

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE OF PAGES 1 16
2. AMENDMENT/MODIFICATION NO 0296	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO	5. PROJECT NO. (If applicable)
6. ISSUED BY Savannah River Operations U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802	CODE 00901	7. ADMINISTERED BY (If other than Item 6) Savannah River Operations U.S. Department of Energy Savannah River Operations P.O. Box A Aiken SC 29802	CODE 00901
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)  SAVANNAH RIVER REMEDIATION LLC Attn: Jeffrey J. Bair Savannah River Site Building 766-H Aiken SC 29808		(x) 9A. AMENDMENT OF SOLICITATION NO.	
CODE 808376193 FACILITY CODE		9B. DATED (SEE ITEM 11)	
		x 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC09-09SR22505	
		10B. DATED (SEE ITEM 13) 12/08/2008	

**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.**

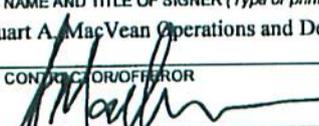
CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) 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) H.28 Performance Evaluation and Measurement Plan

E. IMPORTANT: Contractor  is not.  is required to sign this document and return 1 copies to the issuing office.

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

- A. The purpose of this modification is to incorporate the attached Performance Evaluation and Measurement Plan for the evaluation period April 17, 2014 through November 30, 2018.
- B. Section J, Appendix O, is revised to add Appendix O.6 - Performance Evaluation and Measurement Plan for Capital Asset Project, Addendum No. 1.
- C. All other terms and conditions remain unchanged.

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) Stuart A. MacVean Operations and Deputy Project Manager	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Charlene Smith
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 6/17/14
16B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	16C. DATE SIGNED 6/17/14



**U.S. Department of Energy  
Savannah River Site**

**PERFORMANCE EVALUATION AND  
MEASUREMENT PLAN**

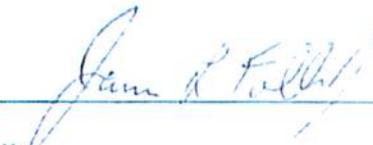
**Savannah River Remediation, LLC  
CONTRACT NO. DE-AC09-09SR22505**

**Capital Asset Project  
Addendum No. 1**

**Evaluation Period:  
April 17, 2014 through November 30, 2018**

April 17, 2014

Approval Page

Approval:  \_\_\_\_\_

James L. Folk  
Contracting Officer's Representative  
Acting Assistant Manager for Waste Disposition Project  
DOE - Savannah River Operations Office

4/17/2014

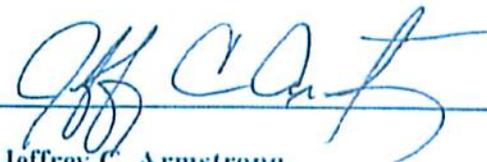
Date

Approval:  \_\_\_\_\_

Office of Chief Counsel  
DOE - Savannah River Operations Office

4-18-14

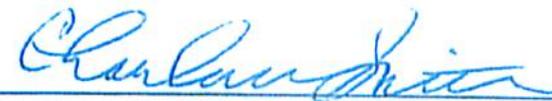
Date

Approval:  \_\_\_\_\_

Jeffrey C. Armstrong  
Director, Office of Acquisition Management  
DOE - Savannah River Operations Office

4-21-14

Date

Approval:  \_\_\_\_\_

Charlene Smith  
Contracting Officer

4/21/14

Date

Approved with the condition that additional PEMP revisions may be necessary after subsequent reviews by DOE-HQ.

### Revision Summary Page

Rev. #	Rev. Date	Affected Sections / Pages	Description of Revision
0	04/17/2014	All	Initial Issue.  Addendum effected to: establish PBIs and base fee allocation and performance incentive fee for work associated with Capital Asset Projects to align contract incentives with multi-year performance objectives.

## 1. Purpose

This document serves as the Performance Evaluation and Measurement Plan (PEMP) addendum for Capital Asset Projects and is consistent with the PEMP process identified in Section H.28, *Performance Evaluation and Measurement Plan*, for Contract No. DE-AC09-09SR22505 (Liquid Waste contract) between the U.S. Department of Energy (DOE) and Savannah River Remediation LLC, (SRR) approved December 8, 2008. This PEMP identifies the award fee and the performance incentives for Capital Asset Projects funded by base (PBS SR-0014C) funding sources and for Line Item Projects supporting the Liquid Waste program. This addendum provides for a fee plan for the duration of each Capital Asset Project or to the end of the Liquid Waste Contract base period, whichever comes first.

