management Program*, and DOE Order 243.1, *Records Management Program*.

9.2. Performance Reporting Project Control System

The contractor will propose a project structure to achieve safe and accelerated clean up in the most cost-effective manner. The contractor will establish, maintain and use a project control system accurately reflecting project status relative to cost and schedule performance, and tracking changes to the baseline. This system will be integrated with financial accounting systems to ensure consistent reporting of costs.

The contractor will ensure the project control system employs a cost effective, graded application of controls. The existing project control system will be used and modified, as necessary, to achieve compliance with the requirements of the contract as established in this section.

Attachment A, SRS Performance Fee Allocation Model
2010 SRNS PBI Fee Structure Supporting EM

	Award Type	Avail Fee (000)	
<u>Nuclear Materials</u>	Objective	6,500 2,500 500 <u>500</u> 10,000	1. Preparations and Initial Charge of SNF Material to H-Canyon 2. Plutonium Processing 3. Non Destructive and Destructive Evaluations 4. Safely and Securely receive and unload FRR and DRR 35.3% of Fee Pool, 2.7% of BCWS
<u>SRNL</u>	Objective	1,400 1,050 <u>1,050</u> 3,500	1. Book New Revenue & provide quality performance 2. Position SRNL to be a distinct Business Unit 3. Enhance SRNL Infrastructure 12.4% of Fee Pool, 4.5% of BCWS
<u>Infrastructure</u>	Objective	<u>1,000</u> 1,000	1. Project Support for new ESPC Biomass Cogeneration Facility 3.5% of Fee Pool, .9% of BCWS
<u>Management Comprehensive</u>	Objective		Security 1. Graded Security Protection (GSP) at K - Area 2. REEF project baseline ; Argus physical security system 3. Cyber Security- Edge NAC Switches
	Objective	100 200 300	
	Objective		Project Control Improvements 1. EVMS Compliance with ANSI standards 2. Expansion of COBRA 3. Risk Management Improvement
	Objective	500 500 200	
	Objective		Business System Improvements 1. Continuous Improvement System 2. Enterprise System for Project Controls, Procurement and Finance
	Objective	200 1,000	
	Objective		Activity Based Cost approach relative to Budgeting and Planning 1. Develop, document and deliver Overhead/ Indirect budget & planning process 2. Implement the revised budget and planning process & procedures
	Objective	300 300	

	Objective		Real Property Asset Management (RPAM) Improvements
		<u>200</u>	1. Completion of Condition Assessments on 20% of Site Facilities by FY2010
	Tot MC Obj	3,800	13.4% of Fee Pool, 3.2% of BCWS
	Subjective	10,000	Increase Management Effectiveness & Control
			35% of Fee Pool
Total EM		28,300	65% Objective 35% Subjective

Figure 2: Example of the 2010 Performance Fee Allocation Breakdown

Attachment B, Glossary

Award Fee. See Performance Fee Agreement. Award fee is performance fee developed using subjective criteria.

Base Incentive. An incentive associated with work to be performed under the scope of the contract and which is believed by the parties to be within available funding.

Baseline change proposal (BCP). The contractor normally generates the BCP for documenting baseline changes. It should provide a complete description of a proposed change and its resulting baseline impacts. The BCP serves as an audit tool for baseline changes. The BCP must be submitted in accordance with the baseline change control guidelines contained in the change control section of this document.

Baseline. The quantitative expression of the project scope, schedule, and cost against which the status of resources and progress can be measured. The field maintains the project baseline as a collection of documents, including resource loaded schedule networks, cost estimates, and documented assumptions. The baseline is the key component of the PCS because it documents the program plan for performing the work and provides the information required by DOE business practices for evaluating resources and program performance. For planning purposes, project baselines should reflect full regulatory compliance and should be based on reasonable out-year funding assumptions. The degree of baseline detail should be consistent with the project phase and should adopt the “rolling wave” approach, such as greatest level of detail for near-term (fiscal year plus 2 years) activities. The baseline is often referred to as the performance measurement baseline (PMB).

Change control. A documented process applying technical and management review and approval of changes to technical, schedule, and cost baselines.

Contractor. The term contractor as used in this document refers to management and operation (M&O) contractor unless otherwise stated. Synonymous with contractor and M&O contractor is site contractor.

Federal Project Director (FPD). The FPD resides at either the field or HQ and serves as the single point of contact between Federal and contractor staff for matters relating to the project and its execution. The Program Secretarial Officer may delegate certain authorities and responsibilities to the FPD.

Fee Determining Official (FDO). The Fee Determining Official is the DOE SRS Site Manager.

Fiscal year (fiscal year). The U.S. government fiscal year begins on October 1 and ends on the following September 30 of every year.

Gateway. A gateway creates the requirement that previously incentivized work, usually in the same work package, is to be performed prior to any follow-on incentives being earned (these may be subsequent annual incentives or “Super Stretch” Incentives). Gateways are to be used to

ensure that priority work will be performed and that necessary tasks are not deferred as contractors make decisions relative to the application of resources relative to potential fee.

Hybrid Incentives. Hybrid incentives contain both subjective and objective elements. An example of such an incentive might be the achievement of an acceptable Safety Program by a specific date. The extent to which it is acceptable will be determined subjectively, while the date of achievement will be determined objectively.

Integrated Incentive. An integrated incentive is an incentive that appears in several contracts which has the same end goal and requires the various contractors to work together in achieving that goal. An example would be to include in all contracts addressing the shipment of TRU waste to WIPP an incentive to ship the TRU waste and to coordinate such shipments such that TRUPACTS and trucks would be available to the various contractors when needed.

Integrated Planning, Accountability, and Budgeting System (IPABS). The objective of IPABS is to establish a single integrated EM corporate database to support budget, performance, technical analyses, and inquiries for eliminating redundant requirements and reporting systems and providing a single source for data management. IPABS-IS should correlate to baselines. The IPABS-IS is IPABS user interface for data input and reporting.

Life cycle. Project inception through project completion.

Management and operating (M&O). "Management and operating contract" means an agreement under which the Government contracts for the operation, maintenance, or support, on its behalf, of a Government-owned or -controlled research, development, special production, or testing establishment wholly or principally devoted to one or more major programs of the contracting Federal agency (Federal Acquisition Regulations System Section 17.601).

Milestone. A milestone is an important or critical event with no duration required for achieving project objective(s). Milestones are comprised of a noun; modifiers; active, results-oriented verb; and a date. Milestones can signify activity starts and completions.

Objective incentives. Objective incentives tend to be specific in nature and lend themselves to evaluation against quantifiable measures (i.e., objective performance measures). To the extent that a performance measure is defined and measured in objective terms, the fee associated with its achievement is earned based on the extent to which the contractor's performance meets those objective terms.

Office of Engineering and Construction Management (OECM). The OECM is a DOE HQ organization within the Office of the Chief Financial Officer. It serves as DOE principal point of contact relating to program and project management and develops policy and assists in the planning, programming, budgeting, and execution process for the acquisition of capital assets in coordination with the PSO and project management support offices.

Office of Environmental Management (EM). DOE created this organization in 1989 to mitigate the risks and hazards posed by the legacy of nuclear weapons production and research. Included

are an unprecedented amount of contaminated waste, water, and soil, and a vast number of contaminated structures remaining radioactive for thousands of years. EM is composed of the Offices of ER and Waste Management.

Organizational Breakdown Structure (OBS). The project's functional organization. Control accounts are identified at a natural intersection point of the WBS and OBS.

Performance Based Incentive (PBI). See Performance Fee Agreement.

Performance Evaluation Measurement Plan (PEMP). The PEMP, required by contract, illustrates the process management will use to identify strategic goals that can be achieved by contract, develop performance incentives to accomplish that strategy, and verify completion of invoiced incentives. The PEMP is related to other project documents, such as the Project Execution Plan (PEP), and the Quality Assurance Surveillance Plan (QASP).

Performance Fee Agreement. The Performance Fee Agreement is between the federal government and a contractor, and identifies specific performance criteria that can be documented when completed, and an amount of fee, used as an incentive, associated with completing and documenting performance. The contract defines performance fee can be an incentive fee component for objective performance requirements (e.g. Performance-Based Incentive), and/or an award fee component for subjective performance requirements.

Performance Fee Board. Federal staff members of the IPT who are responsible for reviewing all Performance Fee Agreement performance reporting, and providing recommendation to the Fee Determining Official concerning payment of fee.

Performance Measurement Baseline (PMB). The time-phased budget (BCWS) plan plus any undistributed budget against which project performance is measured.

Project Baseline Summary (PBS). The PBS is the main source of summary EM project information needed to support planning, budgeting, execution, and reporting/evaluation. IPABS-IS collects data by PBS, and EM funds projects by PBS. The majority of ERD and WMD projects have one PBS. PBS is the common denominator for the planning, budgeting, execution, and reporting/evaluation functions.

Project risk. A factor, element, constraint, or course of action on a project introducing an uncertainty of outcome and the possibility of technical deficiencies, inadequate performance, schedule delays, or cost overruns that could impact a mission. In the evaluation of project risk, the potential negative or positive impacts and the probability of occurrence must be considered.

Project. A unique effort supporting a program mission, having defined start and end points, undertaken to create a product, facility, or system, and containing interdependent activities planned to meet a common objective or mission. Project types include planning and execution of construction, renovation, modification, line items for maintenance and repair, environmental restoration, deactivation and decommissioning efforts, information technology, and large capital equipment or technology development activities. Tasks such as basic research, grants, ordinary

repairs, maintenance of facilities, and operations are not considered projects. For simplicity, this document uses “projects” when referring to both programs and projects.

Stretch. A Stretch incentive motivates the contractor to accelerate contractual work by achieving cost efficiencies, thereby accomplishing all work within the same work package at a cost less than that reflected in the approved baseline. The cost efficiencies achieved are normally within the range of the original estimate (budget) for the work or achievable through efficiencies in the performance of such work. Any fee associated with the acceleration of such work is part of the basic Total Estimated Fee Pool. By designation as a Stretch Performance Fee Agreement, the contractor is authorized to initiate activity at its discretion at the time the incentive is created. The Contractor does not need to obtain approval from the Change Control Board prior to beginning work on a Stretch Performance Fee Agreement.

Subjective incentives. Subjective incentives use adjectival measures related to quality of service or product. The success of a contractor against subjective measures is determined by the government, which will consider the related conditions under which the work was performed and the contractor’s specific performance as measured against the government’s objective.

Super-Stretch. A Super-Stretch incentive motivates the contractor to significantly accelerate and accomplish more work than that incentivized by “Stretch” incentives. When the work is identified and authorized, it will be tied to an appropriate fee that is entirely funded from the savings to be realized from the contractor’s achieved cost efficiencies in the performance of the funded work. The authorization to perform “Super-stretch” work is controlled by a Change Control Board to ensure that critical work is performed utilizing fund savings and resources prior to undertaking the Super-stretch Performance Fee Agreements. The fee associated with a Super-stretch Performance Fee Agreement is not included in the total available fee pool and is additive to it. Because the work and fee are entirely funded by Contractor identified savings, the fee amount established for a Super-stretch Performance Fee Agreement is generally higher than for a Base or Stretch Performance Fee Agreement. Super-stretch incentives require a cost model to demonstrate savings.

Validation. Validation is a method of comparison between a Performance Fee Agreement and physical completion of performance criteria. The comparison is evaluated to determine adequacy of meeting the intent of the Performance Fee Agreement.

Verification. Verification is a method of comparison between a Performance Fee Agreement and documentation of completion of performance criteria. The comparison is evaluated to determine adequacy of documenting completion of the Performance Fee Agreement.

Work Breakdown Structure (WBS). The WBS is a product-oriented family tree subdivision of the work required to produce the end product. The WBS is structured in accordance with the way work will be performed and reflects the way in which project costs and data will be summarized and eventually reported.

Attachment C, Integrated Project Team (IPT) Charter

INTEGRATED PROJECT TEAM (IPT) CHARTER

IPT NAME: PEMP Integrated Project Team (IPT)
LEVEL OF IPT: Savannah River Operations Office, Deputy Manager for Business Operations
IPT MISSION/OBJECTIVES
<p>The purpose of the PEMP IPT is to provide DOE SR with a process for performance evaluation and measurement. This charter will define the processes that will be utilized to establish, monitor performance, and validate Performance Fee Agreements for the current contract period with SRNS. The mission of the IPT is to lead performance, and help avoid potential barriers to success.</p> <p>The DOE-SR Executive Sponsor for the IPT is the Deputy Manager for Business (DMB). The IPT Lead is the Assistant Manager for Integration and Planning (AMIP). The IPT will be composed of both federal and contractor employees. Federal members will include the Deputy Manager for Cleanup Operations, the M&O Manager of Contract and Subcontract Management, Technical Leads, NNSA SRSO Manager and NNSA NA-262. Contractor members will include the Management and Operations (M&O) Vice President for Site Integration, the SRNS Manager of Contracts and Subcontract Management, and Technical Leads. The IPT will be augmented, as necessary, with Subject Matter Experts as well as matrix support personnel (both federal and contractor) who possess specific competencies and the skill and expertise required for successful execution of the projects.</p> <p>The Performance Fee Board will be comprised of select Federal IPT members responsible for reviewing all submitted invoices for payment determination, and making recommendations to the Fee Determining Official (FDO).</p>
BACKGROUND
<p>SRNS was selected as the Savannah River Site (SRS) Management and Operations (M&O) contractor in May 2008 and assumed the role in August 2008. The SRNS contract is a cost plus award fee performance-based contract. Performance fee evaluation and measurement is documented in the PEMP.</p> <p>Once approved, the Performance Based Incentives are documentation of objectives and completion criterion, which includes risk analysis and assumptions. The Performance Fee Agreement represents formal and binding performance fee expectations on the part of DOE and SRNS. The Performance Fee Agreement will identify the fee allocation amount for each performance component. Each Performance Fee Agreement contains an overall Performance Outcome, along with specific Contract Outputs, Completion Criteria and Validation Criteria.</p>
METRICS
<ol style="list-style-type: none"> 1. Submittal and approval of Performance Fee Agreements

2. Identification and delivery of Government Furnished Services and Items (GFSI) on the schedule needed to allow the contractor to meet defined outcomes
3. Completion of the Performance Fee Agreement criteria
4. Verification and payment of received invoices for completed outcome criteria

SCOPE OF IPT RESPONSIBILITIES

The IPT will provide input to the process to develop and approve Performance Fee Agreements, monitor progress made in performing work towards completion, and support the invoicing, validation and approval process. The IPT will accomplish oversight by tracking schedule progress, payment projections, and invoice validations.

The IPT shall meet monthly and monitor progress of submitted invoices for payment, and look ahead for Performance Fee Agreement and/or tasks that will be complete in the next 30 days. Additionally, the IPT will monitor delivery of GFSI and look ahead for deliverables required in the next 30 days. Information from the automated invoicing system will be used to perform this review.

SRNS will develop a schedule and set of schedule tools to monitor performance. If requested by the IPT, these tools will be used to provide additional information for the forecast review. For Completion Criteria that depend on GFSI to complete, the schedule will define a need date to support the Performance Fee Agreement due date. These dates shall be clearly communicated to DOE. Where possible, the financial performance of progress towards completion of each Performance Fee Agreement will be measured by tracking cost in the Work Breakdown Structure.

Validation (Invoice Processing)

A Lotus Notes application has been developed to support this process to facilitate routing, tracking and approvals. A process flow diagram has been developed to illustrate the validation path and is attached for information.

Upon completion of criteria described in the Performance Fee Agreement, the Contractor Input Coordinator (CIC) will route a Performance Fee Agreement Completion Form along with evidentiary documents and recommendation for payment to the Responsible Manager followed by the responsible Vice President for their review. Upon their concurrence, the form will be sent to the SRNS Manager of Contract and Subcontract Management to submit to the DOE CO. It will be sent in parallel to the DOE POC and routed through a technical reviewer and division manager to the appropriate Assistant Manager for information. Upon verification, the functional DOE AM will present a recommendation to the DOE Performance Fee Board.

The DOE Performance Fee Board will meet monthly to review submitted invoices that have completed DOE AM review. The Board will verify documentation provided demonstrates satisfactory completion according to the defined criteria and requirements. Performance fee determination will be made in accordance with the PEMP and/or specific criteria within the Performance Fee Agreement. If the Board concurs with the contractor's self-evaluation and recommendation, the DOE Fee Determining Official (FDO) determines the fee amount and authorizes payment of the invoice.

The IPT will review cases where the contractor identifies they will not complete the Performance Fee Agreement by the due date or within the performance period. The contractor will propose a path

forward which could include processing the late completion invoice through the established invoicing and validation process, or performing change control. Change control will be performed utilizing existing processes as described in the PEMP. The IPT will routinely involve subject-matter experts and the Senior Management Team, managers, and supervisors in resolving issues.

IPT Executive Sponsor

The IPT Executive Sponsor will provide performance input to the IPT Lead and members. The IPT Executive Sponsor will also be the senior DOE member on the Performance Fee Board.

IPT Lead

The IPT Lead is the federal official responsible for project success. In accordance with DOE O 413.3A and DOE M 413.3-1, the IPT Lead shall perform the following:

- Charter and lead the PEM IPT
- Schedule and hold PEM IPT meetings
- Request support from the DOE functional resources as required to resolve issues
- Assess contractor performance
- Identify and resolve critical issues
- Present any performance evaluation and measurement issues that cannot be resolved by the PEM IPT to the appropriate SR authority for final decision

IPT Members

IPT members are responsible for supporting the IPT Lead in fulfilling technical and project management responsibilities during project execution. Members conduct and/or coordinate activities for their respective organizational element or functional area of responsibility. The members are assigned specific roles and responsibilities for project success and report to the IPT Lead for execution of these responsibilities. IPT members shall perform the following generic responsibilities:

- Ensure interfaces are identified, defined, and documented
- Review and assess performance and project status against parameters, baselines, milestones, and deliverables
- Support the IPT Lead
- Review and comment on deliverables

The names of IPT members are current as of the issue date of this charter. Names or functional responsibilities may change at the discretion of the IPT Lead without having to modify or update this

charter.

The Table identifies the members of the IPT, the Performance Fee Board and the Technical Leads.

NAME	FUNCTION	ORGANIZATION
SCHWIER, Jean	IPT Executive Sponsor Performance Fee Board Lead	Deputy Manager for Business Operations
JOHNSON, Sandra	Alternate Performance Fee Board Lead Performance Fee Board Member	Deputy Manager for Cleanup Operations
HINTZE, Doug	IPT Lead Performance Fee Board Member	Assistant Manager for Integration and Planning
SCHLAG, Lance	Alternate IPT Lead Alternate Performance Fee Board Member	Director of Mission Planning Division
DEAROLPH, Douglas	NNSA Performance Fee Board Member IPT Member	Manager NNSA SRSO
CLARK, William	NNSA Alternate Performance Fee Board Member IPT Member	Manager NNSA NA-262
LOVETT, James	IPT Member	DOE M&O Contracting Officer
POWELL, Norm	IPT Member	SRNS VP Site Integration
TEMPLE, John	IPT Member	SRNS M&O Manager of Contract and Subcontract Management
CHRISTIAN, John	DOE IPT Technical Lead	Mission Planning Division
PENNINGTON, Michele	SRNS IPT Technical Lead	SRNS M&O Program Integration Office
ALLISON, Jeffrey	DOE Fee Determining Official	DOE Site Manager

CUSTOMERS/INTERFACES

- Leadership Team
- Contracting Offices
- M&O Contractor
- NNSA Savannah River Site Office

Attachment D, Lessons Learned

As fiscal year 2010 performance was being planned in July 2009, federal and contractor staff met to discuss Lessons Learned from the fiscal year 2009 performance period. The following issues were discussed and incorporated in this performance period.

