

Award Fee Determination Scorecard

Contractor: Savannah River Remediation, LLC

Contract: Cost Plus Award Fee (CPAF)

Contract Number: DE-AC09-09SR22505

Award Period: October 1, 2011 – September 30, 2012

Basis of Evaluation: SRR FY 2012 PEMP, Rev. 2 (Mod 194)
SRR SSI PEMP, Rev. 1 (Mod 199)

This is a Cost Plus Award Fee contract for the Liquid Waste Program at the Savannah River Site. Fee is made available for completion of explicit work results, such as completing a task on time, or for implicit performance in areas of cost, schedule/timeliness, quality and business relations. Fee may be earned based on an annual evaluation of contract performance. Total Available Fee for each contract year is established in the PEMP. Fee-bearing work is assigned an award fee component for subjectively measured performance requirements or a performance-based incentive fee component for objectively measured performance requirements.

Evaluation of contract effectiveness is based on a Performance Evaluation Measurement Plan (PEMP), which consists of both subjectively and objectively measured performance metrics, and a Supplemental Salt Initiative (SSI) PEMP. The SSI PEMP is an addendum to the PEMP. It consists of objectively measured performance incentives, and is designed specifically to reduce lifecycle schedule and costs to liquid waste by providing additional salt processing capacity.

Total Fee Available:

For year three of the initial six-year basic contract term the total award fee available was \$32,871,600.08. The table identifies total fee available under the PEMP and SSI PEMP, and the fee earned. In accordance with the contract, unearned fee is considered uncosted carryover.

SRR FY 2012 PEMP, Rev. 2 (Mod 194)		SRR SSI PEMP, Rev. 1 (Mod 199)	
Total Fee Available	\$31,775,347.36	Total Fee Available	\$1,096,252.72
Award Fee	\$3,555,347.36	Award Fee	\$0
Incentive Fee	\$28,220,000.00	Incentive Fee	\$1,096,252.72
Total Fee Earned	\$30,975,347.36	Total Fee Earned	\$1,096,252.72
Percentage Earned	97%	Percentage Earned	100%

Award Fee Adjectival Rating:

The objective of the award fee provisions of the contract is to afford the Contractor an opportunity to earn fee commensurate with the achievement of optimum contract performance. Performance of this contract is evaluated according to technical capability and performance; community, state, and regulator relationships; and corporate perspective as it relates to DOE EM missions. The DOE uses the adjectival rating and associated descriptions, as well as award-fee earned percentages, in accordance with federal acquisition regulations.

The Contractor earned 92 percent of the available award fee, which comprised approximately 10 percent of the total available fee for the evaluation period.

Performance Based Incentive Fee:

Contractor work must be planned, funded and approved for each fiscal year, resulting in an approved baseline. The baseline work implements strategic decisions relative to agency and program initiatives. An additional element of strategy includes the decision by federal management to apply a portion of available fee to certain work, or aspects of work that may be interdependent on other work. This fee-bearing work must benefit agency and/or program goals or strategic initiatives. Fee-bearing work is identified at the beginning of the fiscal year and managed through the baseline Earned Value Management System.

The Contractor earned 98 percent of the available incentive fee, which comprised approximately 90 percent of the total available fee for the evaluation period. The contractor met the majority of performance goals and objectives for the period.

Significant Achievements:

SRR's achievements for FY 2012 include:

- Operational closure of two high level liquid waste tanks, tanks 18 and 19 (the first in 15 years)
- Acceleration of closure activities for tanks 5 & 6, next in line for closure
- Record annual canister production at Defense Waste Processing Facility (DWPF)
- Record year of salt processing at Modular Caustic Side Solvent Extraction Unit (MCU) in spite of a lengthy outage for refurbishment to support extended out-year operations
- Enhanced Low Activity Waste Disposal (ELAWD) enhancements at Saltstone to address past operating issues and in preparation for anticipated significant future increase in processing rates
- Excellent Saltstone production for the year, notable due to ELAWD outage to install upgrades
- Completion and startup of newly designed Saltstone Disposal Units (SDU)
- Significant progress on SDUs 3, 5, and 6
- Maintained and strengthened relationships with state and federal regulatory agencies
- Superior contract and financial management

Notable Deficiencies:

Despite the notable achievements, SRR has had several challenges, which include:

- **Conduct of Operations:** A series of events occurred, which individually did not constitute significant safety concerns, however, in aggregate were sufficient to warrant further action. DOE intervention was necessary for SRR to fully embrace the significance of the events and initiate a proper response to renew their focus on conduct of operations.
- **Conduct of Engineering:** Several concerns were raised by DOE and presented to SRR in a formal letter requesting a review of the issues and a proposed path forward. Similar to the Conduct of Operations challenge, the individual incidents within Conduct of Engineering did not pose a significant concern, however, collectively the circumstances revealed a need for systematic improvement.

Completion of planned Bulk Oxalic Acid (BOA) cleaning activities in Tank 12: The Tank 12 Project Team expectation was to complete acidic cleaning by the end of FY12. However, as more information associated with the corrosion issue became apparent, emergent and unplanned work relevant to chemical cleaning preparation activities dominated the schedule causing the actual cleaning of the tank with oxalic acid to be delayed past the end of FY12. SRR completed the preparation activities and much of the emergent and unplanned work. The cleaning and post cleaning work activities were not performed. Since two of the three phases were not completed, available fee was unearned.

SRR management has initiated actions to address each of these deficiencies.