The PEMP addresses the process for determining earned fee through performance evaluation and measurement, including verifying completion documentation for technical adequacy. The PEMP process ensures evaluation and measurement of performance for accomplishment of the Capital Asset Project, per the approved baseline. Performance expectations are documented in performance incentive documents consisting of explicit or implicit performance measures. As outlined below, there is the opportunity for the Contractor to earn fee based on performance exceeding the baseline estimates for cost and schedule, which is in addition to the amount available from the base contract fee pool as shown on Attachment A, Capital Asset Project Fee Schedule.

Total available award fee and incentive fee for each Capital Asset Project is determined 1) upon initial issue of this PEMP Addendum for each Capital Asset Project in progress and 2) upon achieving approval of the CD-2 baseline for any new Capital Asset Project. Specific Activity-Based Milestones (and associated Award Fee, Target Dates and Completion Criteria), and Project Phase Completion or Final Completion Milestones (and associated Fee Schedule for specified performance) are documented in revisions to this PEMP Addendum.

Award Fee is available for payment in accordance with contract Section B, *Supplies or Services and Prices/Cost*, and Section G, *Contract Administration Data*. Incentive Fee for Phase / Final Completion Milestones will be accrued and will be payable upon completion of the Project or end of the Liquid Waste Contract base period.

## 2. Key Performance Parameters

Sections of the contract specifically applicable to the PEMP and discussing key aspects of technical approach are Section C, *Statement of Work*, Section H.1 *Programmatic Risks and Uncertainties*, H.12 *Government Furnished Services and Items*, H.14 *Project Control Systems and Reporting Requirements*, and H.50 *Performance Requirements*.

Incentive strategy is based on the Capital Asset Project Mission Need in support of:

- Removing sludge waste from liquid radioactive waste tanks to support preparation of sludge batches to serve as feed to the Defense Waste Processing Facility.
- Operating the salt processing facilities to remove salt cake and supernatant from liquid radioactive waste tanks.
- Operationally closing and isolating old-style liquid radioactive waste tanks and associated facilities.

Fee distribution in the performance incentive documents is based on a combination of an analysis of the Capital Asset Project Budgeted Cost of Work Scheduled (BCWS) and scheduled activities considered by DOE management to be key to successful project completion.

### **3. Integrated Project Team & Fee Board**

The Assistant Manager for Waste Disposition Project (AMWDP) will lead an Integrated Project Team (IPT) created in accordance with the requirements of DOE O 413.3B, *Program and Project Management for the Acquisition of Capital Assets*. The IPT provides oversight of the Liquid Waste contract and monitors contract performance against performance baselines throughout contract execution, in order to satisfy mission need at Savannah River Site (SRS). The IPT is staffed and/or supported by the respective Federal Project Director and, as needed, by Subject Matter Experts (SMEs) as well as matrix support personnel who possess specific competencies and the skill and expertise required for successful evaluation of SRR performance.

The Assistant Manager for Integration and Planning (AMIP) leads the site Fee Board. The site Fee Board uses a fee schedule (see Attachment A) and performance incentive documents (see Attachment B) to forecast expected fee expenditure based on target and scheduled completion dates.

### **4. The PEMP Process**

Performance criteria are developed by federal staff with contractor input. Both federal and contractor parties strive to reach mutual agreement on expected business, operational and technical performance; working together to develop performance objectives, descriptions, associated measures, and targets tied to DOE strategic goals associated with the Capital Asset Project scope of work and approved baseline. Performance incentive documents demonstrate direct flow down of DOE strategic goals and priorities into fee bearing activities, according to Department of Energy Acquisition Regulation (DEAR) 970.1100-1, *Performance-Based Contracting*, paragraph (c). The PEMP process is illustrated in Savannah River Implementing Procedure (SRIP) 400, Chapter 412.1, *Performance Evaluation and Measurement*, and includes planning, development and preparation of performance incentive documents, PEMP approval and implementation, evaluation period execution, performance assessment, and invoicing.

#### **4.1. Planning**

The PEMP planning process is led by the IPT to establish evaluation and measurement of Capital Asset Project performance. Planning results in identification of performance expectations and corresponding completion criteria for fee-bearing activities. Allocation of fee from the base contract fee pool is based upon strategic value to the overall Liquid Waste program.