General

1. Develop a schedule (with durations) and flowchart for the development of Performance Fee Agreements
 - a. Start development early (10 weeks) so there is time for adequate negotiation on wording of contract output, completion criteria and validation criteria and leave adequate time for approval cycle. Last minute changes need to be reviewed by owners before finalization and approval.
 - b. Include both DOE EM and NNSA in the entire process
2. Develop and communicate the "corporate strategy" for use in development of performance milestones (aggressive vs. realistic, objective vs. subjective etc.) Use the site strategic plans (both DOE and SRNS) to help us develop incentives.
3. Create a standard form or template that captures consistent information for Performance Fee Agreements (owners, completion criteria, validation documents, DOE AM etc.)
 - a. Use a standard numbering sequence
 - b. Identify GFSI from WBS BOE and need date (or duration) with each specific contract output
 - c. Tie validation criteria and evidentiary documentation to specific outputs
4. Reach agreement on evidentiary documentation that will be used to document completion before finalizing the Performance Fee Agreement.
5. Be as specific as possible (i.e. which design is needed, what phase of design is required, what systems will be completed etc.)
6. Develop subjective incentives into more meaningful performance indicators
 - a. Where there are subjective incentives, establish the grading and payment criteria in advance
7. Eliminate non-fee bearing milestones
8. Minimize the number of Performance Fee Agreements that require DOE action (GFSI) to complete.
9. Utilize progress payments for deliverables that span the entire performance period rather than a lump sum at the end of the period
10. Stagger completion dates throughout the performance period and try to avoid a large amount due in the final month, because there is no way to reallocate unearned funds at the end of the performance period
11. Develop process to enable super-stretch and/or reconcile with cost savings contract clause.
12. Standardize a change control process
13. Develop a procedure and communicate DOE R2A2 with respect to the performance process
14. Communicate fee perspective throughout the DOE organization, especially to technical reviewers.
15. Establish stream-lined subjective grading criteria and process, especially for Management Systems

Fee Invoicing System (FIS)

1. Identify SRNS and DOE reviewers/approvers in advance, so that the system will be populated initially
2. Identify DOE administrative POC
3. Offer training sessions on the Performance Fee Agreements and the FIS to new players so there is no confusion
4. Provide wider FIS access to enable completion input coordinators to view the entire database (what is currently due and what is coming due in their area)

Tracking/Reporting

1. Create an integrated schedule that shows upcoming items due, status and GFSI by linking individual project/facility schedules to a master schedule so that management has a convenient tool to monitor real-time status of all fee bearing milestones
2. Decide on the correct forum/meeting to status progress on all business and operations Performance Fee Agreements and raise issues
3. Establish tracking/reporting ownership within the organization
4. Establish protocol for addressing items due that will not be met
5. Develop cost performance reports for SRNS/DOE management.

Attachment E, Performance Fee Agreements
The Performance Fee Agreements for FY2010 are attached.



Performance Fee Agreement

PBI Number: SRNS2010MGT

Activity Name: Management Comprehensive

WBS Number: Multiple

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee: \$10,000,000.00 (Subjective)
\$3,800,000.00 (Objective)

Revision Number: 0

Senior level manager name:
Doug Hintze

Senior level supervisor/division manager name:
Lance Schlag

Performance Outcome:

Implement management processes and systems that provide timely, accurate and traceable information to enable more transparent and efficient execution of SRS missions.

This incentive is a hybrid incentive. Hybrid incentives contain both subjective and objective elements. The extent to which it is acceptable will be determined subjectively, using an adjectival rating. Contract outputs that have identified completion criteria will be validated with explicit criteria.

Contract Output: SRNS2010MGT-01

Increase management effectiveness and control of SRNS contractual work activities.

This Contract Output will receive an adjectival grade and numerical score. The following table will be used to define the different levels of performance and the corresponding grade/score that goes with the evaluation thereof.

Adjectival Rating	Percent of allocable fee	Definition
Exceptional	90-100	<p>Technical – Met all performance requirements/Exceeded 20% or more; Minor problems/Highly effective corrective actions/Improved performance and quality results</p> <p>Cost Control – Significant reductions while meeting all contract requirements; Use of value engineering or other innovative management techniques; Quickly resolved cost issues/Effective corrective actions facilitated cost reductions</p> <p>Schedule (Timeliness) – Significantly exceeded delivery requirements (All on-time with many early deliveries to the Government’s benefit); Quickly resolved delivery issues/Effective corrective actions</p> <p>Business Relations/Management – Highly professional/Responsive/Proactive; Significantly exceeded expectations; High user satisfaction; Significantly exceeded SB/SDB subcontractor goals; Minor changes implemented without cost impact/Limited change proposals/Timely definitization of change proposals; number and significance of audit findings, response to audits and associated corrective actions.</p>
Very Good	81-90	<p>Technical –Met all performance requirements/Exceeded 5% or more; Minor problems/Effective corrective actions</p> <p>Cost Control – Reduction in overall cost/price while meeting all contract requirements; Use of value engineering or other innovative management techniques; Quickly resolved cost/price issues/Effective corrective actions to facilitate overall cost/price reductions</p> <p>Schedule (Timeliness) – On-time deliveries/Some early deliveries to the Government’s benefit; Quickly resolved delivery issues/Effective corrective actions</p> <p>Business Relations/Management – Professional/Responsive; Exceeded expectations; User satisfaction; Exceeded subcontractor goals; Limited change proposals/Timely definitization of change proposals; number and significance of audit findings, response to audits and associated corrective actions.</p>
Satisfactory	50-80	<p>Technical – Met all performance requirements; Minor problems/Satisfactory corrective actions</p> <p>Cost Control – Met overall cost/price estimates while meeting all contract requirements</p> <p>Schedule (Timeliness) – On-time deliveries; Minor problems/Did not effect delivery schedule</p> <p>Business Relations/Management – Professional/Reasonably responsive; Met expectations; Adequate user satisfaction; Met subcontractor goals; Reasonable change proposals/Reasonable definitization schedule; number and significance of audit findings, response to audits and associated corrective actions.</p>
Marginal	26-49	<p>Technical – Some performance requirements not met; Performance reflects serious problems/Ineffective corrective actions</p> <p>Cost Control – DO not meet cost/price estimates; Inadequate corrective action plans/No innovative techniques to bring overall</p>

		expenditures within limits Schedule (Timeliness) – Some late deliveries; No corrective actions Business Relations/Management – Less professionalism and responsiveness; Lower user satisfaction/No attempts to improve relations; Unsuccessful in meeting subcontractor goals; Unnecessary change proposals/Untimely definitization of change proposals; number and significance of audit findings, response to audits and associated corrective actions.
Unsatisfactory	0-24	Technical – Most performance requirements are not met; Recovery not likely Cost Control – Significant cost overruns; Not likely to recover cost control Schedule (Timeliness) – Many late deliveries; Negative cost impact/Loss of capability for the Government; Ineffective corrective actions/Not likely to recover Business Relations/Management – Delinquent responses/Lack of cooperative spirit; Unsatisfied user/Unable to improve relations; Significantly under subcontractor goals; Excessive unnecessary change proposals to correct poor management; Significantly untimely definitization of change proposals; number and significance of audit findings, response to audits and associated corrective actions.

Up to \$10 Million (*this incentive does not allow progress and/or provisional payment*) **of the Comprehensive PBI will be paid for Contract Output 1.**

Description/Background/Justification:

Lessons Learned:

DOE is implementing lessons learned through this approach. Lessons learned from FY2009, as reported in the FY2010 PEMP include:

1. Develop and communicate the "corporate strategy" for use in development of performance milestones (aggressive vs. realistic, objective vs. subjective etc.) Use the site strategic plans (both DOE and SRNS) to help us develop incentives.
2. Develop subjective incentives into more meaningful performance indicators
 - a. Where there are subjective incentives, establish the grading and payment criteria in advance
3. Establish stream-lined subjective grading criteria and process, especially for Management Systems

Description/Background/Justification:

To achieve its vision and implement all desired management improvement efforts will require an organized, systematic approach to project execution. EM has developed and implemented the EM Program Management System (EMPMS) to clarify roles and responsibilities, to provide for more integrated operations, and to further establish a solid baseline for workforce planning.

The EMPMS is a performance-based management system. Performance-based management uses performance measurement information to help set agreed-upon performance goals, to allocate and prioritize resources, to inform managers so they can manage program activities to meet those goals, and to report on their status. It also offers opportunity to learn from any failures in performance and to continuously improve management practices.

The Performance Fee Board, as identified in the Performance Evaluation Measurement Plan (PEMP) will survey the following organizations:

Deputy Manager of Business

- Office of External Affairs

- Office of Chief Counsel
- Office of Support Services
- Office of Civil Rights
- Chief Financial Officer
- Office of Human Capital Management
- Assistant Manager for Integration and Planning

Deputy Manager of Closure

- Assistant Manager for Closure Projects
- Assistant Manager for Nuclear Material Stability Projects
- Assistant Manager for Waste Disposition Projects
- Office of Safety and Quality Assurance
- Office of Safety, Safeguards and Emergency Services
- Office of Acquisition Management
- Office of Laboratory Oversight

The organizations will be surveyed routinely throughout the performance period to solicit feedback in cross-cutting areas of contractor performance, such as safety, efficient use of trained and qualified human capital, quality, continuous improvement, cost effectiveness, timeliness of deliverables, compliance with contract, etc. Performance will be measured in whole, as well as separately by organizational function.

The organizational survey will be provided routinely to measure and report contractor technical performance (quality of product/service), Cost control, Adherence to schedule, and Business Relations/Management as these relate to the contractor support of the individual and collective DOE organization.

The survey is critical to record contract performance that is considered implicit, or subjective. Clear measures will be defined and consistent with standards of reporting contractor performance (FAR 42.15, FAR 15.3, FAR 9.1, and DEAR 909.1), The Federal Acquisition Streamlining Act of 1994, and the federal acquisition guide, chapter 42.15.

Subjective incentives use adjectival measures related to quality of service or product. The success of a contractor against subjective measures is determined by the government, which will consider the related conditions under which the work was performed and the contractor's specific performance as measured against the government's objective.

What follows is a listing of organizations and suggested performance measures that will be subject to survey on a regular periodic basis. The listing represents only a sample of performance measures; customer service is an implicit performance expectation. Both federal and contractor employees will strive to reach mutual expectations and conduct beneficial communications in support of site missions.

Office of External Affairs:

- The Contractor shall provide general planning, management and administrative services for all its public affairs activities and for other organizations as directed by the CO.

Office of Chief Counsel:

- The Contractor shall provide general planning, management and administrative services for all its legal affairs activities and for other organizations as directed by the CO.

Office of Support Services:

- The Contractor shall provide general planning, management and administrative services for all its business activities and for other organizations as directed by the CO.

Office of Civil Rights:

- Maintain essential elements of a Model Equal Employment Opportunity program

- Demonstrate firm commitment to equality of opportunity for all employees and applicants for employment.
- Strive to meet DOE-SR expectations to be model employers in the area of workforce equal employment opportunity and diversity, and provide policies, procedures, and assign responsibilities and authorities for the oversight of contractor equal employment opportunity and affirmative action at the site as specified in applicable state and federal laws and regulations.

Chief Financial Officer:

- Provide timely and accurate submittal of monthly Spend Plans for all major and minor Budget and Reporting (B&R) codes prior to issuance of DOE-SR monthly FinPlan. Submittal shall include all funds control points and should be received by DOE-SR on or before the 15th day of each month.
- Manage overhead (G&A, ESS, Dept. O/H) consistent with DOE-SR's Program Execution Guidance (PEG) letters.
- Provide timely and accurate performance of SRNS internal audits consistent with Approved Audit Plan.
- Provide timely and accurate communications to DOE-SR of emerging budget and financial issues.
- Provide timely and accurate reporting of contractor (SRNS) financial data to DOE corporate financial systems. Monthly submission of Integrated Contractor accounting data is due by noon (local time) on the 2nd business day following the end of the accounting period. Data includes the "Statement of Cash Activity" and the IC Interface.
- Provide timely and accurate response to all scheduled monthly, quarterly and annual financial statement/financial reporting requirements. Requirements will be defined and transmitted to SRNS via DOE accounting schedule maintained by the DOE CFO Finance Division. Ad hoc requirements will be transmitted and scheduled on a case-by-case basis.
- Provide timely and accurate responses as required to support and satisfy DOE IG/KPMG financial statement audit requirements. Requirements will generally be scheduled within known audit schedules; however, requirements may be ad hoc at times.
- Perform self-assessment of selected contractor financial/accounting policies/procedures to update, incorporate best practices, and insure continued compliance with DOE requirements. Or, provide assurance that policies/procedures are current and in compliance.
- Report monthly by the 15th day current and cumulative costing actuals by all major and minor Budget and Reporting (B&R) codes for cost actuals tracking and variance analysis against the Spend Plan. This is a measure of cost planning accuracy to costing actuals. The cost variance metric is to stay within plus or minus 5%.
- In FY10, SRNS will implement total indirect reporting to include G&A, ESS, the various DOH's as well as absence and the Taxes and Plan expenses. Monthly Indirect Briefings will be conducted with the client. SRNS will also implement a Unit billing system to move usage based services out of the overheads and into usage based unit billing to users. Full implementation of the billing system for usage will be accomplished by June 30, 2010. Actual billing for the services will be contingent upon PBS impact and approval of the accounting practice change.

Office of Human Capital Management:

- To improve performance and recognize cost savings, the current Retirement Plan Financial Advisors and Actuarial Services contracts will be competitively bid.
- To improve performance and recognize cost savings, the Long Term Disability plan will be overhauled and the current retiree medical plan for non-incumbents will be developed.
- To improve efficiencies and performance, and recognize cost savings, in addition to transforming the business, a single performance management system will be implemented, better management of recruiting efforts will be achieved and developmental programs will be created. An electronic employee training monitoring system will also be developed.
- Currently craft employees that are assigned to SAA or ARRA divisions are evaluated and scored in accordance with the Craft Performance Evaluation (CPEP). The results of these evaluations are then

combined with direct hire forces yielding an overall ranking within each craft. While CPEP has proven to be the best resource to maintain the most diverse work force here at SRS, there is a need to provide separate rankings for direct hire execution versus support of SAA or ARRA, which includes craft functioning in a staff augmentation position.

Assistant Manager for Closure Projects:

- Demonstrate continued progress towards meeting the DOE energy intensity reduction goal of 3% annually or 30% by 2015 from the 2003 baseline and contribute to the water intensity reduction goal of 2% annually or 16% by 2015 from the 2007 baseline, by reducing energy intensity and water intensity during FY 2010.
- Contribute to achieving all high performance sustainable building (HSPB) goals at 15% of building footprint by making the no-cost improvements identified through the HSPB assessment tool and by incorporating other HSPB improvements to the assessed buildings as possible during upgrades to these buildings.
- Support annual and quarterly reporting, planning, and implementation of energy, water, and sustainability initiatives as requested.
- Annual environmental reports, including National Environmental Policy Act planning summary, Site Environmental Report, and NESHAPs Radionuclide Air Emission Report
- Updates to regulatory documents, including the Site Treatment Plan, and various permit applications, modifications and licenses
- Quality ORPS reports
- Timely notifications to DOE regarding abnormal events in the field
- Prompt Fact Finding meetings and thorough investigations
- Effective, auditable corrective actions, tracked to closure, that actually correct deficiency

Assistant Manager for Nuclear Material Stability Projects:

- Complete modification of SNF cask
- Complete rail spur upgrades to support transfer of SNF to H Canyon
- Complete preliminary design for cask loading modifications and procure engineered equipment and design materials required for cask loading modifications
- Submit PAV CD-1 on or before schedule
- Complete preliminary design for MTS rack/support structure on or before schedule
- Complete the procurement and receive 10 HFIR racks on or before schedule
- Timely delivery of quality engineering & safety documentation
- Support programmatic studies on an as needed basis
- Train, acquire, etc., sufficient critical scientific and engineering resources to provide timely support to the Nuclear Materials mission
- Load at least 20 HEU trailer on or before schedule
- Load a minimum of 20 LEU trailers
- Complete and submit Nuclear Materials System Plan

Assistant Manager for Waste Disposition Projects:

- The Contractor shall manage the Solid Waste Program to safely and effectively prevent and/or minimize the generation of solid waste to include hazardous, low level, transuranic, mixed, and municipal sanitary wastes. The Contractor shall ensure that the handling, treatment, storage, transportation and disposal of existing "legacy" and future solid waste is environmentally sound and in compliance with DOE Directives, and applicable regulations and requirements.
- The Contractor shall manage and integrate site-wide solid waste recycling, treatment, storage, disposal and transportation activities and implement waste minimization/pollution prevention initiatives. The

Contractor shall also provide on-site/off-site waste generators with technical support and verification of compliance with waste acceptance criteria, including Safety Basis and Performance Assessment objectives.

Assistant Manager for Integration and Planning:

- SRNS will provide an overarching Site wide Comprehensive Plan/Ten Year Site Plan that is based on clear objectives, sound data, and effective communication, linking the real property asset management functions of acquisition, utilization, maintenance, recapitalization, disposition, and long term stewardship to the accomplishment of all site mission, with particular emphasis on:
 - Utilize of an integrated, crosscutting holistic approach (landlord approach) to assess all real property assets against the long term mission requirement for all site missions in the detail necessary to identify the projects and activities needed to sustain them for mission needs.
 - A ten year horizon that defines activities and projects that put the site on track to satisfy identified long term mission needs. These activities will be included in the IFI crosscut budget, reflecting, in a clear and transparent manner, projects and activities necessary to sustain long term mission requirements.
 - The designation of facilities according to mission criticality and projections for when facilities would become excess and available for deactivation and disposition based on mission needs.
 - Utilization of accurate FIMS data as well as accurate maintenance management and utilization data to support mission requirements.
- Bring improved accuracy and completeness of FIMS data, involving facility tenants in fully utilizing the SRS FIMS database to support the Real Property Asset Management functions, modifying the data base if needed to improve usability such as identify tenants and building assignments.
- DOE Line Organization Project Management and Project Controls Support
- Risk Management
- Earned Value Management (EVM)
- Baseline and Budget Planning
- Site Integration
- Performance Measurement Development and Tracking
- EM's Total Cost Management (TCM)

Office of Safety and Quality Assurance:

- Improve the safety culture at SRS through enhancements in Key site-wide initiatives
- Implement and maintain effective (contractor/ agency) assurance programs
- Advance the SRS position as a leader in Integrated Safety Management throughout the DOE Complex
- Enhance and improve safety performance through various measures and commitments

Office of Safety, Safeguards and Emergency Services:

- Access Authorization Policy outlined in the DOE Personnel Security Manual, 470.4-5 approved August 26, 2005, states that proper justification for the need for an access authorization has to be provided by the sponsoring entity. SRNS will update all clearance justifications for SRR and SRNS employees such that the clearance justifications are current.

Office of Acquisition Management:

- Work with M&O to interface their existing automated property pass system into the DOE-SR personal property program. Establish a mechanism for internal reviews and approval that will ensure the proper authority and need to move property off site. In order to streamline the property pass process and increase efficiency the CAAMT is working with the M&O to adopt their automated property pass system. The system will require process routing modifications and authority recognitions in order to work under the current DOE-SR system.
- Working with Headquarters, DOE-SR can increase efficiency on annual reporting requirements by

providing contractor's access to the Federal Automotive Statistical Tool (FAST). Once the contractors are trained and provide password to the system this will prevent duplication of effort and reduce operating error on reporting.

- Measure the extent to which sensitive and high risks personal property subject to physical inventory is located during annual inventory. Inventory data is tabulated either manually or by an automated system and extracted for sensitive and high risk items. The amount that was physically located divided by the amount of formal accountable items subject to physical inventory. Annual Inventories are required of both Federal and contractor entities in order to ensure the accountability and system integrity of the personal property management program. The improper handling of sensitive and high risk items poses a considerable risk to the Department. Inventories of these types of items are conducted annually and require discipline.
- Personal Property Monthly Walk Through Program
- Management of subcontracting and purchasing
 - Develop, as required by the clause in Section 1 entitled, DEAR 970.5244-1 "Contractor Purchasing System," procedures for evaluating the ES&H records of companies submitting offers/bids/proposals for performing subcontract work in Government-owned or leased facilities under the contract.

Office of Laboratory Oversight:

Overall, SRNL is expected to produce high-quality, original, and creative results that advance science and technology; demonstrate sustained scientific progress and impact; meet customer expectations; and contribute to the overall mission goals of DOE. SRNL is expected to provide effective program vision and leadership; strategic planning and development of initiatives; recruit and retain a quality scientific workforce; and provide outstanding research processes, which improve research productivity and quality while maintaining a safe and healthy work environment. Progress towards the development of SRNL into the Nation's premier applied science laboratory in EM, National and Homeland Security and Energy Security by delivering world-class innovative performance in national defense and homeland security technologies, hydrogen technology and cleanup will be monitored by DOE.

