AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
	1 / 34

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
222	09/29/2012	Not Applicable	

6. ISSUED BY CODE 00601

Richland Operations Office
U.S. Department of Energy
Richland Operations Office
P.O. Box 550, MSIN A7-80
Richland WA 99352

7. ADMINISTERED BY (If other than Item 6) CODE 00601

Richland Operations Office
U.S. Department of Energy
Richland Operations Office
P.O. Box 550, MSIN A7-80
Richland WA 99352

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

MISSION SUPPORT ALLIANCE, LLC
Attn: JENNIFER JAHNER
POST OFFICE BOX 650
RICHLAND WA 993523562

CODE 010605464 FACILITY CODE

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

x 10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC06-09RL14728

10B. DATED (SEE ITEM 13) 04/28/2009

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)
Not Applicable

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) I.103 FAR 52.243-2 Changes - Cost Reimbursement Alt II ((a)(1)

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return 0 copies to the issuing office.

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

This modification provides administrative changes to Section B, Clause B.4 Table 1 to allocate avaliable fee of $20,819,901 to Fiscal Year 20123. A conformed copy of Section B is included as Attachment 1. This modification adds Attachment J-4.d Fiscal Year 2013 Performance Evaluation and Management Plan to Section J. Attachment 2 provides an updated Table of Contents for Section J. The Attachment J-4.d is included as Attachment 3.

This modification does not add additional obligated funds to the contract as the work is incrementally funded. Accordingly, work under the Contract, such as described herein, must be performed within the amount of funds which have been allotted to the contract in accordance with Clause I.82 FAR 52.232.22 - Limitation of Funds (Apr 1984).
There are no other changes to the terms and conditions of the contract.
Continued ...

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)	
		Andrew H. Wirkkala	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA (Signature of Contracting Officer) Andrew H. Wirkkala	16C. DATE SIGNED 9/29/2012

NAME OF OFFEROR OR CONTRACTOR
MISSION SUPPORT ALLIANCE, LLC

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	Period of Performance: 05/26/2009 to 05/25/2014				

PART I – THE SCHEDULE

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

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PART I – THE SCHEDULE

SECTION B

SUPPLIES OR SERVICES AND PRICES/COSTS

B.1 TYPE OF CONTRACT

This is a performance-based Cost-Plus-Award Fee Contract for services to directly support the environmental clean-up mission at the U.S. Department of Energy (DOE) Hanford Site, with a fee structure that provides a strong financial motivation for the Contractor to furnish safe, compliant, cost-effective and energy-efficient services.

B.2 ITEM(S) BEING ACQUIRED

The Contractor shall, in accordance with the terms of this Contract, provide the personnel, equipment, materials, supplies, and services and do all things necessary for, or incident to, providing its best efforts to manage, operate, and deliver mission support services.

B.3 OBLIGATION AND AVAILABILITY OF FUNDS

(a) Obligation of Funds. Pursuant to the Section I Clause entitled, *FAR 52.232-22, Limitation of Funds,* total funds in the amount of $1,002,546,685.97 have been allotted for obligation and are available for payment of services provided from the effective date of this Contract through September 30, 2013.

(b) Availability of Funds. Except as may be specifically provided in the Section I Clause entitled, *DEAR 952.250-70, Nuclear Hazards Indemnity Agreement*, the duties and obligations of DOE hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the U.S. Congress that DOE may legally spend for such purposes.

B.4 CONTRACT COST AND CONTRACT FEE

This Section establishes the estimated Total Contract Cost and Contract Fee. Within Table B.4-1:

(a) *Contract Period* is defined as the *Transition Period, Base Period,* and *Option Period(s)* (if exercised) described in the Section F Clause entitled, *Period of Performance.*

(b) *Estimated Contract Cost* (Column (a)) is defined as all costs initially proposed by the Contractor for base statement of work and contract changes.

(c) *Available Fee (Column* (b)) is defined as the maximum amount of fee that may be earned under the Contract by Contract period. *Contract Price* (Column (c)) is the sum of columns (a) and (b), in each year of Contract performance.

(d) *Total Contract Cost* is *defined as* the cumulative *Estimated Contract Cost* for all Contract periods.

(e) *Total Available Fee* is defined as the cumulative *Available Fee* for all Contract periods.

(f) *Total Contract Price* is defined as the sum of *Total Contract Cost* and *Total Available Fee*.

(g) *Estimated Contract Cost, Contract Price, and Available Fee* by Fiscal Year will be adjusted annually by the Contracting Officer upon approval of the *Performance Measurement Baseline* and whenever changes affecting the table are made under the Section I Clause entitled, *Changes – Cost Reimbursement*.