Although individual performance incentive documents are developed for each Capital Asset Project, the planning process also requires performance expectation and fee allocation planning for the period of the project baseline and of the contract term based upon project scope, fee allocated from the contract base fee pool, and project incentives funded by the respective Line Item Project or the Liquid Waste Program, as applicable. Due to the dynamic nature of the Liquid Waste program, PEMP planning is an ongoing process.

The planning process uses the following inputs, among others:

- DOE, EM and site missions, strategies, and execution plans
- EM Budget Planning and Funding Plans and Strategies
- Liquid Waste Program Planning Process, also referred to as the Liquid Waste System Planning Process, which results in a family of documents centered around the *Liquid Waste System Plan(LWSP)*
- Contract Section C, Statement of Work (SOW)
- Capital Asset Project Baselines, supported by Critical Decision Documents
- General Contract End State Requirements (included in Section C)
- Contract Clause H.50, Performance Requirements

#### **4.2. Risk Management**

DOE uses an integrated risk management process for the Liquid Waste Capital Asset Projects to ensure that associated technical and programmatic risks are managed under an effective and responsive integrated process. A federal and contractor risk management board provides oversight to the implementation of risk management.

Liquid Waste Capital Asset Projects risks and opportunities are periodically assessed, graded and analyzed, and handling strategies are developed and implemented to minimize risk and maximize opportunity benefit. Analyses of risk impact are used as the basis for development of cost and schedule contingencies.

#### **4.3. Change Control**

Changes to this PEMP Addendum and the performance incentive documents are subject to the change control process. Proposed changes shall include a description and justification, address the impact of non-approval and include any proposed fee changes. Changes proposed by SRR will be submitted to the DOE Contracting Officer (CO), who will then request the IPT to review the change request, and make a recommendation to the CO to approve with or without changes or disapprove the proposal. The contractor is advised that proposed changes should not be submitted in an effort to relax requirements simply due to delays or failures by the contractor to complete work within its control.

#### **4.4. Reporting**

The reporting of performance against performance incentive documents will be integrated with other reporting mechanisms and conducted in accordance with applicable portions of the contract.

Contracting Officers and program officials shall consistently and accurately document real-time contractor performance and ensure that it is recorded both in detail in the contract file and in the appropriate format in the Contractor Performance Assessment Reporting System (CPARS).”

#### **4.5. Performance Assessment and Fee Determination**

The government will determine earned fee through evaluation and measurement of contractor performance against the performance requirements specified in performance incentive documents (see Attachment B). The government will assess contractor work products against the completion criteria and acceptance criteria specified in the performance incentive documents to include reviews of supporting documentation and walkdown of physical work in the field. The Fee Determining Official (FDO) has sole authority to determine earned fee. The FDO is supported by and receives recommendations from the Fee Board.

The amount of fee awarded for an Activity Based Milestone is based on completing expected performance according to the Performance Incentive Document and providing timely and accurate documentation. The dates for Activity Based Milestones are considered only as targets and these Milestones are not time-dependent. The fee will be earned and payable upon CO determination that the milestone has been completed in accordance with the Activity Milestone Definitions set forth in this PEMP. All fee is provisional and may be subject to claw back, based upon the terms of the Performance Incentive Document.

The amount of fee awarded for a Completion Milestone is based on completing the expected performance on or before the scheduled date according to the Performance Incentive Document and providing timely and accurate documentation. Fee will be earned and payable upon CO determination that the milestone has been completed in

accordance with the Milestone Definition Sheets set forth in this PEMP. All fee is provisional and may be subject to claw back, based upon the terms of the Performance Incentive Document.

Incentive fees are earned and payable upon CO determination of completion of the Milestone in accordance with the criteria set forth in this PEMP.

The amount of project-funded incentive fee award for satisfying the incentive requirements for a Completion Milestone is based on the Performance Incentive Document fee schedule.

For all PBIs, the contractor is expected to perform the work effort in a quality manner, within the overall cost of the Contract Performance Baseline, such that potential rework and waste are minimized.

Funding associated with any unearned fee for operations funded work scopes will be made available for the performance of base program work scope. Note: Consistent with Section H.28 (g) of the contract, “any unearned fee from the base award fee made available for Performance Based Incentive (PBI), or other incentive shall not be eligible to be earned under future periods, PBIs, or incentives.”