- Specific areas that will be monitored by DOE include:
- Meet environment, safety, and health requirements for SRNL and demonstrate commitment to a world-class safety culture
- Maintain a robust LDRD program
- Expand SRNL's technical portfolio
- Aggressively work actions in the SRNL Strategic Plan, Infrastructure Plan, Separate and Distinct Business Unit Plan and update the plans as needed to maintain their relevancy
- Develop and implement plans to enhance SRNL computational infrastructure
- Make progress towards establishment of a National Center for Applied Separations Science
- Establish a broad-based coalition of university partners to expand the laboratory's capabilities and provide a source of talented scientists and engineers for the future.
- In partnership with DOE, develop funding strategies that aggressively pursue projects to meet the needs identified in the SRNL Infrastructure Plan.
- Establish educational programs at all levels to form a long-term human capital pipeline for SRNL and SRS while advancing the overall skill base for the region.
- Provide agile business systems that can support the required rapid growth of SRNL.
- Provide a comprehensive communications program that will effectively and consistently market SRNL capabilities and ensure appropriate recognition of contributions.
- Work with DOE-SR and contractor organizations to reduce the time required to process WFOs and Interagency Agreements.
- Enhance university relations through increased partnerships, joint appointments, and planned opportunities for more post docs at SRNL.
- Make effective use of the SRNL Advisory Board

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010MGT - 01.01	9/30/2010	Up to \$10,000,000	Provide a monthly report measuring technical, cost, and schedule performance in accordance with contract requirements. The report will include trending data and analysis.

Contract Output: SRNS2010MGT-02

The contractor will comply with terms and conditions of the contract relating to safeguarding information, and comply with security requirements of the contract. This includes oversight of security systems.

Up to 4% of the Comprehensive PBI will be paid for Contract Output 2.

Description/Background/Justification:

1. Graded Security Protection (GSP) Policy (DOE Order 470.3B), approved August 12, 2008, replaces the 2005 Design Basis Threat (DBT). GSP provides the threat parameters and performance metrics for protection of nuclear weapons, components, special nuclear material (SNM) and other Departmental assets. SRNS developed a schedule and resource loaded schedule for implementation of GSP. This schedule was approved by DOE-SR OSSES and DOE-HQ EM. The incentive is applied to the final activities to complete SRS implementation of Graded Security Protection (GSP) policy at K Area Complex (KAC).

2. The REEF Project baseline includes installation of Argus physical security system components in the field necessary for building operations, but does not establish the Argus infrastructure within A-Area. The Argus project was authorized to establish the needed infrastructure to support A-Area including REEF, but funding has not been allocated for this effort in FY10. The subset of the A-Area Argus effort necessary to support security system operations within REEF is estimated to cost \$716K including overheads. This primarily consists of the installation of the Argus console at the Central Alarm Station, configuration of Argus host and sub-host computers, associated maps and database work, establishment of the A-Area Argus network, and the start-up and testing of the overall effort.

3. It is the desire of SRNS to significantly improve the SRS site's cyber security posture by continuing a phased implementation of the site's network switches by providing enhanced network admissions capability. Edge NAC switches will be installed in 126 buildings in FY2010.

Number	Exact date, periodicity,	Fee	Completion Criteria
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	frequency		
SRNS2010MGT -02.01	5/31/10	\$100,000	Submit final KAC Site Safeguards and Security Plan (SSSP) to DOE-SR OSSES
SRNS2010MGT -02.02	7/31/10	\$200,000	Install and startup the Argus components per the 8/2009 design required to manage the REEF physical security system
SRNS2010MGT -02.03	9/30/10	Up to \$300,000	Fee will be paid as follows: 10% for each group of 25 buildings up to 100 buildings; and 60% for the remaining 26 buildings

Contract Output: SRNS2010MGT-03

The contractor is required to maintain and manage to an accurate multi-year performance baseline, and provide a systematic project management system which provides cost estimating, scheduling, and risk for establishment and maintenance of an appropriate technical baseline.

Up to 9% of the Comprehensive PBI will be paid for Contract Output 3.

Description/Background/Justification:

The FY10-15 baseline will be continuously enhanced based on internal and external feedback. EVMS reporting will be formalized and routine corporate reviews will be standardized. Furthermore, SRNS will use existing hardware and expand the Cobra functionality to the rest of M&O site users. This will include full replacement of ICTS and STARS forecast functionality.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010MGT -03.01	12/31/09	\$500,000	Develop a contractor's EVMS that is in conformance with DOE O 413.3A and the American National Standards Institute/Electronic Industries Alliance (ANSI/EIA)-748, Earned Value Management System.
SRNS2010MGT -03.02	3/31/10	\$500,000	Expand COBRA cost processing application to all site users
SRNS2010MGT -03.03	9/30/10	\$200,000	Develop an integrated formal process that fully addresses risk management at SRNS.

Contract Output: SRNS2010MGT-04

The contractor will develop and implement innovative approaches and adopt practices that foster continuous improvement in accomplishing missions of the site. DOE expects the Contractor to produce effective and efficient business and technical management structures, systems, and operations that maintain high levels of safety and quality in accomplishing the work required under this contract.

The contractor will use a disciplined system of management and internal business controls to assure safeguarding of government funds and assets.

Up to 9% of the Comprehensive PBI will be paid for Contract Output 4.

Description/Background/Justification:

Continuous Improvement System

SRNS Process Excellence Department will provide comprehensive approach to define, prioritize, evaluate, and improve processes at SRS. CI is integral to the management strategy which will ensure the longevity and the viability of new missions at SRS. The execution of SRNS's Continuous Improvement Strategy turns an overwhelming collection of possibilities into a positive and actionable approach. A maturing CI culture will create a better place to work, a better use of taxpayer resources, and a more environmentally responsible, safe, secure, and energy efficient site.

Business Management Systems enabling Enterprise Integrated functionality

To support SRNS' site business transformation initiatives along with the multi-contractor environment, including the management service agreements, enhanced financial transparency is needed to support both operations and DOE reporting. The current IT technology and architecture have significant issues, which have been identified in the annual OMB-A-11 risk assessment results the past four years. In addition, there are significant needs for system changes to support the business changes required for the project execution of the FY10-15 baseline management.

Current software and hardware implementations are not cost effective, have continuing risk of failure, are inflexible, and are not aligned with the Office of Management and Budget (OMB) Federal Enterprise Architecture guidelines. These legacy applications developed over twenty years ago no longer support efficient, business processes compared to today's industry standards. To further exacerbate the situation, with the average age of the workforce over 51, technology risks increase when the existing technology experts retire, impacting the ability to sustain operations over the near future. Current systems require substantial resources to accommodate delivery of real time data in support of project schedule, financial budget and forecast decision making.

SRNS has planned a phased approach during FY10 and FY11 for these systems to include a path forward that will maximize risk reduction and cost savings. SRNS will analyze Business Systems for replacement to include Financial Management, Procurement/ Supply Chain, and Project Controls systems. DOE Records Management requirements will be integrated into new systems to mitigate risk from a functional and Vital Records perspective. SRNS has included this scope along with productivity improvements in the FY10 execution rates. The achievement of business driven productivity improvements supported by new technologies will be planned and executed where a positive return on investment can be demonstrated. SRNS will proceed in alignment with SRS Strategic Vision in support of the business mission, goals, and objectives. SRNS will include business stakeholders, organizations and processes. SRNS will reengineer core business functions to enhance strategic, supportable, and integrated business-enabling solutions.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010MGT-04.01	9/30/10	Up to \$200,000	Implement formal continuous improvement program.
SRNS2010MGT-04.02	9/30/10	\$1,000,000	Attain System Design Stage Exit business system upgrade project

Contract Output: SRNS2010MGT -05

Develop and implement an activity based cost approach relative to the budgeting and planning of SRNS overhead/indirect cost programs.

Up to 4% of the Comprehensive PBI will be paid for Contract Output 5.

Description/Background/Justification:

Improve the development of budget and planning estimates for the SRNS overhead/indirect programs.

During FY09, the Environmental Management program office commissioned a review of the SRNS overhead/indirect cost programs. The review resulted in several observations/recommendations relative to the planning, budgeting, and management of the SRNS overhead/indirect programs. Most notably, the team identified concern with the level of effort approach to developing budget/planning estimates, the use of unconstrained funding assumptions, lack of standardized methodology across overhead/indirect organizations, and lack of consistency/correlation with changes in the estimated direct work load.

Develop an overhead/indirect program budgeting and planning approach where cost estimates are developed using an activity based cost approach. Insure that cost estimates are developed consistently across all overhead/indirect organizations/pools. Insure that overhead/indirect programs are right-sized and cost estimates are developed consistent with and validated against planned contractual funding levels and expected future site direct workload requirements. Identify any resulting overhead/indirect funding shortfall and impact on program execution.

Number	Exact date, periodicity, frequency	Percent Fee	Completion Criteria
SRNS2010MGT -05.01	5/31/10	\$300,000	Develop, document, and deliver an overhead/indirect budget and planning process to DOE-SR
SRNS2010MGT -05.02	7/31/10	\$300,000	Implement the revised budget and planning process

Contract Output: SRNS2010MGT -06

Provide general planning, management and administrative services for all its activities and for other organizations as directed by the CO, including Real and personal property management.

Up to 2% of the Comprehensive PBI will be paid for Contract Output 6.

Description/Background/Justification:

As part of a establishing a viable maintenance management program, complete condition assessments on at least 20% of the mission critical facilities by the end of FY2010, and be on track to complete 20% of facilities each FY there after. A viable maintenance

management program would also include a work control system, management of deferred maintenance, a method to prioritize based on the overarching comprehensive plan, and systems to budget and track maintenance expenditures.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010MGT -06.01	9/30/10	\$200,000	Complete condition assessments on at least 20% of the mission critical facilities as part of a phased approach to perform condition assessments on all facilities within 5 years.

Acceptance Criteria

- SRNS2010MGT-01.01 Contractor monthly report measuring technical, cost, and schedule performance in accordance with contract requirements. The report will include identification of issues related to the above measurements, root cause analysis of those issues, corrective actions planned to remedy the issues, trending data and analysis.
- SRNS2010MGT-02.01 SRNS will provide the final KAC SSSP to DOE-SR
- SRNS2010MGT-02.02 SRNS will provide a copy of the Argus REEF acceptance test to DOE-SR
- SRNS2010MGT-02.03 SRNS will provide documentation of switch function testing.
- SRNS2010MGT-03.01 Validation of compliance with DOE O 413.3A and the American National Standards Institute/Electronic Industries Alliance (ANSI/EIA)-748, Earned Value Management System.
- SRNS2010MGT-03.02 Demonstrate availability to all site users, and validation report on random sample testing of users.
- SRNS2010MGT-03.03
1. Provide a revised Procedure: 2.62, Rev. 10 Project Risk and Opportunity Analysis from Manual E11 Conduct of Project Management and Control that addresses in detail the integration into the baseline of technical, programmatic, cost and schedule contingency.
 2. Provide Risk Management Plans per DOE G 4.13.3-7 Risk Management Guide as required to support the revised Risk Management Process.
 3. Provide a backup (validation) report and an integrated schedule that has both schedule and cost contingency incorporated.
 4. Report important risk and opportunities through the SRNS Risk Program to DOE.
 - a.) Provide on a monthly basis a list of risk and opportunities on the “watch list.”
 - b.) Provide summary report of Quarterly Meetings (e.g., PowerPoint presentations and meeting minutes).
 5. Provide a flow chart/organizational chart that shows a single organization (group) has overall responsibility for risk management.
- SRNS2010MGT-04.01
1. Divisional Continuous Improvement Experts (DCIE) Mentoring Model Established
 2. DCIEs Deployed
 3. Performance Dashboard for Key Business Metrics Created
 4. Continuous Improvement (CI) Equipping IPT Established

5. CI Project Tracking System Implemented
6. Continuous Improvement Agents (CIA) Training Curriculum Established
7. CIAs Identified and Deployed
8. CI Web Portal Containing Tools, Methods, and Resources for all CI Roles
9. Cost Savings Validation Process Established and Implemented
10. Financial validation and categorization of savings resulting from CI projects
11. Baseline changes incorporated as required
12. Contract implications coordinated through Contracting Officers
13. FY10 Annual CI Assessment
14. Complete Reintegration of 1st wave of DCIEs

SRNS2010MGT
-04.02

1. Conceptual Design Report has been completed and delivered to DOE for review
2. Complete Acquisition Strategy- Review acquisition strategy to ensure it includes necessary requirements analysis, alternative analysis, and procurement and contract plans. Ensure there is sufficient information to make management decisions and evaluate vendor proposals.
3. Ensure the full scope of the project has been adequately described in the Exhibit 300 Business Case and the High-level requirements meet the business need.
4. Ensure requirements account for DOE Records Management Specifications
5. A recommend solution has been selected from a range of alternatives. In accordance with DOE 413.3-14 Guidance.
6. Approval of Cost, Schedule, and Performance Baselines from DOE
 - a. Scope – WBS contains all project scope defined to levels sufficient to support detailed cost and schedule estimates.
 - b. Cost – Total Project Cost (TPC) established with 80-90 percent confidence of achieving cost baseline.
 - c. Schedule – Project completion date established with 80-90 percent confidence of achieving baseline completion date.
 - d. Design – Approximately 25- 30 percent of the total project design complete (with clear understanding of actions needed to complete final design).
 - e. Documentation – All baseline documentation should be complete and included in PEP.
7. Complete Functional Design Document template, submit for DOE Review
8. Complete System Design Document template , submit for DOE Review
9. Submit formal review of the System Design and supporting documentation for DOE Review

10. Provide all **applicable documentation** to validate System Design Phase completion.

Applicable Documentation Defined:

- a. Requirements Traceability Matrix (Draft and Expanded)
- b. Continuity of Operations Statement Plan
- c. Data Dictionary (Draft and Expanded)
- d. Requirements Specification
- e. Acceptance Test Plan (Draft)
- f. Project Plan (revised as applicable for each stage of Software Engineering Methodology/Software Development Life Cycle)
- g. Structured Walkthroughs
- h. Meet all conditions for Requirements Definition Stage Exit
- i. Logical Model
- j. Functional Design Document
- k. Complete Functional Design In-Stage Assessment
- l. Meet all conditions for Functional Design Stage Exit
- m. Physical Model
- n. Integration Test Plan
- o. System Test Plan
- p. Conversion Plan
- q. System Design Document
- r. Program Specifications
- s. Programming Standards
- t. Complete System Design In-Stage Assessment
- u. Meet all conditions for System Design Stage Exit

SRNS2010MGT -05.01 DOE receipt and acceptance of the revised overhead/indirect budget and planning process.

SRNS2010MGT -05.02 Demonstrate implementation of the revised overhead/indirect budget and planning process.

SRNS2010MGT -06.01 Condition assessment report; Condition assessment schedule for future years under base contract; Maintenance Management program assessment



Performance Fee Agreement

PBI Number: SRNS2010SI

Activity Name: Site Infrastructure

WBS Number: 1.29.01.04.02, 1.29.01.05.06.01, 1.29.01.05.06.02, 88.35.01.01.01.01,
88.35.05.01.01.04.04

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee: \$1,000,000.00

Revision Number: 0

Senior level manager name:
Karen Guevara

Senior level supervisor/division manager name:
Ben Gould

Performance Outcome:

The Contractor shall pursue site infrastructure re-investment projects and support the biomass projects to achieve mission goals and ensure a safe and secure workplace for all SRS personnel.

Contract Output: SRNS2010SI-01

Biomass Project Support. Meet all SRNS agreed upon scheduled milestones, activities and reviews to ensure successful construction and startup of the Biomass Cogeneration Facility and the K and L Area Heating Plants.

Description/Background/Justification:

The purpose of the new Biomass Cogeneration Facility and Heating Plants is to provide reliable steam while maximizing the use of a renewable energy source. The impacts associated with not successfully constructing and starting up these new facilities in a timely manner risk: (1) the inability to provide reliable steam to facilities such as the Tank Farms, DWPF, and K and L Areas, (2) not meeting target dates for deactivation of the 484-D powerhouse, and (3) additional delays in achievement of renewable energy goals outlined in current federal legislation. Site Infrastructure will be utilized as a technical agency to provide operational, technical, and logistical input on matters associated with the multitude of utility services, interfaces, and impediments to help ensure successful

execution of the project.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010SI-01.01A	9/30/2010	\$100,000	Facilitate onsite permit development and approval process
SRNS2010SI-01.01B	9/30/2010	\$400,000	Provide infrastructure liaison support (SME, CTM, etc.) that facilitates Ameresco's schedule by identifying, eliminating or mitigating impediments and facilitating GFSI
SRNS2010SI-01.01C	9/30/2010	\$400,000	Complete all scheduled infrastructure tie-ins/modifications per agreed to schedule
SRNS2010SI-01.01D	9/30/2010	\$100,000	Document reviews requested by DOE will be completed within agreed upon timeframe

Contract Output: SRNS2010SI-02

Site Infrastructure Re-Investment. This output uses a Super Stretch incentive to build, modernize, and/or maintain facilities and infrastructure to achieve mission goals and ensure and safe and secure workplace for all SRS personnel.

NOTE: The Performance Evaluation Measurement Plan (PEMP) defines Super Stretch as: A Super Stretch incentive motivates the contractor to significantly accelerate and accomplish more work than that incentivized by "Stretch" incentives. When the work is identified and authorized, it will be tied to an appropriate fee that is entirely funded from the savings to be realized from the contractor's achieved cost efficiencies in the performance of the funded work. The authorization to perform "Super-stretch" work is controlled by a Change Control Board to ensure that critical work is performed utilizing fund savings and resources prior to undertaking the Super-stretch Performance Fee Agreements. The fee associated with a Super-stretch Performance Fee Agreement is not included in the total available fee pool and is additive to it. Because the work and fee are entirely funded by Contractor identified savings, the fee amount established for a Super-stretch Performance Fee Agreement is generally higher than for a Base or Stretch Performance Fee Agreement. Super-stretch incentives require a cost model to demonstrate savings.

Description/Background/Justification:

The infrastructure mission is to efficiently configure and optimize SRS infrastructure to meet the 21st century stewardship programs. Although SRS is gaining new missions, the infrastructure is approaching 60 years old. In addition, over the past 10 years, funding for infrastructure repairs/replacements has declined considerably as budget pressures increased and funds were needed to support direct mission activities. New and existing missions can only be performed safely and efficiently with a reliable infrastructure in place. The Contractor will re-invest in Site Infrastructure through the implementation of upgrades as identified in the approved Infrastructure Mission Alignment Plans. The upgrades will include projects from the FY10 Infrastructure Systems List which are currently identified in the SRS FY10-FY15 baseline and emergent work that is performed relative to the improvement of the site infrastructure.

Number	Exact date, periodicity,	Fee	Completion Criteria
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	frequency		
SRNS2010SI- 02.01	Each	Up to 20% of estimated cost	Fee shall be awarded for each infrastructure project completed above the FY 10 funded infrastructure scope of work. These projects will be documented in a DOE letter of technical direction. For each completed project, fee will be awarded up to 20% of the estimated direct cost of the work.

Acceptance Criteria

- SRNS2010SI-01.01A DOE-SR will review SRNS document log of completed permit documentation activities
- SRNS2010SI-01.01B DOE-SR will review SRNS document log of reviewed impediments that have been identified and overcome, including documentation of specific mitigation activities
- SRNS2010SI-01.01C DOE-SR will conduct physical walkdown and final acceptance inspection of completed infrastructure tie-ins/modifications
- SRNS2010SI-01.01D DOE-SR will review SRNS document log of completed document reviews, including resulting feedback/recommendations/assistance
- SRNS2010SI-02.01 DOE-SR will conduct physical walkdown and final acceptance inspection of completed infrastructure project and/or completed work packages; additionally, the contractor shall provide documentation of cost estimating with analysis, and cost avoidance/savings scenarios identifying benefit to the government.



Performance Fee Agreement

PBI Number: SRNS2010NMS

Activity Name: Nuclear Materials Storage and Disposition

WBS Number: 1.29.20.01.01.02,1.29.20.01.03.02,1.29.20.02.01.01,
1.29.08.01.01

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee: \$10,000,000.00

Revision Number: 0

Senior level manager name:

Patrick McGuire

Senior level supervisor/division manager name:

Brenda Mills

Performance Outcome:

Receive, store, disposition and ship nuclear materials in a safe, secure, and stable form with the objective of reducing risk in DOE complex-wide facilities, foreign and domestic research facilities through non-proliferation, consolidation (plutonium [Pu], uranium [U], spent nuclear fuel [SNF]), stabilization and surveillance of nuclear materials.

Contract Output: SRNS2010NMS-01

Receive, store, characterize, and disposition surplus uranium materials and SNF.

