

Award Fee Determination Scorecard

Contractor: Savannah River Nuclear Solutions
Contract: Management and Operations
Contract Number: DE-AC09-08SR22470
Award Period: October 1, 2012 – September 30, 2013
Basis of Evaluation: Performance and Evaluation Plan (PEMP)

This is a Cost Plus Award Fee contract as defined by federal acquisition regulations (FAR). Fee is made available for the 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 identified in the contract. Fee-bearing work may be assigned as an award fee component for subjectively measured performance requirements or a performance based incentive fee component for objectively measured requirements.

Total Fee Available:

Total fee available for this past year was \$56,035,000. The contractor earned \$47,071,541, which is 84 percent of the total available. Fee-bearing work is funded and evaluated separately by U.S. Department of Energy (DOE) Environmental Management (EM) and National Nuclear Security Administration (NNSA) programs. The determination of earned fee is also made by each program.

| Program | Fee available | Fee earned | Percent |
|----------------|----------------------|-------------------|----------------|
| EM | \$32,014,000 | \$30,753,150 | 96% |
| NNSA | \$24,021,000 | \$16,318,391 | 68% |
| Total | \$56,035,000 | \$47,071,541 | 84% |

Award Fee Adjectival Rating:

The DOE Savannah River Operations Office (DOE-SR) performs monthly surveys of federal senior site management who report observations in monthly fee board meetings. These areas are given a subjectively measured adjectival rating in accordance with FAR. For Fiscal Year (FY) 2013, the contractor received a composite performance rating of 85 percent based on feedback from the monthly surveys. As defined by the FAR, this performance rating is very good. This rating means the contractor exceeded many of the significant award fee criteria and met performance requirements of the contract.

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 the 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 (EVM) and Work Authorization (WA) systems.

Significant Achievements:

SRNS increased emphasis on personal ownership of working safely, achieving 20 million safe hours. This exemplary performance was recognized when the Department of Energy subsequently awarded SRNS its 13th annual Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP) Star of Excellence. The National Safety Council (NSC) also recognized SRNS safety performance with the 2013 Industry Leader Award. These awards are evidence of SRNS commitment to safety and security while delivering excellent service in hazardous waste and nuclear materials management.

SRNS overcame significant challenges in FY 2013 turning national and global events into opportunities. SRNS was responsive in budget management, accommodating major scope changes and addressing multiple funding scenarios, including sequestration, government funding through continuing resolution and program challenges.

SRNS continues to deliver strong operating performance in environmental management and cleanup while maintaining the highest standards of safety, safeguards and security. As the Managing and Operating (M&O) contractor at the site, SRNS realized significant cost savings achieved through an ongoing Continuous Improvement program. In FY13, SRNS realized \$36.8 million in savings through immediate savings or cost avoidance. Additionally, since SRNS assumed the contract in 2008, Site Services and other overhead cost pools have been considerably reduced with notable contract-to-date cost savings of \$161.8 million.

Over the past year the Savannah River National Laboratory (SRNL) continued to provide world leadership in technological advances in environmental stewardship, clean energy and national security. Significantly, the SRNL continued to gain international recognition partnering with Tokyo Electric Power Company to cleanup areas related to the tsunami-damaged Fukushima Daiichi Nuclear site.

Other notable accomplishments include ongoing missions of H Canyon, completion of legacy transuranic waste remediation, continued exceptional support meeting the nation's defense program needs and safe, secure and handling of nuclear materials from around the world.

SRNS was also recognized by the State of South Carolina, achieving the following:

- South Carolina Chamber of Commerce Commendation of Excellence Award (2013)
- South Carolina Manufacturers Alliance Plant Safety Award (2013)
- South Carolina Department of Labor, Licensing and Regulation Safety Achievement Award (2013)

Significant Deficiencies:

Earlier in the fiscal year, an increasing trend of adverse events related to Conduct of Operations and Integrated Safety Management failures was noted. These events were primarily noted in H-Area, but also present in other Nuclear Material Operations (NMO) facilities. This adverse trend and the Department's concerns and expectations were documented in a letter to SRNS management. Further weakness was exposed during the conduct of a DOE Readiness Assessment of HB-Line in August. While worker safety was never compromised, the assessments identified a trend that if unchecked could have compromised safety in the NMO facilities in the future.

The SRNS Earned Value Management System (EVMS), used for managing project cost and schedule performance, did not demonstrate adequate compliance with emerging project management standards, resulting in the suspension of your EVMS certification.

The SRNS performance on NNSA work in FY 2013 was mixed: in some respects exceeding expectations and in others falling short of expectations. The Defense Program work in all cases met, and in some significantly exceeded, expectations. The operation and maintenance of mission critical facilities exceeded expectations even though SRNS was working in the context of constrained funding and significant budget uncertainty throughout the year. Of special note was the nearly flawless implementation of the Automated Reservoir Management System II and the simultaneous process outage. The Waste Solidification Building project, on the other hand, fell short of expectations this year as the project was over budget, behind schedule and lost ground after the December 2012 rebaselining. Although some improvements were noted, the schedule continued to slip, resulting in unsatisfactory performance on this significant project. Additionally, the Alternate Feed Stock II project in H-Canyon missed the mark when efforts failed to result in any oxide production.