Funding associated with any unearned fee in a Line Item Project will remain with the Line Item Project and will be appropriately dispositioned at project closure.

Fee may be reduced per contract Section B.5 *DEAR 970.5215-3 Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (ALTERNATE II) (JAN 2004) (DEVIATION)*.

Upon receipt of direction from the FDO, the Contracting Officer will provide consent to the contractor to submit a fee invoice per Section G.7 (b) of the contract.

#### **4.6. Invoicing and Fee Payment**

Fee will be paid as prescribed in Section B.2. (h) of the contract. Earned fee will be invoiced consistent with Section G of the contract. The invoice will include the performance incentive document validation/assessment requests submitted for the evaluation period.

### **5. Federal Oversight of Contractor Performance**

Procedures for oversight of contractor performance are described in SR Manual (SRM) 226.1.1, *Integrated Performance Assurance Manual*. The contractor oversight system is founded on an integrated safety management system (ISMS) that emulates DOE P 450.4, *Safety Management System Policy*. SRM 226.1.1 describes processes that comprise the contractor oversight system that DOE uses 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 oversight of contractor performance.

In accordance with DOE O 226.1B, 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 both 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 that regularly assesses performance, assures comprehensive corrective action, and provides continuous improvement by identifying, correcting, and preventing problems that hinder the achievement of site missions.

**Attachment A: Capital Asset Project Fee Schedule**

<b>Capital Asset Project</b>	<b>Start</b>	<b>Finish</b>	<b>Revision Number</b>	<b>Capital Asset Project PEMP Fee Allocation and Funding Source</b>
<b>SDU-6 Activity Based Milestone(s)</b>	4/17/2014	11/30/2018	0	\$5,000,000.00  <i>Allocated from Contract Fee Pool, Funded from base program (\$500K) and from Line Item Project (\$4,500K)</i>
<b>SDU-6 Incentive Fee / Penalty (Claw Back) for Phase / Final Completion Milestone(s)</b>	4/17/2014	11/30/2018	0	\$ <u>±</u> 5,000,000.00  <i>Incentive above Contract Fee Pool, Funded by Line Item Project</i>
	<b>Total, Base Contract Fee Pool</b>			<b>\$5,000,000.00</b>
	<b>Total, Project Incentive</b>			<b>\$<u>±</u>5,000,000.00</b>
	<b>TOTAL</b>			<b>\$0 to \$10,000,000.00</b>

Note: Total Incentive Fee, all projects, must not result in exceeding the terms of Contract Clause B.3, Limitation on Fee.

**Attachment B: Performance Incentive Documents**



Performance Incentive Document

PBI Number:	SRR-SDU6						
Activity Name:	Saltstone Disposal						
WBS Number:	01.90.02						
Performance Period:	April 17, 2014 – November 30, 2018						
Allocated Fee, from base contract fee pool:	\$5,000,000						
Incentive Fee, from SDU6 Project Funds:	\$>5,000,000						
Revision Number:	0						
Senior level manager name:	Jim Folk, Acting AMWDP						
FPD:	Carl Lanigan						
<b><u>Performance Requirement:</u></b>							
Contract Sections - Contract Section C – Statement of Work, Saltstone Disposal Facility Operations and Conformity with Section 3116 Determination, Permit and Other Matters							
<b><u>GFSI:</u></b>							
The Target Dates and Completion Dates for the following Milestones are based on availability of the funding stream described by Project Data Sheet (PDS) 15-D-402 funding profile as shown below. Any change in the schedule for funds availability, including interruption caused by Continuing Resolution or other action, may result in renegotiation / revision to impacted milestones.							
	Prior Years	FY14	FY15	FY16	FY17	FY18	Total
TEC	16,397	34,618	34,642	34,110	7,861	0	127,628
OPC	5,748	2,178	2,694	2,326	2,326	0	15,572
TPC	22,145	36,796	37,336	36,736	10,187	0	143,200
The Target Dates and Completion Dates for the following Milestones are based on approval of project submittals in accordance with Contract Section J, Appendix L, Scope Item 2 – Conduct of Documentation. Any delays that impact the project critical path may result in renegotiation / revision to impacted milestones.							
<b><u>End of Contract Fee Adjustment:</u></b>							

This Performance Incentive Document establishes milestones for the life of the SDU-6 Project. Should the contract end before project completion, the Contractor shall receive designated fee for all completed milestones and shall receive a prorated fee for work accomplished on milestones in progress, using an agreed-to methodology (e.g., EVMS % Complete).