Description/Background/Justification:

The Enriched Uranium Disposition (EUD) project is responsible for receiving, dissolving, processing, and blending the highly enriched uranium (HEU) metals, oxides, and SNF down to low enriched uranium (LEU). A significant amount of HEU processing and preparations for SNF processing will need to occur in FY10 in order to disposition 26 metric tons (MT) of heavy metal by 2019.

Up to 65% of the allocated PBI fee will be paid for Contract Output 1 as follows:

Number	Exact date, Fee periodicity, frequency	Completion Criteria
SRNS2010NMS		Begin dissolving irradiated spent nuclear

-01.01			fuel (SNF):
SRNS2010NMS	9/30/10	\$1,000,000	Complete L-Area preparations to ship SNF from L- Area to H-Canyon based upon a DOE letter of technical direction.
-01.01A			
SRNS2010NMS	9/30/10	\$1,500,000	Complete H Canyon preparations to receive and charge SNF based upon mutually agreed on scope of work.
-01.01B			
SRNS2010NMS	9/30/10	\$2,500,000	Charge first SNF material to H Canyon Dissolver
-01.01C			
SRNS2010NMS	9/30/10	Up to	Complete charging to the dissolver the balance/remainder of un-irradiated enriched uranium. The material to be processed will be documented in a DOE letter of technical direction. This quantity is currently estimated to be 600 kgs of HEU). (5% of fee {up to 15% of PBI fee} for each 200 kgs dissolved). If less than 600 kgs of HEU is available, up to 15% of this PBI fee will be paid upon completion of all available HEU.
-01.02		\$1,500,000	

Contract Output: SRNS2010NMS-02

Receive, store, characterize, and disposition surplus plutonium materials.

Description/Background/Justification:

HB-Line is scheduled to process surplus plutonium materials and transfer the plutonium solution to the Defense Waste Processing Facility for disposition. Plutonium oxide removed from 3013 container is repackaged and temporarily stored in K-Area until it is shipped to HB-Line for processing. HB Line will also process other surplus plutonium materials.

Up to 25% of the allocated PBI fee will be paid for Contract Output 2 as follows:

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010NMS			Dissolve Pu material currently stored or received in K-Area:
-02.01			
SRNS2010NMS	9/30/10	Up to	The first 70kgs charged to HBL dissolver (1% of fee {up to 5% of PBI fee} for each 14 kgs charged to the dissolver)
-02.01A		\$500,000	
SRNS2010NMS	9/30/10	Up to	An additional 20kgs charged to HBL dissolver (1% of fee {up to 5% of PBI fee}
-02.01B		\$500,000	

SRNS2010NMS -02.01C	9/30/10	\$200,000	for each 4 kgs charged to the dissolver) An additional 20kgs charged to HBL dissolver (1% of fee {up to 2% of PBI fee} for each 10kgs charged to the dissolver)
SRNS2010NMS -02.02			Receive and disposition Hanford Low Activity (LAP) materials
SRNS2010NMS -02.02A	11/30/09	\$500,000	Complete first receipt of LAP material in H-Area (5% of PBI fee)
SRNS2010NMS -02.02B	9/30/10	\$500,000	Complete charging LAP material upon receipt of last shipment . (5% of PBI fee)
SRNS2010NMS -02.03			K-Area Purification Area Vault (PAV)
SRNS2010NMS -02.03A	9/30/10	\$300,000	Submit CD2B &3B in accordance with DOE 413.3A Chg. 1 requirements.

Contract Output: SRNS2010NMS-03

Execute the 9975/3013 Surveillance Program.

Description/Background/Justification:

The SRS 9975/3013 surveillance program includes the K-Area Interim Surveillance (KIS) process and provides the capability to perform non-destructive evaluations (NDE) and destructive evaluations (DE) capabilities of 9975/3013 containers. The NDEs and DEs provide objective evidence that Pu can be safely stored in accordance with DOE standards.

Up to 5% of the allocated PBI fee will be paid for Contract Output 3 as follows:

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010NMS -03.01	9/30/10	4 groups of 10 surv., and 1 group of 12 surv. @ \$100,000 Up to \$500,000 for 52 surv.	Complete 18 DE surveillances and 34 NDE surveillances. 1% of fee {up to 5% of PBI fee} for each of the first four groups of 10 surveillances completed, and a final group of 12 surveillances (52 total surveillances are planned for FY10).

Contract Output: SRNS2010NMS-04

Receive and store Foreign and Domestic Research Reactor SNF.

Description/Background/Justification:

The Savannah River Site (SRS) L-Area Complex (LAC) receives and stores spent nuclear fuel in L Basin in support of the Department’s non-proliferation mission. In addition to the fuel already stored onsite, the Sent Fuel Program will receive SNF from foreign and domestic reactors. SRNS will support the receipt of spent nuclear fuel per the Receipt and Unloading Schedule Agreement signed by SRNS and DOE. See Attachment E, Receipt and Unloading Schedule Agreement.

Up to 5% of the allocated PBI fee will be paid for Contract Output 4 as follows:

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010NMS -04.01	Quarterly	Up to \$125,000 (quarterly); Up to \$500,000 (annually)	Safely and securely receive and unload FRR and DRR fuel with up to 1.25% fee to be paid every quarter (up to 5% annual) that the mutually agreed upon receipt and handling schedule agreement is met for delivery or unloading is completed during the quarter.

Contract Output: SRNS2010NMS -05

Facility life extension: This will be a Super Stretch incentive.

NOTE: The Performance Evaluation Measurement Plan (PEMP) defines Super Stretch as: A Super-Stretch incentive motivates the contractor to significantly accelerate and accomplish more work than that incentivized by “Stretch” incentives. When the work is identified and authorized, it will be tied to an appropriate fee that is entirely funded from the savings to be realized from the contractor’s achieved cost efficiencies in the performance of the funded work. The authorization to perform “Super-stretch” work is controlled by a Change Control Board to ensure that critical work is performed utilizing fund savings and resources prior to undertaking the Super-stretch Performance Fee Agreements. The fee associated with a Super-stretch Performance Fee Agreement is not included in the total available fee pool and is additive to it. Because the work and fee are entirely funded by Contractor identified savings, the fee amount established for a Super-stretch Performance Fee Agreement is generally higher than for a Base or Stretch Performance Fee Agreement. Super-stretch incentives require a cost model to demonstrate savings.

Description/Background/Justification:

Continuing operations increases the risk that an unplanned failure of a system, structure or component (SSC) that support nuclear material operations. Many SSCs are old and are very expensive to replace and flat funding for infrastructure upgrades has limited the amount of spares that can be kept in inventory.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010NMS -05.01	Each	Up to 20% of estimated cost	Fee shall be awarded for each system, structure or component (SSC) replaced/upgraded above the FY10 baseline

scope of work. These SSCs and estimated cost will be documented in a DOE letter of technical direction. For each SSC completed, fee will be awarded up to 20% of the estimated direct cost of the work.

Acceptance Criteria

- SRNS2010NMS -01.01A Verify L-Area Authorization Agreement for SNF shipments to H-Area is approved prior to September 30, 2010.
- SRNS2010NMS -01.01B Verify H-Area Authorization Agreement for spent fuel processing is approved prior to September 30, 2010.
- SRNS2010NMS -01.01C Documentation that a SNF shipment, stored in the L-Area wet basin, was shipped from L-Area in a refurbished 70 Ton Cask, and began dissolution in H Canyon by the end of FY10.
- SRNS2010NMS -01.02 Physical inspection of charging log.
- SRNS2010NMS -02.01A Physical inspection of dissolver log.
- SRNS2010NMS -02.01B Physical inspection of dissolver log.
- SRNS2010NMS -02.01C Physical inspection of dissolver log.
- SRNS2010NMS -02.02A Complete physical inspection of shipment.
- SRNS2010NMS -02.02B Physical inspection of dissolver log.
- SRNS2010NMS -02.03A Submittal of CDs to DOE-SR
- SRNS2010NMS -03.01 Completion includes validation operations log of DE and NDE completed and validation of Surveillance Program Authority (SPA) Data Set 1 parameters for the DE samples.
- SRNS2010NMS -04.01 Validation of Cask Data Sheets for casks received and unloaded against the Receipt and Unloading Schedule Agreement.
- SRNS2010NMS -05.01 Physical walk down of installed, of SSC and / or evaluation of work completed packages; additionally, the contractor shall provide documentation of cost estimating with analysis, and cost avoidance/savings scenarios identifying benefit to the government.



Performance Fee Agreement

PBI Number: SRNS2010SRNL

Activity Name: Savannah River National Laboratory (SRNL)

WBS Number: Multiple

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee: \$3,500,000

Revision Number: 0

Senior level manager name:
Karen Hooker

Senior level supervisor/division manager name:
Patrick Jackson

Performance Outcome:

SRNL's three-fold mission is to enable the success of SRS and the Office of Environmental Management (EM) operations and projects, to provide technical leadership for future site missions, and to utilize its technical expertise to provide vital national and regional support in achieving the broader goals of DOE and the federal government. The vision for SRNL is to be the nation's premier applied science laboratory in Environmental Management, National & Homeland Security, and Energy Security. A primary goal is to position SRNL into a financially sustaining, distinct business unit.

Contract Output: SRNS2010SRNL -01

Book new revenue (Total Project Cost) of at least \$60M in FY 2010. (Site M&O work scope performed by SRNL will not be included) and provide quality performance.

Up to 40% of the allocated PBI fee will be paid for Contract Output 1

Description/Background/Justification:

In order to make progress towards become a financially sustaining entity and to stimulate growth, SRNL must increase its funding. SRNL is expected to increase their effectiveness as EM's Corporate Laboratory across the EM complex. As a National Laboratory, SRNL is also expected to use their technical expertise to provide vital regional and national support in promoting the broad goals of the Department and the Federal Government. SRNL is expected to increase its revenue in the areas of Environmental Management, National and Homeland Security, and Energy Security as well as new emerging areas in R&D.

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010SRNL-01.01	9/30/2010	Up to: \$900,000	The contractor shall provide quarterly summary reports demonstrating revenue. Fee for this completion criteria is based on the range below: <ul style="list-style-type: none"> • New Booked Revenue of at least \$60M (55%) • New Booked Revenue of at least \$63M (70%) • New Booked Revenue of at least \$66M (85%) • New Booked Revenue of at least \$70M (100%)
SRNS2010SRNL-01.02	9/30/2010	\$500,000	The contractor shall provide objective evidence demonstrating satisfactory completion of quality products and provision of services to reduce the technical risks of EM operations and projects.

Contract Output: SRNS2010SRNL -02

Position SRNL to be a distinct business unit and increase laboratory activities to stimulate growth of the Laboratory.

Up to 30% of the allocated PBI fee will be paid for Contract Output 2.

Description/Background/Justification:

Growth will support SRNL evolution to a sustainable, stand-alone business unit. The Contractor shall operate SRNL as a defined work activity within the overall contract structure so that it will be positioned to be responsive to future DOE requirements. The defined work activity shall include, but not be limited to, budget, real estate, personnel resources, quality assurance, engineering, radiological control and program controls necessary to conduct research and development, technology transfer, operations, and maintenance. The Action Plan had a number of actions that are included in the Completion Criteria below. SRNL shall become the premier applied science laboratory in areas of Environmental Management, National and Homeland Security, and Energy Security by delivering world class innovative performance. A Strategic Plan and Action Plan were developed to plan and implement growth for SRNL and delivered to DOE-SR in July, 2009 as an FY09 PBI.

Number	Exact date, periodicity,	Fee	Completion Criteria
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	frequency		
SRNS2010SRNL -02.01	9/30/2010	\$420,000	Accelerate Phase 2 of the Separate and Distinct Business Plan by completing seven make vs. buy analyses from list of ten in Attachment 1 and show physical progress by reversing matrix organization alignment
SRNS2010SRNL -02.02	9/30/2010	\$315,000	Complete all FY 2010 milestones identified in the Integrated Action Plan (Attachment 2)
SRNS2010SRNL -02.03	9/30/2010	\$315,000	Complete the following FY 2011 milestones identified in the Integrated Action Plan <ul style="list-style-type: none"> • Plan for Joint Appointments • Plan to facilitate appropriate interactions with foreign nationals and benchmark National Laboratory practices for interfacing with foreign nationals

Contract Output: SRNS2010SRNL -03

Enhanced SRNL Infrastructure

Up to 30% of the allocated PBI fee will be paid for Contract Output 3.

Description/Background/Justification:

Number	Exact date, periodicity, frequency	Fee	Completion Criteria
SRNS2010SRNL -03.01	9/30/2010	Up to \$525,000	Build, modernize, and/or maintain facilities and infrastructure to achieve mission goals and ensure a safe and secure workplace on Attachment 3. Fee for this completion criteria is based on the range below: <ol style="list-style-type: none"> a. Complete Ventilation Systems (40%) b. Complete Ventilation Systems and Roofs (60%) c. Complete Ventilation Systems, Roofs and Elevators (100%)
SRNS2010SRNL -03.02	9/30/2010	\$175,000	Secure for SRNL use an additional 7,000 sq ft of office and/or laboratory space suitable to support additional business scope
SRNS2010SRNL -03.03	9/30/2010	\$350,000	In preparation for an FY2012 project start, complete the following documents for a proposed capital project as identified in the SRNL Infrastructure Plan (July 2009): <ol style="list-style-type: none"> a. Statement of Mission Need b. Estimate and Budgets for Pre-Conceptual Design c. Systems Engineering Study of the High-Level Functions and Requirements

- d. Technical Task Request**
- e. Pre-Conceptual Design Schedule and
Range of Assumptions**
- f. Preliminary Risk and Opportunity Analysis**

Acceptance Criteria

SRNS2010SRNL -01.01	Review and evaluate all work authorization documentation quarterly with SR CFO Organization. Work authorized by DOE Contracting Officer and funds obligated to the contract.
SRNS2010SRNL- 01.02	Review of implementation of requirements into flow sheets, technology development and deployment documentation as requested by the government.
SRNS2010SRNL -02.01	Review and evaluation of all completed documents supporting milestone completion
SRNS2010SRNL -02.02	Physical validation of completion and document in SIMTAS
SRNS2010SRNL -02.03	Review and evaluation of all completed documents supporting milestone completion
SRNS2010SRNL -03.01	DOE-SR review of Final Acceptance Inspection
SRNS2010SRNL -03.02	Review and evaluation of documents verifying additional SRNL office and/or laboratory space suitable to support additional business scope
SRNS2010SRNL -03.03	Review and evaluation of submitted documents to support line item project

ATTACHMENT 1:

1. Computing Infrastructure
 - a. PC/Help Desk/Network
 - b. Main Frame/UNIX
 - c. Programming Support
2. Infrastructure O&M
 - a. Specialty Test and Repair
 - b. Diesel/Breaker Maintenance
 - c. Rigging/Load Inspections
 - d. Design/Construction Services
 - e. Specialty Services
3. Transportation and Trucking
 - a. Waste hauling/Heavy Equipment
 - b. PECMC/General Transportation
4. Site General Services
 - a. Procurement
 - b. Asset Management
 - c. Facility Specific Training
 - d. Food/Janitorial/Laundry
5. Safeguards and Security
 - a. Material Control and Accountability
6. Environmental Services
 - a. Regulatory Compliance
 - b. Waste Management
 - c. NEPA/NPDES
 - d. Environmental Monitoring
 - e. Air Quality
7. Management & Business Services
 - a. Financial
 - b. Planning and Estimating
 - c. Legal
 - d. Contracts/Subcontracts
 - e. Human Capital
 - f. Public Relations
 - g. Records Management
 - h. Publications
 - i. Site Policies and Procedures
 - j. Oversight
8. Safety & Health
 - a. Site Safety/IH
 - b. Industrial Hygiene
 - c. Respiratory Protection
9. Radiological Protection
 - a. Regulatory Technology
 - b. Training/Field Support
10. Engineering Services
 - a. Design Engineering
 - b. Policies/Procedures
 - c. Safety/Criticality
 - d. Geotechnical Services
 - e. Fire Protection Services
 - f. Systems Engineering
 - g. Process Hazards

ATTACHMENT 2:

Detailed completion criteria for Contract Output 2 from the Integrated Action Plan

Actions to be completed by 12/31/2009:

1. NRC Business Plan for technical support.
2. Complete Modular Secure Facility.
3. Plan for benchmarking technology transfer.
4. Start metrics reporting for technology transfer.
5. Establish SRNL visual branding.
6. Start metrics reporting for University relations.
7. Start metrics reporting for Research Recruiting.

Actions to be completed by 3/31/2010:

1. Develop proposal to establish an integrating/coordinating role for EM Performance Assessments.
2. SRNL Human Capital Plan.
3. 5 Year High Performance Computing Strategic Plan.

Actions to be completed by 6/30/2010:

1. CRADA Process Improvement Plan.
2. Update Deferred Maintenance List.

Action to be field work complete by 7/31/2010 (does not include paper closeout):

1. Complete REEF FBI Forensics Facility. Project # Y486

Actions to be completed by 9/30/2010:

1. Complete initial demonstration of at-tank/near-tank HLW treatment technology.
2. Complete fermentation studies for cellulosic ethanol pilot plant.
3. Collaboration agreements established with universities.
4. Update Infrastructure Plan.
5. Status and update Separate and Distinct Business Unit Plan for Phase 2.

ATTACHMENT 3:

<u>Project Number</u>	<u>Project Title</u>	<u>Location</u>	<u>Project Total (\$K)</u>
VENTILATION SYSTEMS			
Y189	Restoration of E-Wing Ventilation Systems- 773A (DNFSB 2004-2)	773-A	\$1,900
LF0618	Replace B-Wing HAD Exhaust Filter Housing, 773-A	773-A	\$300
			\$2,200
ROOFS			
LF0506	Replace 735-A, D-Wing Facility Roof	735-A	\$400
LF0929	Replace 735-A, C-Wing (new section) Roof	735-A	\$300
			\$700
ELEVATORS			
RW769097	Elevator Cylinder Replacement, Section A -773-A	773-A	\$350
RW769079	Elevator Cylinder Replacement, Section B - 773-A	773-A	\$300
LF0504	Elevator - 773-A, Sections C & D - Cylinder Replacements	773-A	\$750
LF1118	Replace Controls - 773-A Sections A, B, C & D Elevators	773-A	\$600
			\$2,000
		Total	\$4,900



Performance Fee Agreement

SRNS2010NNP

Part A: Description of performance

PBI Number: SRNS2010NNP

Activity Name: Nuclear Nonproliferation Program

WBS Number:

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee: Objective Amount: Subjective Amount:
\$8.57M

Revision Number: 0

Contractor

U.S. Department of Energy

Senior level manager name:

Senior level manager name:

Bill Clark

Senior level supervisor name:

Senior level supervisor/division manager name:

Technical Representative name:

Technical Reviewer:

Virginia Kay, Clay Ramsey, Scott Cannon, Tom Cantey

Administrative POC:

Administrative POC:

Lauren Wabbersen, Alejandro Baez

Performance Outcome:

Provide cost-effective management and technical support to the Nuclear Non-proliferation Programs so that the program is executed within the Performance Management Baselines and in accordance with DOE Order 413.3A and other applicable DOE directives, regulations, and requirements. Specific Contract Output measures and completion criteria are contained in the PBI description (Part B). A Multi-Year PBI for performance on the WSB project is described in Part C.

Contract Output: SRNS2010NNP-01

Safely execute the construction of the Waste Solidification Building (WSB) in accordance with the approved Performance Management Baseline, on a schedule which supports the need date of the Mixed Oxide Fuel Fabrication Facility, and in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

Number	Value	Indicator
SRNS2010NNP-1A	\$640,000	a. Complete the Final Basement Pour for the



Performance Fee Agreement

SRNS2010NNP

main structure of the Waste Solidification Building by March 31, 2010.

SRNS2010NNP-1B	\$960,000	Complete wall placement for the main structure of the Waste Solidification Building in accordance with the BOP subcontractor's placement schedule by September 30, 2010.
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Contract Output 2: SRNS2010NNM-02

Oversee the fabrication, delivery and interim storage of the following SRNS procured long lead equipment such that the items are available to support the Balance of Plant subcontractor's installation schedule and are procured in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

SRNS2010NNP-2A	\$650,000	Key SRNS procured long lead equipment will be fabricated and delivered to SRS by December 31, 2009.
SRNS2010NNP-2B	\$650,000	Key SRNS procured long lead equipment will be fabricated and delivered to SRS by March 31, 2010.
SRNS2010NNP-2C	\$940,000	Key SRNS procured long lead equipment will be fabricated and delivered to SRS by September 30, 2010.

Contract Output 3: SRNS2010NNP-3

Safely execute the Waste Solidification Building project activities in a cost effective manner and on the schedule necessary to meet the MFFF need date and in accordance with the requirements of ASMS NQA-1-2000 (or successor as invoked).

SRNS2010NNP-3A	\$512,000	Engineering support, coordination and response for the BOP subcontractor are provided in a timely manner and ensure the project is constructed to appropriate codes and standards. \$90,000 at the end of each quarter.
SRNS2010NNP-3B	\$512,000	The WSB Project is executed with a Cost Performance Index (cumulative) of 0.93 or greater. \$90,000 at the end of each quarterly.
SRNS2010NNP-3C	\$512,000	The WSB Project is executed with a Schedule Performance Index (cumulative) of 0.93 or greater. \$90,000 at the end of each quarter.



Performance Fee Agreement

SRNS2010NNP

Contract Output 4: SRNS2010NNP-4

Oversee the design, fabrication, delivery and interim storage of the cementation process equipment. Ensure the equipment is available to support the Balance Plant subcontractor's installation schedule and is procured in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

SRNS2010NNP-4A	\$380,000	Complete the design of the cementation equipment by September 30, 2010.
SRNS2010NNP-4B	\$380,000	Progress on the fabrication and delivery of the cementation equipment supports the Balance of Plant subcontractor's schedule by September 30, 2010.
SRNS2010NNP-4C	\$132,000	The cementation drum handling equipment will be fabricated and delivered to SRS on a schedule which supports installation, by September 30, 2010.
SRNS2010NNP-4D	\$132,000	Testing of the DOT-7A drums is completed by September 30, 2010.

Contract Output 5: SRNS2010NNP-5

Safely execute SRNS assigned work on the MOX Fuel Fabrication Facility (MFFF) project in accordance with approved cost and schedule baselines for the PDP electrical substation or contained in authorized Work Task Agreements.

SRNS2010NNP-5	\$600,000	Fee will be paid providing timely support for the MFFF project in accordance with the integrated project schedule.
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Contract Output 6: SRNS2010NNP-6

Execute SRNS assigned work related to NNP Common Technologies and associated work activities by providing cost-effective support for those activities common to the nonproliferation program and projects.

SRNS2010NNP-6	\$70,000	Fee will be paid for executing assigned work related to the Nuclear Nonproliferation Common Technologies and associated work activities.
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Contract Output 7: The SRNS PDCF manipulator, canning and system integration efforts extend beyond FY10 as they deliver products which are tied to construction and testing activities in the Integrated Project Schedule (IPS). For Fy10, this Contract Output supports the longer range, multi-year efforts, by establishing and meeting near term (FY10) milestones.

SRNS2010NNP-7A	\$152,250	Complete the PDCF Manipulator Final
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Performance Fee Agreement

SRNS2010NNP

Page 4 of 21

		Design and issue the PDCF Manipulator Final Integrated Design, PDCF IPS Milestone W24502GBBZ, scheduled for May 26, 2010.
SRNS2010NNP-7B	\$304,500	Satisfactorily complete 3013 qualification tests for the PDCF 3013 inner can with the results of the PDCF inner can qualification effort documented in a PDCF 3013 Inner Can Qualification Report and meet NQA-1 requirements. (PDCF IPS Activity W24501XDOL, scheduled for September 23, 2010). SRNL is performing a re-qualification of the 3013 Inner can for the PDCF Project. This re-qualification is required because the PDCF 3013 inner can design required changes from the previously qualified design, to accommodate a larger PDCF Convenience Can.
SRNS2010NNP-7C	\$68,250	Establish the Safety Control System Standardization and Quality Assurance tools and document them in a report to NNSA. Reference IPS activity W45505DE20 scheduled for completion on May 7, 2010.

Contract Output 8: SRNS2010NNP-8

Execute the SRNS PDCF activities in compliance with DOE Order 413.3a and assistance from DOE O 413.3 guides, along with all contractual requirements in a quality, responsive, cost effective manner in accordance with the PDCF Integrated Project Schedule (IPS).

SRNS2010NNP-8A	\$195,000	Safety and Security: Completion Criteria in PBI
SRNS2010NNP-8B	\$195,000	Customer/Stakeholder Responsiveness: Completion Criteria in PBI
SRNS2010NNP-8C	\$195,000	Contractor Assurance: Completion Criteria in PBI
SRNS2010NNP-8D	\$195,000	Conduct of Project Management: Completion Criteria in PBI
SRNS2010NNP-8E	\$195,000	Conduct of Engineering: Completion Criteria in PBI

SRNS2010NNP

Complete objective evaluation criteria prior to approval. Objective and subjective evaluation criteria will be used to document review and acceptance of this performance fee agreement.



Performance Fee Agreement

SRNS2010NNP

Page 5 of 21

Evaluation Criteria:
(Objective)

Evaluation Criteria:
(Subjective)

Description



Performance Fee Agreement

SRNS2010NNP

Page 6 of 21

Part B: Specific Contract Measures/Criteria for NNP Activities

PBI: SRNS2010NNP: Nuclear Nonproliferation Program
Performance Period: October 1, 2009 – September 30, 2010
Allocated Fee: \$8,570,000

Rev. 0: August 24, 2009

Performance Outcome: Provide cost-effective management and technical support to the Nuclear Nonproliferation Programs so that the program is executed within the Performance Management Baselines and in accordance with DOE Order 413.3A and other applicable DOE directives, regulations, and requirements.

\$6,400,000 of the Nuclear Nonproliferation PBI will be paid for the construction of the WSB.

WBS: 01.25.60.01.02

Contract Output 1: Safely execute the construction of the Waste Solidification Building (WSB) in accordance with the approved Performance Management Baseline, on a schedule which supports the need date of the Mixed Oxide Fuel Fabrication Facility, and in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

25% (\$1,600,000) of the allocated fee for the construction of the WSB will be earned as follows:

1A. Complete the Final Basemat Pour for the main structure of the Waste Solidification Building by March 31, 2010 (\$640,000)

Completion Criteria:

1. Correctly install all reinforcing steel mats, embedded piping, and plate embeds.
2. Remove all concrete forms for the basemat and complete backfill where required.
3. Complete all records documenting the completion of the subject activities in accordance with the applicable requirements.

Assumptions:

1. Funding is available to support the Balance of Plant (BOP) contract execution.
2. Block-outs are allowed for equipment installation and ease of construction.



Performance Fee Agreement

SRNS2010NNP

Page 7 of 21

3. The scope does not include any concrete pours associated with adjacent structures or facilities, i.e., diesel generator pad, chemical unloading, etc.
4. The completion date is based on the construction subcontractor's submitted 60-day schedule. Should the subcontractor propose a schedule modification that does not impact the construction critical path, the fee associated with this contract measure will be paid upon completion of basemat construction.

Government Furnished Services / Items:

1. None identified

1B. Complete wall placements for the main structure of the Waste Solidification Building in accordance with the BOP subcontractor's placement schedule by September 30, 2010. (\$960,000)

Completion Criteria:

1. Correctly install all reinforcing steel mats, embedded piping, and plate embeds.
2. Remove all concrete forms where required.
3. Complete all records documenting the completion of the subject activities in accordance with the applicable requirements.

Assumptions:

1. Funding is available to support the Balance of Plant contract execution.
2. Block-outs are allowed for equipment installation and ease of construction.
3. The scope does not include any concrete pours associated with adjacent structures or facilities, i.e., diesel generator pad, chemical unloading, etc.
4. The completion date is based on the construction subcontractor's submitted 60-day schedule. Should the subcontractor later propose a schedule modification that does not impact the construction critical path; e.g., leaving a construction opening not previously planned, this contract measure will be considered complete.

Government Furnished Services / Items:

1. None identified

Contract Output 2: Oversee the fabrication, delivery and interim storage of the following SRNS procured long lead equipment such that the items are available to support the Balance of Plant subcontractor's installation schedule and are procured in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).



Performance Fee Agreement

SRNS2010NNP

Page 8 of 21

35% (\$2,240,000) of the allocated fee for the construction of the WSB will be earned as follows:

2A. Key SRNS procured long lead equipment will be fabricated and delivered to SRS by December 31, 2009 (\$650,000)

Completion Criteria:

1. All reinforcing steel required for the Waste Solidification Building main structure basemat will be received for the Balance of Plant subcontractor use to support the installation schedule.
2. The floor drain tank will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor to support the subcontractor's installation schedule.
3. The substation will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor by 12/31/2009

Assumptions:

1. The reinforcing steel received will only be that reinforcing steel required for the current approved design. This will not include additional reinforcing steel procured over and above the current design requirements or reinforcing steel required for approved design modifications unless required by the Balance of Plant subcontract.
2. The floor drain tank will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.
3. The substation will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule. In addition,



Performance Fee Agreement

SRNS2010NNP

Page 9 of 21

receipt must be accomplished by 12/31/2009, or prior to revised energy efficiency requirements entering into effect, such that there is no cost impact to the project.

Government Furnished Services / Items:

1. None identified

2B. Key SRNS procured long lead equipment will be fabricated and delivered to SRS by March 31, 2010 (\$650,000)

Completion Criteria:

1. All laboratory and sampling gloveboxes for the Waste Solidification Building will be received and receipt inspected for the Balance of Plant subcontractor use to support the installation schedule.
2. The HEPA filter housings will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor to support the subcontractor's installation schedule.
3. The active confinement ventilation system (ACVS) exhaust fans will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor to support the subcontractor's installation schedule.

Assumptions:

1. The laboratory and sampling gloveboxes will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.
2. The HEPA filter housings will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that



Performance Fee Agreement

SRNS2010NNP

Page 10 of 21

receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.

3. The ACVS exhaust fans will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.

Government Furnished Services / Items:

1. None identified

2C. Key SRNS procured long lead equipment will be fabricated and delivered to SRS by September 30, 2010 (\$940,000)

Completion Criteria:

1. All process tanks, including in-tank process equipment, for the Waste Solidification Building will be received and receipt inspected for the Balance of Plant subcontractor use to support the installation schedule.
2. Both evaporators will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor to support the subcontractor's installation schedule.
3. The motor control centers will be fabricated, delivered and receipt inspected for the Balance of Plant subcontractor to support the subcontractor's installation schedule.

Assumptions:

1. The process tanks will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.



Performance Fee Agreement

SRNS2010NNP

Page 11 of 21

2. Both evaporators will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.
3. The motor control centers will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery to the Balance of Plant subcontractor if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure will be deferred until such time that receipt inspection is complete and the equipment is available to be provided to the Balance of Plant subcontractor on the needed schedule.

Government Furnished Services / Items:

1. None identified
-

Contract Output 3: Safely execute the Waste Solidification Building project activities in a cost effective manner and on the schedule necessary to meet the MFFF *need* date and in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

24% (\$1,536,000) of the allocated fee for the construction of the WSB will be earned as follows:

1. \$512,000 of the allocated fee for this contract output may be earned for completion of criteria 1. NNSA will provide a periodic evaluation of SRNS' performance with respect to this completion criterion as part of the normal contractor evaluation process. Award fee payments will be made quarterly based on an overall acceptable performance for the quarter as determined by NNSA.



Performance Fee Agreement

SRNS2010NNP

Page 12 of 21

2. \$512,000 of the allocated fee for this contract output may be earned for completion of criteria 2. The cumulative Project Cost Performance Index will be reviewed by NNSA monthly. Award fee payments will be made quarterly based on cumulative Project Cost Performance Index at the end of each quarter.
3. \$512,000 of the allocated fee for this contract output may be earned for completion of criteria 3. The cumulative Project Schedule Performance Index will be reviewed by NNSA monthly. Award fee payments will be made quarterly based on cumulative Project Schedule Performance Index at the end of each quarter.

Completion Criteria:

1. Engineering support, coordination and responses for the BOP subcontractor are provided in a timely manner and ensure the project is constructed to appropriate codes and standards (\$128,000 at the end of each quarter)
2. The WSB Project is executed with a Cost Performance Index (cumulative) of 0.93 or greater (\$128,000 at the end of each quarter)
3. The WSB Project is executed with a Schedule Performance Index (cumulative) of 0.93 or greater (\$128,000 at the end of each quarter)

Assumptions:

1. Construction activities associated with other NNSA contractors will not unduly affect the work on the Waste Solidification Building. SRNS has the responsibility for adequately coordinating and integrating the WSB scope of work with other entities on-site.
2. Funding is available to complete the task.

Government Furnished Services / Items:

1. None identified.

Contract Output 4: Oversee the design, fabrication, delivery and interim storage of the cementation process equipment. Ensure the equipment is available to support the Balance of Plant subcontractor's installation schedule and is procured in accordance with the requirements of ASME NQA-1-2000 (or successor as invoked).

16% (\$1,024,000) of the allocated fee for the construction of the WSB will be earned as follows:

4A. Complete the design of the cementation equipment by September 30, 2010 (\$380,000)

Completion Criteria:



Performance Fee Agreement

SRNS2010NNP

Page 13 of 21

1. The design of the cementation equipment meets the requirements of the applicable performance specification, codes and standards.
2. All comments and changes identified during design reviews have been incorporated and/or resolved.
3. Completion of the design supports subsequent contract activities consistent with the Balance of Plant subcontractor's schedule.

Assumptions:

1. None

Government Furnished Services / Items:

1. None identified

4B. Progress on the fabrication and delivery of the cementation equipment supports the Balance of Plant subcontractor's construction schedule by September 30, 2010 (\$380,000)

Completion Criteria:

1. Fabrication of the cementation equipment is proceeding on schedule to support testing, receipt and installation by September 30, 2010 (\$380,000)

Assumptions:

1. The cementation equipment (4 units) will be fabricated and delivered based on the Balance of Plant subcontractor's schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure may be deferred until such time that receipt inspection is complete and the equipment is available on the needed schedule.
2. Should delivery of the cementation not occur during FY2010, NNSA will determine the adequacy of progress at the end of FY2010 and based on this determination award an equivalent progress payment against the PBI fee pool. It should be noted that a key point of that determination will be potential cost impacts on the Balance of Plant subcontract based on evaluation of the to-go activities and anticipated receipt of equipment.



Performance Fee Agreement

SRNS2010NNP

Page 14 of 21

Government Furnished Services / Items:

1. None identified

4C. The cementation drum handling equipment will be fabricated and delivered to SRS on a schedule which supports installation, by September 30, 2010 (\$132,000)

Completion Criteria:

1. The cementation equipment vendor has submitted the detailed design for review.
2. A formal design review has been completed and comments transmitted to the vendor.
3. Comments have been incorporated and the design accepted by SRNS.
4. The equipment has been fabricated, delivered and receipt inspected to support the Balance of Plant subcontractor's construction schedule.

Assumptions:

1. The drum handling equipment will be fabricated and delivered based on the Balance of Plant subcontractor's construction schedule, providing that date is no sooner than the scheduled delivery date in the approved CD2/3 package submittal. There will be no award fee penalty for late delivery if the delivery date is rescheduled at the request of the Balance of Plant subcontractor and/or if the rescheduled date does not impact project cost or the critical path completion. However, in the event of a rescheduled date, payment under this contract measure may be deferred until such time that receipt inspection is complete and the equipment is available on the needed schedule

Government Furnished Services / Items:

1. None identified

4D. Testing of the DOT-7A drums is completed by September 30, 2010 (\$132,000)

Completion Criteria:

1. All testing requirements have been identified.
2. All necessary testing has been completed and satisfactorily meets applicable requirements.

Assumptions:



Performance Fee Agreement

SRNS2010NNP

Page 15 of 21

1. None

Government Furnished Services / Items:

1. None

\$600,000 of the Nuclear Nonproliferation PBI will be paid providing timely support for the MFFF project in accordance with the integrated project schedule.

WBS: 01.25.60.03

Contract Output 5: Safely execute SRNS assigned work on the MOX Fuel Fabrication Facility (MFFF) project in accordance with approved cost and schedule baselines for the PDP electrical substation or contained in authorized Work Task Agreements.

Completion Criteria:

1. Oversee the safety, quality and environmental compliance of work performed on the PDP electrical substation by South Carolina Electric and Gas to ensure compliance with subcontract requirements. Prompt action will be taken to address issues and violations. Complete construction of the PDP electrical substation by September 30, 2010
2. Execute assigned support tasks in accordance with approved Work Task Agreements with Shaw AREVA MOX Services in a timely and efficient manner by September 30, 2010
 - a. Construction support (badging, training, utilities, waste hauling/disposal)
 - b. Instrument calibration
 - c. Analytical lab instrument design
3. Execute assigned tasks as requested by NNSA in support of the MFFF project in a timely and efficient manner by September 30, 2010
 - a. Feed materials characterization
 - b. Alternate Feed Stock (AFS) studies
 - c. MOX Early Option 2 proposal reviews

Assumptions:

1. Funding will be adequate to support the scope.

Government Furnished Services / Items:

1. None identified
-



Performance Fee Agreement

Page 16 of 21

SRNS2010NNP

\$70,000 of the Nuclear Nonproliferation PBI will be paid for executing assigned work related to the Nuclear Nonproliferation Common Technologies and associated work activities.

WBS: 01.25.60.05

Contract Output 6: Execute SRNS assigned work related to NNP Common Technologies and associated work activities by providing cost-effective support for those activities common to the nonproliferation program and projects.

Completion Criteria:

1. Prepare a review quality draft of an updated Plutonium Disposition Program Execution Plan within 60 days of receiving written guidance from NNSA on content and major programmatic assumptions. For planning purposes, assume delivery of product in the 4th quarter of FY 2010.
2. The Plutonium Disposition Integrated Program schedule is updated and issued not less than quarterly.
3. Support two semi-annual project and program reviews consistent with the content and format requested by NNSA-HQ.
4. Execute site logistics for the PDP such as the following:
 - a. Developing and approving site use permits
 - b. Establishing lay-down areas to support the NNP projects
 - c. Performing utility studies as required
 - d. Establishing and maintaining Memoranda of Understanding
 - e. Developing and coordinating interface control documents between EM, NNSA, and the NNP Projects.

Assumptions:

1. Funding will be adequate to support the scope.

Government Furnished Services / Items:

1. None identified

\$1,500,000 of the Nuclear Nonproliferation PBI will be paid for executing assigned work related to the PDCF project activities.

WBS: 01.25.60.01.01

Contract Output 7: The SRNS PDCF manipulator, canning and system integration efforts extend beyond FY10 as they deliver products which are tied to construction and



Performance Fee Agreement

SRNS2010NNP

Page 17 of 21

testing activities in the Integrated Project Schedule (IPS). For FY10, this Contract Output supports the longer range, multi-year efforts, by establishing and meeting near term (FY10) milestones.

35% (\$525,000) of the allocated fee for PDCF project activities will be earned as follows:

7A. Complete the PDCF Manipulator Final Design and issue the PDCF Manipulator Final Integrated Design, PDCF IPS Milestone W24502GBBZ, scheduled for May 26, 2010 (\$152,250)

Completion Criteria:

1. The PDCF manipulator Conceptual Design for the 18 PDCF manipulators will be completed in FY09.
2. Upon completion of the Conceptual Design, a Preliminary Design for the PDCF manipulators will be developed, reviewed, review comments incorporated, and accepted by the IPT.
3. Upon completion of the Preliminary Design, a Final Design of the PDCF manipulators will be developed, reviewed, review comments incorporated, and accepted by the IPT.
4. The Contract Measure will be satisfied when the manipulator Final Designs are accepted by the IPT. PDCF IPS Milestone W24502GBBZ, scheduled for May 26, 2010.

Assumptions:

1. Funding will be available to support this scope.
2. The PDCF Project is awaiting a decision from DOE/NNSA on a recommendation resulting from the recently completed PDCF Alternative Evaluation. It is assumed that this decision will not alter the scheduled timeframe for this effort because the effort is required regardless of the alternative decision.
3. The IPS includes eight URS review activities in parallel with eight LANL reviews, which must be completed to meet the Milestone date.
4. Up to 75% of this award fee can be earned for up to 30 calendar days after the milestone date at the discretion of NNSA, after considering the circumstances leading to a late completion.