**Contract Output: SRR-SDU6**

The construction and commissioning of Saltstone Disposal Units (SDUs) supports the continued operation of the Saltstone Production Facility.

<b>Activity Based Completion Milestone Number</b>	<b>Target Date, Amount, Frequency</b>	<b>Award Fee</b>	<b>Completion Criteria</b>
SRR-SDU6-01.01	9/30/2014	\$500,000.00	Complete a cumulative of 11 wall panels for SDU6 cell.
SRR-SDU6-01.02	1/31/2015	\$500,000.00	Complete a cumulative of 25 wall panels and floor foundation for SDU6 cell.
SRR-SDU6-01.03	6/30/2015	\$500,000.00	Complete Pre-stress and shotcrete for SDU6 cell
SRR-SDU6-01.04	12/31/2015	\$1,000,000.00	Complete Hydro test for SDU6
SRR-SDU6-01.05	2/28/2017	\$1,000,000.00	Complete Start-up testing
SRR-SDU6-01.06	5/31//2017	\$1,500,000.00	CD-4 approved by DOE

Project Final Completion Incentive / Claw Back (See Note 1)	Required Date, Amount, Frequency	Fee Incentive / Claw Back Basis	Completion Criteria
SRR-SDU6-02.01	\$122.3M ±\$2.0M	\$240,384.62 Incentive / Claw Back per each \$1M (or fraction thereof) variance of final cost from the adjusted CD-3 EAC CBB (\$122.3M ± \$2M) up to a maximum of \$2,500,000.00, linear fee adjustment.	Achieve project completion at adjusted CD-3 EAC Contract Budget Base (CBB) of \$122.3M ± \$2M  NOTE: CBB EAC of \$134.7M Was Approved in CD-2 Baseline
SRR-SDU6-02.02	Within the period 5/31/2017 to 11/30/2017	\$208,333.33 Incentive / Claw Back per month (or fraction thereof), for completion before the 5/31/2017 target date or later than 11/30/2017 (target date plus 6 months contractor contingency) up to a maximum of \$2,500,000.00, linear fee adjustment.	Achieve project completion (CD-4 approved by DOE) Within the period 5/31/2017 to 11/30/2017  NOTE: CD-4 Date of 11/30/2018 Was Approved in CD-2 Baseline

<b>Acceptance Criteria</b>	
SRR-SDU6-01.01	Verification by inspection of visual evidence of completion and removal of wall panel forms.
SRR-SDU6-01.02	Verification by inspection of visual evidence of completion and removal of wall panel forms and of final floor section placement and finishing.
SRR-SDU6-01.03	Verification by inspection of visual evidence of completion and removal of pre-stress equipment.
SRR-SDU6-01.04	Verification by inspection of visual evidence and review of SRR QA/QC inspection / acceptance of Hydro test results in accordance with Standard ACI 350.1.
SRR-SDU6-01.05	Verification by inspection of visual evidence and review of Start-up Testing Summary Report.
SRR-SDU6-01.06	Verification by review of CD-4 package submitted for approval.
SRR-SDU6-02.01	Verification of Post CD-4 final financial report and PARS report.
SRR-SDU6-02.02	Verification by review of CD-4 package submitted for approval.

Note 1: The SRR Contract Base Period ends June 30, 2015. If the contract ends without extension on that date, then the following Phase Completion Incentive / Claw Back Contract Output shall be in effect.

<b>Project Phase or Final Completion Incentive / Claw Back</b>	<b>Required Date, Amount, Frequency</b>	<b>Fee Incentive / Claw Back Basis</b>	<b>Completion Criteria</b>
SRR-SDU6-02.01a	\$122.3M ±\$2.0M	\$144,230.77 Incentive / Claw Back per each \$1M (or fraction thereof) variance of forecast EAC from the adjusted CD-3 EAC CBB (\$122.3M ± \$2M) up to a maximum of \$1,500,000.00, linear fee adjustment.	Maintain forecast project completion EAC at adjusted CD-3 EAC Contract Budget Base (CBB) of \$122.3M ± \$2M  NOTE: CBB EAC of \$134.7M Was Approved in CD-2 Baseline
<b>Acceptance Criteria</b>			
SRR-SDU6-02.01a	Verification by review of PARS report, current as of June 30, 2015.		