Government Furnished Services / Items:

1. None identified

7B. Satisfactorily complete 3013 qualification tests for the PDCF 3013 inner can with the results of the PDCF inner can qualification effort documented in a PDCF



Performance Fee Agreement

SRNS2010NNP

Page 18 of 21

3013 Inner Can Qualification Report and meet NQA-1 requirements. (PDCF IPS Activity W24501XDOL, scheduled for Sept 23, 2010.) SRNL is performing a re-qualification of the 3013 Inner can for the PDCF Project. This re-qualification is required because the PDCF 3013 inner can design required changes from the previously qualified design, to accommodate a larger PDCF Convenience Can. (\$304,500)

Completion Criteria:

1. To satisfy this completion criteria, all items will be performed in accordance with NQA-1 requirements
2. SRNL will have procured, welded and preliminarily tested an initial complement of cans to exercise equipment and establish initial qualification parameters (e.g. drop height) in FY09.
3. SRNL will procure a compliment of 3013 inner cans using a Compensatory Action Plan (CAP) to assure compliance with applicable NQA-1 requirements.
4. The 3013 inner cans will be welded, inspected, and leak tested.
5. Limited testing (visual examination, leak testing & drop test) of the welded 3013 inner cans will be performed to the 3013 Std. requirements identified by the DOE 3013 Design Authority.
6. The results of this testing will be documented in a PDCF 3013 Inner Can Qualification Report.

Assumptions:

1. Funding will be available to support this scope.
2. The PDCF Project is awaiting a decision from DOE/NNSA on a recommendation resulting from the recently completed PDCF Alternative Evaluation. It is assumed that this decision will not alter the scheduled timeframe for this effort because the effort is required regardless of the alternative decision.
3. The DOE Design Authority for Std. 3013 has previously identified specific inner can qualification testing and criteria that must be satisfied based on the changes from the previously qualified 3013 can (*Meeting Minutes in E-Mail, Stimac to Mcalhaney, dated 12/18/06*). It is assumed that there are no changes to this previously established re-qualification criteria for the PDCF 3013 inner can.
4. The report will be developed and approved through SRNL/SRNS. The report will be submitted to DOE for review and comment on schedule.
5. Up to 75% of this award fee can be earned for up to 30 calendar days after the milestone date at the discretion of NNSA, after considering the circumstances leading to a late completion.

Government Furnished Services / Items:



Performance Fee Agreement

SRNS2010NNP

Page 19 of 21

1. None identified

7C. Establish the Safety Control System Standardization and Quality Assurance tools and document them in a report to NNSA. Reference IPS activity W45505DE20 scheduled for completion on May 7, 2010. (\$68,250)

Completion Criteria:

1. Identify and document to tools necessary to establish the standards, procedures, and QA tools for safety systems.
2. Procure and perform a Factory Acceptance Test on the standardization tools.
3. Receive, perform Site Acceptance Test, and document on the standardization tools.
4. Integrate the safety system tools with the PDCF development system and test.
5. Document the results of the above actions in a report to be submitted to NNSA.

Assumptions:

1. Funding will be available to support this scope.
2. The PDCF Project is awaiting a decision from DOE/NNSA on a recommendation resulting from the recently completed PDCF Alternative Evaluation. It is assumed that this decision will not alter the scheduled timeframe for this effort because the effort is required regardless of the alternative decision.
3. Up to 75% of this award fee can be earned for up to 30 calendar days after the milestone date at the discretion of NNSA, after considering the circumstances leading to a late completion.

Government Furnished Services / Items:

1. None identified

Contract Output 8: Execute the SRNS PDCF activities in compliance with DOE Order 413.3a and assistance from the DOE O 413.3 guides, along with all contractual requirements in a quality, responsive, cost effective manner in accordance with the PDCF Integrated Project Schedule (IPS).

65% (\$975,000) of the allocated fee for PDCF project activities will be earned as follows:

13% of the maximum fee for this contract output may be earned for each of the completion of criteria 8.A, 8.B, 8.C, 8.D, and 8.E. NNSA will provide a periodic



Performance Fee Agreement

SRNS2010NNP

Page 20 of 21

evaluation of SRNS' performance with respect to these completion criteria as part of the normal contractor feedback process. Award fee payments will be made quarterly based on an overall acceptable performance for the quarter as determined by NNSA

8A. Safety and Security (\$195,000)

Completion Criteria:

1. No safety incidents, issues, or concerns during the performance period.
2. No safeguards and security incidents, issues, or concerns during the performance period.
3. Any incidents, issues, or concerns will be properly communicated and be addressed in a timely manner and evaluated to avoid reoccurrence.
4. All written communications on PDCF activities comply with contractually prescribed requirements.

8B. Customer/Stakeholder Responsiveness (\$195,000)

Completion Criteria:

1. Provide integrated, timely, constructive, quality support and responses to the FPD, Deputy, and the Federal IPT members, NNSA, DOE, DNFSB, GAO, IG, and other external review teams.
2. Support current and out year budget, funding, and planning activities as needed.

8C. Contractor Assurance (\$195,000)

Completion Criteria:

1. Implement and institutionalize a Contractor Assurance Program for SRNS on the PDCF project.
2. During the 1st quarter of FY10, complete CY09 planned assessments, and by October 30, 2009, submit an approved FY10 SRNS PDCF Contractor Assurance Plan for the remainder of FY10.
3. Execute the FY10 SRNS PDCF Contractor Assurance Plan through the remainder of FY10.
4. Submit an approved FY11 SRNS Contractor Assurance Plan for FY11 during the 4th quarter of FY10.
5. Institutionalize a lessons learned program for SRNS on the PDCF project and provide regular reports..

8D. Conduct of Project Management (\$195,000)



Performance Fee Agreement

SRNS2010NNP

Page 21 of 21

Completion Criteria:

1. Institutionalize good project management practices across all PDCF activities.
2. Designate a qualified PDCF project manager for SRNS activities.
3. Fully support the implementation of a trend program for PDCF.
4. Institutionalize the use of an earned value management system using best practice schedule management with utilization of a resource loaded schedule with well defined work activities, minimizing "level of effort" tasks, with logic ties to other SRNS and IPT activities.
5. Strictly manage SRNS activities related to PDCF critical path or near critical path. Maintain Cost and Schedule Performance (CPI/SPI) between 0.95 and 1.10. Provide quality variance analysis in the monthly report that discuss causes/effects and corrective measures to recover cost or schedule impact, Variance reports should also integrate with other organizations when SRNS performance impacts other IPT organizations.
6. Continue the PDCF Risk Management program and work with IPT to identify and capitalize on opportunities. Look for opportunities to improve the Risk Management Plan and processes.
7. Provide accurate monthly reports that demonstrate prudent project management and ownership.

8E. Conduct of Engineering (\$195,000)

Completion Criteria:

1. Actively participate and provide integrated, timely, constructive, and quality support to the Technical Oversight Group (TOG) and the Integrated Project Team (IPT).
2. SRNS activities and support should enhance, not adversely impact, other IPT activities.

Assumptions:

1. Funding will be available to support this scope.

Government Furnished Services / Items:

1. None identified



Performance Fee Agreement SRNS2010TP

Page 1 of 35

PBI Number: SRNS2010TP

Activity Name: Tritium Programs

WBS Number: 1.03

Performance Period: October 1, 2009 - September 30, 2010

Allocated Fee:	Objective Amount: <i>(50% of allocated fee)</i> \$5,790,000	Subjective Amount: <i>(50% of allocated fee)</i> \$5,790,000
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Revision Number: 0

Senior level manager name:
Douglas Dearolph

Senior level supervisor/division manager name:
Tim Fischer

Performance Outcome:

The Contractor shall manage the Tritium program as a defined severable work activity within the M&O contract structure so that it will be positioned to be responsive to any future direction with the NNSA Nuclear Security Enterprise.

Contract Output: SRNS2010TP

The Tritium Performance Fee Agreement has eight contract outputs which are fully developed in the Tritium PBI pages 5 - 34. A summary of each contract output is provided below. The Performance Outcome and associated Contract Outputs and Completion Criteria are based on anticipated fully-funded NNSA-HQ program level Work Authorizations. In the event there are any substantive differences identified in work scope or funding, this PBI will be modified in a timely manner to allow the allocated fee to be earned in FY 2010. The PBI includes both objective and subjective performance elements. The subjective elements will receive an adjectival rating using the enclosed Subjective Rating and Criteria Description table.



Performance Fee Agreement

SRNS2010TP

Page 2 of 35

Number	Value	Indicator
SRNS2010TP-01	25%	Support the nuclear weapons stockpile by safely providing tritium and non-tritium loaded reservoirs to the Department of Defense in accordance with NNSA guidance and direction. Provides incentive to the contractor to meet all requirements associated with the Helium 3 mission. This output also provides the contractor incentive to facilitate a reduction in the number of classified parts to reduce inventory of legacy classified materials. Provide the contractor incentive to achieve NNSA Reservoir Surveillance Operations work scope that is required for continuing Stockpile certification, Life Extension Program, First Production Unit and related functions.
SRNS2010TP-02	6%	Extract tritium from irradiated Tritium-Producing Absorber Rods.
SRNS2010TP-03	3%	Conduct research and development activities that solve complex problems related to mission of SRSO and the NNSA
SRNS2010TP-04	6%	Support the Tritium Programs mission by safe and efficient execution of projects. <ol style="list-style-type: none">1) He-3 projects (Y504, Y505)2) Project Support Building and facility projects (Y549, Y547, Y522, Y430, Y470)3) Stretch: Project Support Building Mechanical Complete. (Y547)4) Stretch: ARMS post project scope and additional processing units.

 **Performance Fee Agreement**
SRNS2010TP

Page 3 of 35

SRNS2010TP-05	15%	Participate in the NNSA multi-site and Enterprise incentives to achieve Complex-wide goals.
SRNS2010TP-06	15%	Maintain the Tritium Facilities in a safe, secure and responsive operating condition. (Operations) Facility and Site Management Maintenance Effectiveness Operations and Work Planning Quality Assurance Engineering Nuclear Security and Fire Protection Radiation Protection
SRNS2010TP-07	15%	Maintain the Tritium Facilities in a safe, secure and responsive operating condition. (ES&H/S&S) Training and Qualification Emergency Management Health & Safety (excludes fire protection) Environmental Management Waste Management Safeguards and Security Cyber Security
SRNS2010TP-08	15%	Maintain the Tritium Facilities in a safe, secure and responsive operating condition. (Business) Fiscal Management Contractor Assurance System Program Management Project Management Information Technology/Process Control

 **Performance Fee Agreement**
SRNS2010TP

SRNS2010TP Complete objective evaluation criteria prior to approval. Objective and subjective evaluation criteria will be used to document review and acceptance of this performance fee agreement.

Objective Evaluation Criteria: Completion will require: Will be evaluated as performance is completed and will be discussed and documented in the monthly SRSO and contractor performance meeting.

Subjective Rating Criteria	Subjective Rating Evaluation Criteria Description
Outstanding	Contractor has <u>exceeded almost all</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Very Good	Contractor has <u>exceeded many</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Good	Contractor has <u>exceeded some</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Satisfactory	Contractor has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Unsatisfactory	Contractor has failed to meet overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.

Note: Due to the introduction of the "very good" category, the gateway will require achieving "very good" to access the stretch fee.



Performance Fee Agreement SRNS2010TP

Page 5 of 35

PBI: **SRNS2010TP: Tritium Programs**
Performance Period: October 1, 2009 - September 30, 2010
Allocated Fee: \$11,580,000

Performance Outcome:

The Contractor shall manage Tritium Programs as a defined, severable work activity within the M&O contract structure so that it will be positioned to be responsive to any future direction within the NNSA Nuclear Security Enterprise.

The Performance Outcome and associated Contract Outputs and Completion Criteria are based on anticipated fully funded NNSA-HQ program level Work Authorizations. In the event there are any substantive differences identified in work scope or funding, this PBI will be modified in a timely manner to allow the allocated fee to be earned in FY 2010.

Subjective Adjectival Rating Criteria:

For those Completion Criteria that receive an adjectival grade and numerical score the following table will be used to define the different levels of performance and the corresponding grade/score that goes with the evaluation thereof.

Subjective Rating Criteria	Subjective Rating Evaluation Criteria Description
Outstanding	Contractor has <u>exceeded almost all</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Very Good	Contractor has <u>exceeded many</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Good	Contractor has <u>exceeded some</u> of the significant award fee criteria and has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Satisfactory	Contractor has met overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.
Unsatisfactory	Contractor has failed to meet overall cost, schedule and technical performance requirements of the contract as defined and measured against the criteria in the award fee plan for the award fee evaluation period.

Note: Due to the introduction of the "very good" category, the gateway will require achieving "very good" to access the stretch fee.



Performance Fee Agreement SRNS2010TP

Page 6 of 35

Contract Output 1. Support the nuclear weapons stockpile by safely providing tritium and non-tritium loaded reservoirs to the Department of Defense in accordance with NNSA guidance and direction.

This work is the highest priority Stockpile Stewardship mission at the Savannah River Site. This Contract Output provides the contractor incentive to meet all Production Directive and shipping commitments on schedule. The work covered by this Contract Output is to accomplish the DSW mission to provide loaded reservoirs in support of the nuclear weapons stockpile, and to meet all monthly directive commitments for delivery of Limited Life Components (LLC) to the Department of Defense and Pantex Plant.

In addition to providing reservoirs to meet LLC directive commitments, a goal of this PBI is to drive the improvement of reservoir quality for each weapon system. The improvement goal will be that the total reservoir product of each system will have a facility Tritium Production Acceptance Group (TPAG) high quality acceptance rate.

This Contract Output provides contractor incentive to meet all requirements associated with the Helium-3 mission.

This Contract Output provides contractor incentive to facilitate a reduction in the number of classified parts to reduce inventory of legacy classified materials. The decrease of classified parts is accomplished by unloading and disposing of non-reclaimable reservoirs.

This Contract Output also provides the contractor incentive to achieve National Nuclear Security Administration (NNSA) Reservoir Surveillance Operations work scope that is required for continuing Stockpile certification, Life Extension Program (LEP) First Production Unit (FPU) and related functions. The Gas Transfer System (GTS) testing program is a key activity in the Nuclear Weapons Stockpile Surveillance Program. The NNSA and Design Agencies have placed a high priority on timely GTS testing and reporting. The on-time delivery of GTS test data will provide key information on the performance and aging effects of GTS components, and support decisions for future weapon design.

The work scope consists of function testing, burst testing, and metallographic examination of Stockpile Laboratory Tests and similar testing of units from the Life Storage Program. The work scope also includes testing of production samples. Other activities in support of the surveillance program include loading, unloading, reclamation and storage of LSP reservoirs. Work scope is considered complete when GTS performance data is documented in RAPTOR reports and destructive examination results



Performance Fee Agreement

SRNS2010TP

Page 7 of 35

are documented in RAISIN reports for SLT units and Metallurgical reports for LSP units. Specific work scope is documented and tracked to completion in the RSO schedule.

Up to 25% of the allocated Tritium Programs PBI fee may be earned by Contract Output 1 as follows.

Essential Fee

1. 5% available fee for Completion Criterion 1. Monthly fee payments (1/12th of the available fee) will be earned, consistent with successful monthly performance of Completion Criterion 1.
2. 5% available fee of the Contract Output may be earned at the end of the assessment period for the completion of Completion Criterion 2.
3. 2% available fee of the Contract Output may be earned at the end of the assessment period for the completion of Completion Criterion 3.
4. 2% available fee of the Contract Output may be earned at the end of the assessment period for the completion of Completion Criterion 4.
5. 4% available fee of this Contract Output may be earned for the completion of Completion Criterion 5.
6. 3% available fee for Completion Criterion 6. Fee payments will be made quarterly consistent with completed performance of Completion Criterion 6 at the end of each quarter (December 31, 2009; March 31, 2010; June 30, 2010 and September 30, 2010).
7. 1% available fee of the Contract Output may be earned at the end of the assessment period for Completion Criterion 7.
8. 3% available fee for Completion Criterion 8. Fee payments will be made quarterly consistent with completed performance of Completion Criterion 8 at the end of each quarter (December 31, 2009; March 31, 2010; June 30, 2010 and September 30, 2010).

Completion Criteria

1. Complete the monthly loading, packaging and shipping of reservoirs per SRSO Production Directive and the monthly shipping schedule.
2. The total reservoir product of all weapon systems will have a facility TPAG (by Submittal) acceptance rate of 98.5% or greater. The weapon systems to be measured are B61, W76-0, W76-1, W78, W80, B83, W87, and W88. The calculation will be annualized such that the defect rate will be based on the total number of reservoirs submitted for inspection during the year. If TPAG acceptance rate performance is 98.5% or greater, then 100% of the available fee will be earned. In all cases, the monthly Cost of Nonconformance will be 2% or less. If TPAG acceptance rate performance is less than 98.5%, then fee earned for this Completion Criterion will be reduced as follows, provided the Cost of Nonconformance meets requirements:



Performance Fee Agreement

SRNS2010TP

Page 8 of 35

- TPAG acceptance rate equal to 98.0% but less than 98.5%, fee earned will be 75% of the available fee.
 - TPAG acceptance rate equal to 97.0% but less than 98.0%, fee earned will be 50% of the available fee.
 - TPAG acceptance rate less than 97.0%. No fee will be earned for this Completion Criterion.
3. The Helium-3 program is executed to support the Memorandum of Understanding between the NNSA-SRSO and the DOE Isotope Program. Process Helium-3 byproduct so that it is available for sale through the DOE Isotope Program while minimizing the amount of Helium-3 that is lost through stack releases. This is to be accomplished without adverse impact to the central mission of the HANM facility.
 4. Packaging and Shipping / OST Support.
 - a. Provide loading/off-loading support to OST according to the schedule.
 - b. Maintain inventory records, as required.
 - c. Maintain shipping and receiving records, as required.
 5. Dispose of 2671 reservoirs as part of the Classified Parts Reduction program. Criterion is met when reservoirs are stored in waste containers (e.g., B-12/B-25/RD-100) for disposal.
 6. Function Testing. Completion of 150 Function Test Equivalent (FTEs) with test data documented in RAPTOR reports.
 7. Reporting. For reports issued during the PBI period, the annual average RAPTOR-to-RAISIN report goal duration times for Stockpile Lab Tests will be 5 months for Type A (B61, W78, W80, W87) reservoirs and 10 months for Type B (W76, B83, W88) reservoirs. One month will be allowed for Ultrasonic Testing of certain systems, as directed by the Design Agencies (currently applies to the B61 and W78), but will not count towards the determination of the RAPTOR-to-RAISIN duration. Delays pending Design Agency (DA) or NNSA direction are excluded from the RAPTOR-to-RAISIN report duration times, unless the delay is due to SRNS error. Changes to scope by the Design Agencies will require negotiation of new duration goals.
 8. Post-Function Testing. Completion of destructive examinations of 27 LSP units and documentation of results in Metallurgical reports.

Assumptions

1. For Completion Criterion 1.
 - a. The basis for evaluation will be loading/shipping of Production Directive requirements as specified to the contractor by the National Nuclear Security Administration Savannah River Site Office (NNSA-SRSO) in a three month "look ahead" Production Directive schedule. A new Production Directive will be issued by NNSA-SRSO each month. If Savannah River Nuclear Solutions (SRNS) considers

Performance Fee Agreement SRNS2010TP

Page 9 of 35

that the specified schedule changes will increase costs or delay any delivery, SRNS shall promptly notify the NNSA-SRSO Contracting Officer, orally, confirming and explaining the notification in writing within five (5) working days. Following submission of the written notice of impacts, SRNS shall await further direction. Shipping is done per a monthly shipping schedule. If packaging is completed, but a shipment is missed for some reason beyond SRNS control, the Completion Criteria shall be considered complete.

b. Performance is evaluated monthly. Any missed shipment as a result of SRNS performance will result in nonpayment for that month's portion of this Contract Output.

c. Failure to maintain acceptable quality performance, as indicated by the following established metrics will subject SRNS to the following described fee reductions.

1. Cost of Non-Conformance (CONC) - Evaluates the Tritium Facilities cost of nonconformance as compared to the Tritium Facilities total product cost. A fee deduction may be imposed if cost exceeds 2.0% in any month.
2. The maximum total fee deduction associated with any month's reservoir shipment, cannot exceed the monthly maximum fee payment.
2. This PBI will use the Function Test Equivalents which have been developed and jointly agreed upon by SRSO and SRNS. Test equivalents may be modified to respond to changes in testing requirements or methodology by SRSO or the Design Agencies.
3. Completion of W88 RAISIN reports is dependent upon the Design Agency's timely resolution of hydroburst issues.
4. Completion Criteria delays resulting from a function test system or environmental conditioning system malfunction not attributable to SRNS performance will allow the adjustment of the Completion Criteria and reallocation of the fee. SRSO has accepted risk for single-point failure in lieu of additional costs to provide redundant and backup capability.

Government Furnished Services / Items

1. War Reserve components required from other sites to support the Production Directive must be received at SR, free of defects, a minimum of 90 days in advance of the scheduled ship date. Processing and shipping of components not meeting these requirements, and/or due to changes to the Production Directive less than ninety days in advance of the ship date, will be accomplished in a "best efforts" manner, and SRNS will not be penalized for failure to meet the scheduled date.
2. The number of reservoirs to prepare for disposal was based upon current direction as to which reservoirs were authorized for disposal. In the event that SRNS is directed to delay disposal of additional reservoir types, the number of reservoirs



Performance Fee Agreement

SRNS2010TP

Page 10 of 35

established in Completion Criterion 4 will be reduced consistent with delayed quantities.

3. Timely delivery of components required for testing.
4. No delay in testing from the Design Agencies due to systematic anomaly, not associated with SRNS negligence.



Performance Fee Agreement

SRNS2010TP

Page 11 of 35

Contract Output 2. Extract tritium from irradiated Tritium-Producing Burnable Absorber Rods.

This Contract Output provides the contractor incentive to complete selected tritium production-related milestones that are significant to support the Tritium Readiness Program and operation of the Tritium Extraction Facility (TEF) to receive and extract TPBARs. The TEF will be operated in accordance with the TEF Annual Operating Plan and the Responsive Operations Plan.

Completion of the activities cited in this Contract Output will replenish the Nuclear Security Enterprise inventory of tritium. Meeting these work requirements is dependent upon the proper functioning and availability of a one-of-a-kind facility, many complex pieces of equipment, and the availability of a knowledgeable staff for operation and maintenance.

Up to 6% of the allocated Tritium Programs PBI fee may be earned by Contract Output 2 as follows.

Essential Fee

1. 1% maximum fee of the Contract Output may be earned at the completion of Completion Criterion 1.
2. 1% maximum fee of the Contract Output may be earned at the completion of Completion Criterion 2.
3. 4% maximum fee of the Contract Output may be earned at the completion of Completion Criterion 3.

Completion Criteria

1. Receive Cycle 9A TPBARs and place in storage by March 29, 2010. Activity is complete when cycle 9A TPBARs are in storage location in TEF Remote Handling Building.
2. Receive Cycle 9B TPBARs and place in storage by May 28, 2010. Activity is complete when cycle 9B TPBARs are in storage location in TEF Remote Handling Building.
3. Extract Cycle 9A TPBARs by June 30, 2010. Tritium extraction activity is complete when gas has been extracted from the Cycle 9A TPBARs and is accounted for in ARMS.

Assumptions

None.



Performance Fee Agreement

SRNS2010TP

Page 12 of 35

Government Furnished Services / Items

1. For Completion Criterion 1 and 3, the Cycle 9A TPBARs must be received on the property of SRS from TVA and NAC by March 1, 2010. If the cask is received beyond this date, there will be a day-to-day slip in the completion date for this activity.
2. For Completion Criterion 2, the Cycle 9B TPBARs must be received on the property of SRS from TVA and NAC by April 30, 2010. If the cask is received beyond this date, there will be a day-to-day slip in the completion date for this activity.



Performance Fee Agreement

SRNS2010TP

Page 13 of 35

Contract Output 3. Conduct research and development activities that solve complex problems related to the mission of SRSO and the NNSA.

Research and development activities are conducted to solve complex problems related to the mission of SRSO and the NNSA.

A focused research and development program advances the design and manufacture of Gas Transfer System components and manufacturing methods. These activities are sponsored by the Readiness Campaign, Enhanced Surveillance Campaign, as well as the core mission programs (RTBF and DSW). This Contract Output provides the contractor incentive to complete research and development activities that support NNSA missions at Savannah River and other NNSA sites.

Up to 3% of the allocated Tritium Programs PBI fee may be earned by Contract Output 3 as follows.

Essential Fee

1. To be determined per Completion Criterion 1.

Completion Criteria

1. Due to the uncertainty of the FY10 budget, there are no R&D-funded activities identified at this time. Once the FY10 budget is approved, SRSO will work with SRNS to identify what funded projects are to be executed and the PBI will be updated to reflect accordingly. Inclusion of specific scope and fee distribution into this PBI will be accomplished through a letter issued by the National Nuclear Security Administration Savannah River Site Office (NNSA-SRSO) Manager to Savannah River Nuclear Solutions, LLC (SRNS). If funding does not support conducting R&D in FY10, this portion of fee (3%) will be reallocated.

Assumptions

None

Government Furnished Services / Items

None.



Performance Fee Agreement

SRNS2010TP

Page 14 of 35

Contract Output 4. Support the Tritium Programs missions by safe and efficient execution of projects.

Up to 6% of the allocated Tritium Programs PBI fee may be earned by Contract Output 4 as follows.

Essential Fee

1. 2% available fee for Completion Criterion 1; 1% for 1.a and 1% for 1.b.
2. 2.5% available fee of the Completion Criterion 2; 0.5% for 2.a, 0.5% for 2.b, 0.5% for 2.c and 0.5% for 2.d., 0.25% for 2.e and 0.25% for 2.f.
3. 0.5% available fee for Completion Criterion 3
4. 1% available fee for Completion Criterion 4; 0.5% for 4.a and 0.5% for 4.b.

Completion Criteria

1. He-3 Projects. The Helium-3 program is executed to support the Memorandum of Understanding between the NNSA-SRSO and the DOE Isotope Program.
 - a. For Project Y504 He-3 Separation and Bottling Process, a satisfactory completed design will be submitted to SRSO by July 31, 2010.
 - b. For Project Y505 Byproduct Decontamination Process, installation, start-up testing, resolution of pre-start issues, and turnover to Operations will be completed by May 31, 2010.
2. Project Support Building and Facility Projects
 - a. For Project Y549 Tritium Site Preparation & Utilities, Mechanical Complete with no outstanding "A" or "B" punchlist items will be accomplished by June 10, 2010.
 - b. For Project Y547 Tritium Office/Shop Building, Design Complete will be accomplished by April 29, 2010.
 - c. For Project Y522 P1 Piping Modifications, Mechanical Complete will be accomplished 19 weeks after P1 OGM start.
 - d. For Project Y430 HAOM Air Monitoring, Mechanical Complete will be accomplished by January 31, 2010. If HAOM legacy configuration issues require schedule delays then SRSO will discuss with SRNS and there may be a renegotiation on the completion date.
 - e. For Project Y470 Automated Reservoir Management System (ARMS) Modernization, complete Code Development of the 1K Inert reservoir by May 31, 2010.



Performance Fee Agreement SRNS2010TP

Page 15 of 35

f. For Project Y470 Automated Reservoir Management System (ARMS) Modernization, complete Integrated Testing of Inert Reservoirs by September 30, 2010.

3. STRETCH: Complete Mechanical Completion for Project Y547 Tritium Office/Shop Building with no outstanding "A" punch list items by September 15, 2010. (0.5%).
4. STRETCH: ARMS post-project scope:
 - a) Complete ARMS post-project scope modifications to the new ARMS system for the RUC processing, HSV processing and TCV processing by September 30, 2010.
 - b) Complete additional processing units/reservoirs by September 30, 2010.Completion, reduction and/or elimination of any ARMS post-project scope in FY10 in addition to items identified in a) is considered successful completion of this stretch criterion.

Assumptions

Assumptions are included in the individual Completion Criteria.

Government Furnished Services / Items

None

 **Performance Fee Agreement**
SRNS2010TP

Page 16 of 35

Contract Output 5. Participate in the NNSA Multi-Site Incentives and NNSA Nuclear Security Enterprise Initiatives.

Participate in the NNSA Multi-Site Incentives (MSIs) by working with Nuclear Security Enterprise partners to achieve Enterprise-wide goals. Although SRS Tritium Programs' level of participation will vary across the individual Multi-Site Incentives, the distribution of available fee according to Assumption 1 encourages partnership with other Nuclear Security Enterprise (NSE) sites to achieve NNSA's objectives. This is the purpose of Multi-Site Incentives.

NNSA has been analyzing ways to lower the cost of business and has been actively evaluating ways to consolidate contracts. For the plan to be effective in the future, NNSA must know the actual costs of work performed by Tritium Programs and other site resources and specific deliverables that are produced by the workforce. This requires implementation of the Tritium Programs Severability plan with EM partners on site to achieve NNSA goals.

Participate in actions needed by the Nuclear Security Enterprise to support Record of Decision requirements. This may require working with internal partners such as SRNL and working with Nuclear Security Enterprise partners to achieve the goals to consolidate the missions of the NNSA and reduce the cost of the NSE. This requires Tritium Programs to seek ways to reduce the cost of the business by reducing the size of the infrastructure.

Participate in the Governance Changes requested by the NNSA Administrator in July 2009. This requires working with Enterprise partners and NNSA to achieve the goals of Directive Reform and other governance changes. Tritium Programs will also lead the effort to develop and implement plans to reduce the cost of business internally as well.

Up to 15% of the allocated Tritium Programs PBI fee may be earned by Contract Output 5 as follows.

Essential Fee

1. 10% available fee of this Contract Output may be earned at the completion of Completion Criterion 1. The fee is distributed per Assumptions 1 and 2.
2. 2% available fee of this Contract Output may be earned at the end of the assessment period for Completion Criterion 2. Fee will be determined at the end of the assessment period for each Completion Criterion commensurate with performance as measured by the Subjective Adjectival Rating Criteria.
3. 2% available fee (1% for 3.a. and 1% for 3. b.) of this Contract Output may be earned at the end of the assessment period for Completion Criterion 3. Fee will be determined at the end of the assessment period for each Completion Criterion



Performance Fee Agreement

SRNS2010TP

Page 17 of 35

commensurate with performance as measured by the Subjective Adjectival Rating Criteria.

4. 1% available fee of this Contract Output may be earned at the end of the assessment period for Completion Criterion 4. Fee will be determined at the end of the assessment period for each Completion Criterion commensurate with performance as measured by the Subjective Adjectival Rating Criteria.

Completion Criteria

1. Participate in the FY 2010 MSIs cited in the NNSA Milestone Reporting Tool (MRT) by working with Nuclear Security Enterprise (NSE) partners to achieve NSE-wide goals. Successful completion for each individual milestone within the overall MSI is assigned by NNSA Headquarters.
2. Tritium Program Severability. The facility has been directed to implement the Severability Plan. This will include planning, development, and implementation of an effective and comprehensive schedule consistent with NNSA direction for severability in a timely manner. This initiative will move Tritium Programs toward a goal of becoming a semi-autonomous entity within the M&O.
3. Modernization
 - a. Record of Decision (ROD) Activities. Participate and ensure support for implementation of the NNSA Complex Transformation strategies and goals that are applicable to SRNS. Facilitate communication and contractor support for overall Complex Transformation ROD integrating activities to develop efficient business practices and systems integration processes with Tritium and the Nuclear Security Enterprise.

Completion criteria include:

Support key modernization and strategic planning initiatives, such as the Enterprise Reengineering Team, NNSA Directives Review, and Tritium R&D Consolidation.

- b. Facility Efficiency or Footprint Reduction. Demonstrate support for implementation of the Tritium Facility Transformation strategies and goals per NNSA direction and additional required funding.

Completion criteria include:

- I. Support key facility modernization and strategic planning initiatives, such as the Tritium Programs Strategic Plan, Human Capital Management Plan, and Business Transformation Plan
- II. Specific activities may include implementing Innovation/Technological Advancement and Footprint Reduction.



Performance Fee Agreement

SRNS2010TP

Page 18 of 35

4. Governance. Evaluate and analyze the business to develop ideas to meet the Tritium Transformational Business Plan \$6M target. This includes issuance of plans and schedules for implementation to support the Tritium Transformational Business Plan \$6M target utilizing efforts such as NNSA Directive Reforms.

Multi-Site Target Assumptions

1. Letter, Harencak to Distribution, FY2010 Multi-Site Targets and Success Criteria, August 20, 2009.
 - Minimum percentage fee structure for the major categories (items) is: 30% for Stockpile; 10% for Enterprise Integration; 10% for Science & Engineering. The remaining 50% is allocated per Site Office Manager's discretion.
 - Sites not participating in a multi-site target will have their fee rolled up within the same major category (items 1, or 2, or 3)
 - Sites not participating in a major category (item) will have their fee distributed within remaining major categories (item) at the Site Office Manager's discretion.
 - The HQ "Champion" shall evaluate quarterly whether the multi-site target was achieved on a pass/fail basis taking into account inputs from the "Owners." At completion of 4th Quarter, NA-10 shall sign a Memo to Site Office Managers that contains the final evaluation ratings for each Multi-Site target; this Memo is used by the FDO for ultimate fee determination.
2. Inclusion of specific scope and fee distribution into this PBI will be accomplished through a letter issued by the National Nuclear Security Administration Savannah River Site Office (NNSA-SRSO) Manager to Savannah River Nuclear Solutions, LLC (SRNS).

Government Furnished Services / Items

1. NNSA Headquarters defines the FY 2010 Multi-Site Incentives with associated completion criteria and fee distribution method.

 **Performance Fee Agreement**
SRNS2010TP

Page 19 of 35

Contract Output 6. Maintain the Tritium Facilities in a safe, secure and responsive operating condition. (Operations)

This Contract Output emphasizes Operations programs that provide the physical infrastructure and operational capabilities required to conduct Directed Stockpile and Campaign activities.

This Contract Output has a single Completion Criteria associated with Operations in the following areas:

- Facility and Site Management
- Maintenance Effectiveness
- Operations and Work Planning
- Quality Assurance
- Engineering
- Nuclear Safety and Fire Protection
- Radiation Protection

Up to 15% of the allocated Tritium Programs PBI fee may be earned by Contract Output 6 as follows.

Essential Fee

1. 15% available fee of the Contract Output may be earned at the end of the assessment period for Completion Criterion 1 associated with Operations. Fee will be determined at the end of the assessment period for each Completion Criterion commensurate with performance as measured by the Subjective Adjectival Rating Criteria.

Completion Criteria

1. Operations

A. Facility and Site Management. SRNS will comprehensively manage the Tritium Facilities and will continuously assess and report on all aspects of the health and condition of Tritium Operations facilities to ensure that issues and problems are raised to the appropriate level for resolution through submittal of appropriate metrics.

Completion Criteria include:

1. The ten year site plan for the Tritium Facilities, as required by NNSA and RPAM, will be updated annually to reflect the facility improvements, replacements-in-kind, and general facility maintenance required to support the active programs and missions. This document will comply with the format, content, and schedule provided by NNSA/HQ.



Performance Fee Agreement

SRNS2010TP

Page 20 of 35

2. Health and condition of the major production facilities, as evidenced by facility assessments and the monthly facility availability metric, will be accurately reported each month and will demonstrate that the facilities are available to meet the mission deliverables.
3. Real property assets will be maintained in a cost-effective manner that includes management of Deferred Maintenance (reported yearly), facility improvements, and RIK to ensure facilities and equipment are available to meet mission deliverables. The Facility Information Management System (FIMS) reporting requirements are timely, accurate, and complete by September 30, 2010 to include the Facility Condition Index (FCI).
4. Concurrent with the budget cycle and ten year site plan for the Tritium Facilities, provide NNSA/SRSO an analysis of the Tritium Facilities deferred maintenance, replacement plant value and FCI. Include funding needs to stabilize and improve the FCI along with maintenance and project recommendations.
5. Develop an energy management program for the Tritium Facilities and develop metrics to establish baseline.

B. Maintenance Effectiveness. Maintenance Effectiveness reviews and metrics will demonstrate effective performance and a commitment to contractor assurance. These metrics shall provide an accurate representation of performance, and will identify areas for improvement.

1. Aggregate evaluation of review results shows that the Maintenance Program is in compliance with the requirements of DOE O 433.1 and the site Maintenance Implementation Plan.
2. Locked-In Completion, as evidenced by the Locked-In Completion metric, will be accurately reported each month and will demonstrate the performance of work scheduled.
3. Open Work Activities, as evidenced by the Open Work Activities metric, will be accurately reported each month and will demonstrate adequate manpower availability.
4. Corrective Maintenance (CM) Backlog, as evidenced by the CM Backlog metric, will be accurately reported each month and will demonstrate that the condition of the plant equipment is not degrading.
5. Mechanic Utilization, as evidenced by the Mechanic Utilization metric, will be accurately reported each month and will demonstrate that efficiency of the mechanic's utilization in performing work.
6. Actual Hours versus Estimated Hours Ratio, as evidenced by the Actual Hours versus Estimated Hours Ratio metric, will be accurately reported each month and will demonstrate the efficient performance of the work planned.



Performance Fee Agreement

SRNS2010TP

Page 21 of 35

7. Critical Spare Parts, as evidenced by the Critical Spare Parts metric, will be accurately reported each month and will demonstrate that the critical spare parts are in inventory when needed.
8. Planning Effectiveness, as evidenced by the Planning Effectiveness metric, will be accurately reported each month and will demonstrate the effectiveness of having activities "ready to work" prior to the time they are scheduled.

C. Operations and Work Planning. SRNS Tritium Programs' work will be effectively executed in accordance with Conduct of Operations practices and requirements as defined in the S/RIDs and work will be effectively planned and coordinated.

Completion criteria include:

1. Effective Operations and Work Planning implementation, as indicated with Conduct of Operations issues metrics, the valving performance metric and the lockout/tagout metric will be accurately reported each month and will demonstrate acceptable trends.
2. Implementation of continuous improvement initiatives of Operations and Work Planning, as indicated by the Self-Reported Errors, Assessments, and Reviews for Continuous Improvement metric, will be accurately reported each month and will demonstrate that self assessments and facility personnel are identifying errors and other areas for improvement. The metric will also demonstrate that fact finding and post job reviews are being conducted as appropriate and in a timely manner.

D. Quality Assurance. The Tritium Quality Assurance Program will be managed and implemented in accordance with the requirements of 10 CFR 830, DOE Order 414.1C, NNSA directives (e.g., QC-1, Primary Standards Laboratory memorandum, Development and Production Manual) as defined in S/RIDS and the SRS 1Q Manual.

Completion criteria include:

1. The aggregate of survey and assessment (SRSO, SRNS and external) results provide confidence that quality is assured through an effectively implemented QA program.
2. Effectiveness of product/production is evidenced by quality trending of defects and non-conformance metrics from TCNCR, UR, and IMR reports, and the associated Cost of Nonconformance.
3. Effectively perform delegated stamping authority and ship product as scheduled that meets NNSA quality acceptance and shipping requirement.
4. Provide quality and process improvements, report and trend improvements including corrective action/prevention of recurrence.

Performance Fee Agreement

SRNS2010TP

Page 22 of 35

5. Procurement metrics demonstrate the effectiveness of the procurement process to support Tritium Facility operation and measures the quality of procured material and the timeliness of procurements.
6. Develop a metric for Tritium NCR's and evaluate a method for determining and reporting Cost of Nonconformance (CONC) of NCR's.

E. Engineering. The Engineering Program will be managed and implemented in accordance with the requirements of DOE O 420.1B Facility Safety (as defined in S/RIDS) and the SRNS Engineering Manual (E7) Procedures.

Completion criteria include:

1. Perform and maintain compliant engineering product deliverables that support operations and projects.
2. Engineering function provides safety system configuration management and ensures that safety systems will perform as described in the safety basis. The engineering function will also support the Defense Programs mission and support design agency requirements. These functions will generally be met by the following expectations:
 - i. Existing system Technical Baseline drawings are current and reflect the field conditions.
 - ii. System Design Descriptions (SDDs), as indicated by the monthly engineering metric, will be updated to reflect the current facility configuration in accordance with the SDD update schedule.
 - iii. The assigned system engineer demonstrates sufficient depth of knowledge of their system to support the operations, maintenance, and safety basis management.
 - iv. Implement and execute field trials and pilots of System Life Planning, System Engineer Notebooks, and System Walkdowns. Monitor and report progress for engineering pilot initiatives through metrics for system life planning, engineering notebooks, and new electronic system walkdowns. Provide planned actions to either abandon, modify or fully implement each initiative.
3. Demonstrate Technical Leadership both within SRNS and in the Nuclear Security Enterprise through appropriate participation in DOE-HQ engineering related improvement initiatives, implementation of the professional development plan, and staffing initiatives.

F. Nuclear Safety & Fire Protection. The Tritium Safety Basis and Fire Protection (FP) Programs will be managed in accordance with applicable regulations, DOE Directives (as defined in S/RIDS), and site requirements

Completion criteria include:



Performance Fee Agreement

SRNS2010TP

Page 23 of 35

1. SRNS and SRSO review results confirm the Safety Basis Program achieves and maintains full compliance with regulatory requirements (10CFR830, Subpart B), DOE/NNSA requirements, and S/RID applicable safety basis requirements.
2. Perform and maintain compliant safety basis engineering product deliverables that support operations and projects. These products include DSAs, TSRs, hazard evaluations, USQD documents, and supporting analyses.
3. Demonstrate a mature company independent review process for safety basis documents requiring submittal to NNSA SRSO for approval (e.g., DSA and TSR including all annual updates and revisions).
4. Continue the TORC and the process and expectations for assessments. The TORC shall provide routine oversight of the facility safety basis program in accordance with the approved TORC Charter, with review and assessment of emerging facility safety issues as well as major occurrences associated with facility safety performance.
5. Develop and submit the following items per the target completion dates:
 - a. Develop and submit a DSA/TSR revision to support receipt and storage of W87 units from LANL as defined by the Tritium Programs Milestone Schedule.
 - b. Develop and submit the FY10 Tritium Facilities Annual Safety Basis Update as defined by the Tritium Programs Milestone Schedule.
 - c. Develop and submit the FY10 TEF Annual Safety Basis Update as defined by the Tritium Programs Milestone Schedule.
 - d. Complete the Accident Analysis Calculations and CHAP Report for TEF as defined by the Tritium Programs Milestone Schedule.
 - e. Complete a high quality draft for SRNS approval of the TEF DSA and TSR based on the revised CHAP and Accident Analysis for TEF as defined by the Tritium Programs Milestone Schedule.
6. Proper implementation and maintenance of the Fire Protection Program will be indicated through metrics which reflect the minimization of system impairments, and track and trend system and component failures.

G. Radiation Protection. SRS Tritium Programs' Radiation Protection Program will be managed and implemented in accordance with the requirements of 10 CFR 835, applicable S/RIDs, and the SRNS Radiological Protection Program.

Completion criteria include:



Performance Fee Agreement

SRNS2010TP

Page 24 of 35

1. The aggregate evaluation of assessment results and CAS metrics, including facility contamination events, personnel contaminations and radiation exposure, habitability survey performance, and breached glove events, shows the radiological protection program is implemented in accordance with requirements.
2. No significant deficiencies occur which negatively impact the performance of Tritium operations or accomplishment of missions.

Performance Fee Agreement **SRNS2010TP**

Page 25 of 35

Contract Output 7. Maintain the Tritium Facilities in a safe, secure and responsive operating condition. (ES&H/S&S)

This Contract Output emphasizes Safety and Health and Safeguards and Security programs that provide the physical infrastructure and operational capabilities required to conduct Directed Stockpile and Campaign activities.

This Contract Output has a single Completion Criteria associated with Safety and Health and Safeguards and Security in the following areas:

- Training and Qualification
- Emergency Management
- Health and Safety
- Environmental Management
- Waste Management
- Safeguards and Security
- Cyber Security

Up to 15% of the allocated Tritium Programs PBI fee may be earned by Contract Output 7 as follows.

Essential Fee

1. 15% available fee of the Contract Output may be earned at the end of the assessment period for Completion Criterion 1 associated with Safety and Health and Safeguards and Security. Fee will be determined at the end of the assessment period for each Completion Criterion commensurate with performance as measured by the Subjective Adjectival Rating Criteria.

Completion Criteria

1. Safety & Health / Safeguards & Security

A. Training and Qualification. The Tritium Training and Qualification Program will be managed and implemented in accordance with the requirements of DOE Order 5480.20A, Personnel Selection, Qualification, and Training Requirements for DOE Nuclear Facilities, as defined in the S/RIDS, and plant policies and procedures.

Completion criteria include:

1. No significant programmatic training deficiencies will occur which affect the performance of Tritium Program activities or accomplishment of mission.
2. Operations Technical Qualification Expiration for all Operations Watchstander employees is tracked, reported, and maintained to demonstrate that fully qualified facility personnel are available to support accomplishment of the mission.



Performance Fee Agreement

SRNS2010TP

Page 26 of 35

3. Actual completion of HANM personnel to qualify for HAOM Operations jobs, as indicated by the HANM to HAOM cross-training metric, will be accurately reported and will demonstrate that the established completion rate is maintained to support Tritium Operations HANM centric strategy.

B. Emergency Management. The Tritium Emergency Management Program will be managed and implemented in accordance with the requirements defined in S/RIDS, NNSA-approved plans and schedules, and Site Procedures.

Completion criteria include:

1. Aggregate evaluation of review results indicates Emergency Preparedness Management is routinely implemented in accordance with requirements to develop and maintain a knowledgeable and fully trained workforce capable of responding to and mitigating abnormal events.

C. Health & Safety. The Industrial Safety, Chemical Safety, Industrial Hygiene, Occupational Medicine, and Transportation Safety Programs are managed in accordance with applicable regulations, DOE Directives (as defined in S/RIDs), and site requirements.

Completion criteria include:

1. Aggregate evaluation of review results indicates Health and Safety Programs are routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium operations or accomplishment of missions.
2. Safe facility operations, as evidenced by the monthly TRC metric for Operations and Construction, will be accurately reported each month and will demonstrate that the TRC rate is below the site goals for Operations and Construction.
3. SRNS will continue to execute an Integrated Safety Management System (ISMS) program, including continued efforts to enhance worker safety, health, and wellness programs.
4. Hazardous material management will be accomplished through the annual hazardous material inventory. Reduction of hazardous materials will be through the disposition of excess chemicals, where possible.
5. Maintain Tritium-wide access to the Material Safety Data Sheet (MSDS) database and perform the annual Tier II chemical inventory. No significant deficiencies will occur which affect the performance of the SRNS Tritium operations or accomplishment of missions.

Performance Fee Agreement SRNS2010TP

Page 27 of 35

D. Environmental Management. The Environmental program will be managed in accordance with applicable environmental laws, regulations, and DOE Directives via the S/RIDs.

Completion criteria include:

1. Aggregate evaluation of review results, including regulatory compliance, shows the Environmental Program is implemented in accordance with requirements, with no significant Notices of Violation (NOVs). No significant deficiencies will occur that affect the performance of the SRNS Tritium operations or accomplishment of missions.
2. Metals discharges to the H-02 outfall, as evidenced by the monthly NPDES H-02 Outfall Compliance metric, will be accurately reported each month and will demonstrate that the Tritium Facility discharges to the H-02 outfall are in compliance with the current NPDES permit limits for Lead, Zinc, and Copper.
3. Air emissions from the four process facilities, as evidenced by the monthly Air Emissions by Building metric, will be accurately reported each month and will demonstrate that the facilities are minimizing the release of Tritium to the atmosphere by remaining below the release guide.

E. Waste Management. The Waste Management program will be managed in accordance with applicable environmental laws, regulations, and DOE Directives via the S/RIDs.

Completion criteria include:

1. No significant deficiencies will occur that affect the performance of the SRS Tritium operations or accomplishment of missions.
2. Container compliance with all requirements, as evidenced by the monthly Waste Container Compliance metric, will be accurately reported each month and will demonstrate that the waste containers shipped to treatment, storage, or disposal units were compliant with all requirements upon receipt.
3. Waste Generation, as evidenced by the monthly Waste Management metric, will be accurately reported each month and will demonstrate that the waste generation is below the rolling average forecast, indicating the minimization of Low Level Radioactive Waste generation.
4. Aggregate evaluation of review results, including regulatory compliance, shows the Waste Management Program is implemented in accordance with requirements, with no significant Notices of Violation (NOVs), or significant violations of DOE O 435.1.

F. Safeguards and Security.



Performance Fee Agreement SRNS2010TP

Page 28 of 35

Operate an effective and efficient Safeguards and Security Program that meets DOE, NNSA, and Site requirements/directives and expectations as verified by Contractor self-assessment, SRSO oversight, and external inspections.

Completion Criteria include:

1. Plan, execute and manage the Tritium Facilities as a SPL-4 facility in compliance with DOE Directives.
2. Within 270 days of receipt of an approved waiver, transition the accountability for tritium, deuterium, and lithium from a program based on the MC&A security requirements to a production inventory program.
3. Aggregate evaluation of review results indicates the Safeguards and Security Programs are routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium Operations or accomplishment of missions.
4. Information request, budget reviews and exercises, work insertion requirements, etc. will be fully supported. Evaluation will be based on quality and timeliness, proactive resolution of emergent issues and concerns, communications, etc.
5. Security incidents, as evidenced by the Security Incident Index metric, will be accurately reported each month and will demonstrate that SRNS and subcontractor personnel follow appropriate security requirements within the Tritium Facilities.
6. Provide annual update of the Tritium Facilities' Security Plan that complies with DOE M 470.4-1 and submitted a minimum of 60 days prior to its anniversary date.
7. Hardcopy classified document holdings, as determined in the FY2009 analysis and evidenced by the Classified Document Holdings metric, will be accurately reported each month and will demonstrate that these documents are being appropriately controlled and reduced.
8. ACREM holdings, as evidenced by the ACREM metric, will be accurately reported each month and will demonstrate that they are being appropriately controlled and reduced.
9. Operate effective and efficient physical security systems to ensure that Intrusion Detection and Assessment Systems, access control systems, and cameras, interlocks, switches, sensors, etc. are functional, calibrated, and maintained.
10. Operate effective and efficient information protection activities to ensure that classified repositories and documents are maintained per requirements, and that the Technical Surveillance Countermeasures Program and the Classified Matter Protection and Control Program are in place and functional.
11. Classified document markings, as evidenced by the Document Marking Index will be accurately reported each month and will demonstrate that classified documents are being appropriately recognized and safeguarded.
12. Evaluate, develop, and implement a system modernization plan to include life cycle management for physical security systems as required by NNSA HQ.

Performance Fee Agreement SRNS2010TP

Page 29 of 35

13. Ensure employees obtain and maintain appropriate Safeguards & Security (S&S) qualifications by developing a S&S qualification card and hosting one S&S training course.
14. Conduct S&S self-assessments in all functional areas and achieve a satisfactory or effective rating with no repeat finding identified related to performance.

G. Cyber Security. Operate effective and efficient Cyber Security activities that meet DOE, NNSA, and Savannah River Nuclear Solutions (SRNS) requirements/directives and expectations as verified via contractor self-assessments, SRSO oversight, and external inspections.

Completion Criteria include:

1. Plan, execute and manage the classified networks within the Tritium Facilities and SRNL in compliance with DOE Directives and the NAPs.
2. Plan, execute and manage the Enterprise Secure Network (ESN) for Savannah River Site in compliance with DOE orders and the NAPs. Provide a monthly report to NNSA/SRSO on the SRS ESN status.
3. Aggregate evaluation of review results indicates the Cyber Security Program is routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium Operations, SRNL Operations or accomplishment of missions.
4. Information requests, budget reviews and exercises, work insertion requirements, etc. will be fully supported. Evaluation will be based on quality and timeliness, proactive resolution of emergent issues and concerns, communications, etc.
5. Cyber security incidents, as evidenced by the Cyber Security Incident Index metric, will be accurately reported each month and will demonstrate that SRNS and subcontractor personnel follow appropriate cyber security requirements.
6. Prepare and provide a monthly status report to the SRSO Designated Approving Authority (DAA) Representative on the SRNS cyber security program, including NNSA Cyber Security Policies (NAPs) implementation.
7. Establish and maintain a comprehensive self-assessment and issues resolution program for the Cyber Security Program. The current SRNS S&S Self Assessment program satisfies this completion criterion.
8. Submit final NAP-compliant certification and accreditation (C&A) package(s) for Authority to Operate (ATO) or Request for Extension a minimum of 30 calendar days prior to the ATO expiration date.
9. Execute CAPs and Plan of Action and Milestones (POA&M) per agreed upon schedule.

Performance Fee Agreement SRNS2010TP

Page 30 of 35

Contract Output 8. Maintain the Tritium Facilities in a safe, secure, and responsive operating condition. (Business Management)

This Contract Output emphasizes Business programs that provide the physical infrastructure and operational capabilities required to conduct Directed Stockpile and Campaign activities.

This Contract Output has a single Completion Criterion associated with Business in the following areas:

- Fiscal Management
- Contractor Assurance System
- Program Management
- Project Management
- Information Technology/Process Control

Up to 15% of the allocated Tritium Programs PBI fee may be earned by Contract Output 8 as follows.

Essential Fee

2. 15% available fee of the Contract Output may be earned at the end of the assessment period for Completion Criterion 1 associated with Business Management. Fee will be determined at the end of the assessment period for each Completion Criterion commensurate with performance as measured by the Subjective Adjectival Rating Criteria.

Completion Criteria

1. Business Management

- A. Fiscal Management. Budget and financial deliverables per the Planning, Programming, Budget, and Evaluation (PPBE) process will be provided in accordance with established due dates.

SRNS Tritium will maintain effective and timely information response processes.

Information requests, budget exercises, work insertion requests, etc., will be fully supported and evaluated on criteria such as quality and timeliness, proactive resolution of emergent issues and concerns, communications, etc.

SRNS will maintain an effective and efficient funds controls system.



Performance Fee Agreement

SRNS2010TP

Page 31 of 35

- i. No legal or administrative violations occur with regards to the management of appropriations for which controls have been established by DOE/HQ, or for which funds of other federal agencies or governmental entities have been entrusted to DOE for performance of supporting scopes of work. (Tritium only)
- ii. Uncosted balances are maintained at or reduced to below the DOE/HQ specified levels that are consistent with sound financial management. Due consideration will be given to multi year expense projects.
- iii. Reprogramming actions and supplemental financial plans will be timely, accurate, comprehensible, and minimized via advance planning and forecasting processes. Any identified need for a reprogramming action will be identified early in the fiscal year, have SRSO program approval, and clearly identify all funding sources.
- iv. Indirect costs and rates will be tracked and managed to identify and mitigate potential perturbations to planned direct work.

Budget and financial deliverables will be provided in accordance with established due dates with minimal mechanical and conformance errors.

Completion criteria include:

1. Offline quarterly and year-end reporting will be provided per reporting requirements.
2. Impact analyses and ad hoc exercises will be responded to in a timely manner and be coordinated with SRNS.
3. Budget formulation requirements will be provided per requirements and coordinated with all appropriate organizations.
4. Financial reporting will demonstrate effective accounting practices.

B. Contractor Assurance System. SRNS will have a Tritium-wide, comprehensive, and integrated Contractor Assurance System (CAS). The CAS will be managed and implemented in accordance with the requirements of DOE Order 226.1A and NNSA Supplemental Directive NA-1 SD 226.1A.

Completion criteria include:

1. Demonstrate an effective, comprehensive, integrated CAS Program. Elements include the following.
 - i. Integrated assessment schedule (includes internal audit, independent assessments, and management activities)
 - ii. Integrated assessment results (includes all formal assessment activities)
 - iii. Integrated risk management priorities

Performance Fee Agreement SRNS2010TP

Page 32 of 35

2. Meet CAS Program Requirements - Submit a CAS Program description for NNSA-SRSO annual review and approval.
3. Demonstrate that an issues management system is implemented, and results are regularly reviewed by senior management. (This includes capturing program and performance deficiencies, regardless of their source, in a system or systems that provides for analysis, resolution, and tracking.)
4. Support the Line Oversight Contractor Assurance System (LOCAS) initiative.
 - i. Identify LOCAS control metrics to support the following six Performance Categories. (1) Environment, Safety, and Health (ES&H), (2) Nuclear Safety, (3) Cyber Security, (4) Safeguards and Security, (5) Emergency Management, and (6) Business Management.
 - ii. Review metrics with the SRSO LOCAS Manager on a minimum of a quarterly basis to demonstrate the effectiveness of LOCAS control metrics in measuring contract/contractor performance.
 - iii. Refine metrics as LOCAS performance matures.

C. Program Management. SRNS will manage programs consistent with the NNSA Program Management Policy (BOP-006.001) and the Defense Programs Program Management Manual. A Program is a group on ongoing activities and related projects conducted with a defined set of resources (financial, human, etc.) managed in a coordinated way to achieve mission objectives and obtain benefits not available from managing them individually.

Program Management within Tritium Programs applies primarily to RTBF, DSW, Engineering and Readiness Campaigns, FIRP, S&S, etc.

Program Management philosophy views programs as falling across a spectrum ranging from operational or level-of-effort programs, such as surveillance of the nuclear weapons stockpile at one end, to major capital acquisition projects at the other end. The diversity of programs within the NNSA demands the "tailored" application of the program management principles to accommodate the requirements of each program.

Completion criteria include:

Plan, execute, and manage to established scope, cost, schedule, and risk baselines for all program elements including:

1. Each individual program will be planned, executed, managed, and will maintain acceptable cost and schedule performance as established by Work Authorization Directives, Prioritized Project Lists, PCD Requirements, Baseline Dismantlement Schedule, program implementation plans, program execution plan, and all other program requirements.

Performance Fee Agreement

SRNS2010TP

Page 33 of 35

2. Submit a comprehensive Infrastructure Roadmap for the Tritium Facilities that integrates the programs' strategic plans with production forecasts, research and development, facility and equipment management, safeguards and security, IT, transformation, projects, etc., by March 31, 2010.
3. Aggregate evaluation of review results indicates programs are routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium operations or accomplishment of missions.
4. SRNS' scope associated with NNSA Milestone Reporting Tool (MRT) Level 1 and 2 milestones will be completed on schedule. This excludes milestones associated with the Multi-Site PBI that are addressed in Contract Output 5.
5. Level 3 Milestones will be completed on schedule.
6. Information requests, budget exercises, work insertion requests, etc., will be supported. Develop and submit business cases as requested.
7. Submit Performance reports as required by individual Programs' Execution Plans.

D. Project Management.

Completion criteria include:

1. Submit a plan (scope, cost, and schedule) for cleaning out and vacating Building 232-1H that supports occupancy of Building 217-3H in an expedited manner while fully supporting the Tritium missions.
2. Aggregate evaluation of review results indicates projects are routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium operations or accomplishment of missions.
3. Safety will be emphasized for all aspects of the project from design through startup. Projects will routinely discuss safety in meetings for project personnel and will emphasize lessons learned at SRS construction sites and projects at other DOE sites. During construction phase each project manager or designee will proactively participate and conduct safety walk downs and document on Management Field Observation forms in STAR.
4. Manage projects within established scope, cost, and schedule baselines per SRSO approved Integrated Priority List. Cost and schedule performance are measured through Cost Performance Index (CPI) and Schedule Performance Index (SPI) for large projects and cost and schedule baselines for small projects and will demonstrate effective project management.

Performance Fee Agreement **SRNS2010TP**

Page 34 of 35

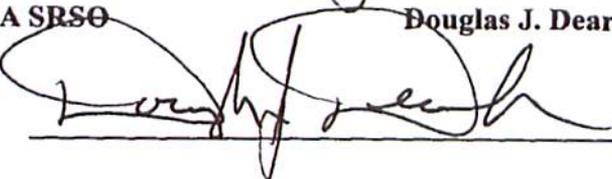
E. Information Technology/Process Control. Maintain a customer-focused Information Technology (IT) / Process Control environment that supports the NNSA's missions.

Completion criteria include:

- 1. Aggregate evaluation of review results indicates the IT Program is routinely implemented in accordance with requirements. No significant deficiencies will occur which affect the performance of the SRNS Tritium Operations or accomplishment of missions.**
- 2. Information requests, budget reviews and exercises, work insertion requirements, etc. will be fully supported. Evaluation will be based on quality and timeliness, proactive resolution of emergent issues and concerns, communications, etc.**
- 3. The system availability of the Tritium classified network, as evidenced by the System Availability metric, will demonstrate that the classified network is available to support Tritium missions.**
- 4. The system availability of the Enterprise Secure Network (ESN) will be reported regularly to NNSA to demonstrate that the ESN is available to support the Nuclear Security Enterprise.**
- 5. Install, configure and startup the SSIMS terminal within 60 days of all equipment receipt and receipt of all NNSA approvals to operate.**
- 6. Submit an updated disaster recovery and contingency plan for critical IT/Process Control systems per the POAMs for systems as they become NAPs-compliant.**
- 7. Submit a detailed plan (scope, cost, and schedule) for the execution of the ARMS post-project scope by January 30, 2010.**



Performance Fee Agreement
SRNS2010TP

Approvals:		
SRNS Tritium Programs	Christopher C. Gentile	Date
	_____	<u>9/29/09</u>
NNSA SRSO	Douglas J. Dearolph	Date
	_____	<u>9/29/09</u>