Table B.4-1, Contract Cost and Contract Fee			
Contract Period	**Elements of Estimated Contract Cost and Contract Fee**		
Year of Contract Performance	**Estimated Contract Cost** **(a)**	**Available Fee** **(b)**	**Contract Price** **(c)**
Transition Period*	$6,203,827	-0-	$6,203,827
***Transition Period Costs are included in FY2009 costs**			
Base Period			
Fiscal Year 2009	$34,394,723	$1,964,317	$36,359,040
Fiscal Year 2010	$315,386,158	$20,422,025	$335,808,183
Fiscal Year 2011	$302,702,219	$26,164,766	$328,866,985
Fiscal Year 2012	$306,590,415	$21,223,747	$327,814,162
Fiscal Year 2013	$352,831,582	20,819,901	$373,651,483
Fiscal Year 2014	$201,383,729	TBD BY DOE	TOTAL
Total Base Period	$1,513,288,826	$103,228,818	$1,616,517,664
Option Period(s)			
Option Period 1			
Fiscal Year 2014	$99,947,352	TBD BY DOE	TOTAL
Fiscal Year 2015	$309,286,059	TBD BY DOE	TOTAL
Fiscal Year 2016	$293,574,838	TBD BY DOE	TOTAL
Fiscal Year 2017	$195,271,088	TBD BY DOE	TOTAL
Total Option Period 1	$898,079,337	TBD BY DOE	TOTAL
Option Period 2			
Fiscal Year 2017	$97,329,936	TBD BY DOE	TOTAL
Fiscal Year 2018	$298,584,407	TBD BY DOE	TOTAL
Fiscal Year 2019	$195,249,695	TBD BY DOE	TOTAL
Total Option Period 2	$591,164,038	TBD BY DOE	TOTAL
Total Option Period(s)	$1,489,243,375	$105,703,886	$1,594,947,261

Transition, Base & Option Periods	**Contract Cost**	$3,002,532,201
	Available Fee	$208,932,704
	Contract Price	$3,211,464,905

[1] *TBD by DOE* within the cells of Table B.4-1 is the amount of *Available Fee* DOE allocates from the proposed available fee in accordance with the Section B Clause entitled, *Fee Structure*.

Table B.4-2.a defines the estimated contract price for work performed as part of Section C.2.5.3 Portfolio Management that is ordered by task order. Each task order is individually priced. The amounts defined in Table B.4-2 do not invoke the provisions of Clause B-5 for fee adjustments as fee is determined on each task order.

Table B.4-2.a, Task Order Cost and Contract Fee for Portfolio Management Task Orders (PMTO)			
Contract Period *Year of Contract Performance*	**Elements of Estimated Contract Cost and Contract Fee**		
	Estimated Contract Cost (a)	**Estimated Fixed Fee (b)**	**Contract Price (c)**
Base Period			
Fiscal Year 2009	$39,763.00	$0	$39,763.00
Fiscal Year 2010	0	0	0
Fiscal Year 2011	$375,846.68	$24,911.00	$400,757.68
Fiscal Year 2012	$260,729.31	$933.00	$261,662.31
Fiscal Year 2013	TBD	TBD	TBD
Fiscal Year 2014	TBD	TBD	TBD
Total Base Period	$676,338.99	$25,844.00	$702,182.99

Contract Cost	$676,338.99
Total Available Fixed Fee	$25,844.00
Total PMTO Price	$702,182.99

Table B.4-2.b defines the estimated contract price for work performed under the Statement of Work Section C.3.8 Work for Others (WFO) in accordance with DEAR 970.5217-1 and DEAR 970.5232-6. This table also includes the estimated contract price for additional work within the general scope of the contract ordered by and authorized through a Request for Service (RFS). Each Request for Service order for additional work within the general work scope of the contract is individually priced. The amounts defined in Table B.4-2.b do not invoke the provisions of Clause B-5 for fee adjustments as fee is determined on each RFS or WFO.

Table B.4-2.b, Request for Service and WFO			
Contract Period ***Year of Contract Performance***	**Elements of Estimated Contract Cost and Contract Fee**		
	Estimated Contract Cost **(a)**	**Estimated Fixed Fee** **(b)**	**Contract Price** **(c)**
Base Period			
Fiscal Year 2009	$0	$0	0
Fiscal Year 2010	$0	$0	0
Fiscal Year 2011	$0	$0	$0
Fiscal Year 2012	$1,617,108.00	$121,188.00	$1,738,296
Fiscal Year 2013	TBD	TBD	TBD
Fiscal Year 2014	TBD	TBD	TBD
Total Base Period	$1,617,108.00	$121,188.00	$1,738,296
Estimated Contract Costs	$1,617,108.00		
Total Available Fixed Fee	$121,188.00		
Total RFS and WFO Price	$1,738,296.00		
Total Contract Estimated Costs and Fee			
Total Contract Cost (Tables B-4.1 & B-4.2 combined)	$3,004,825,647.99		
Total Available Fee (Table B-4.1)	$208,932,704.00		
Total Available Fixed Fee (Tables B-4.2.a and 4.2.b)	$147,032.00		
Total Contract Price	$3,213,905.383.99		

Table B.4-3 delineates the Total Available Fee distribution as fee allocations, contract definitization, and final fee determinations are made for each fiscal year.

Table B.4-3, Available Fee Distribution (excluding Table B.4-2.a and Table B.4-2.b above)					
Contract Period ***Year of Contract Performance***	**Available Fee as originally Awarded**	**Fee associated with contract changes**	**Total Available Fee**	**Available Fee Earned & Paid**	**Fee Forfeited**
Base Period					
Fiscal Year 2009	$1,948,268	$16,049	$1,964,317		
Fiscal Year 2010	$20,261,987	$160,038	$20,422,025	$19,332,431[1]	$3,053,911
Fiscal Year 2011	$25,327,484	$837,282	$26,164,766	$23,956,349	$2,208,417
Fiscal Year 2012	$21,275,349	($51,602)	$21,223,747	TBD	TBD
Fiscal Year 2013	TBD	$557,914	TBD	TBD	TBD
Fiscal Year 2014	TBD	$399,201	TBD	TBD	TBD
Total Base Period	$101,309,935	$1,918,882	$103,228,818	$43,288,780	$5,262,328
Option Period(s)					
Option Period 1					
Fiscal Year 2014	TBD	$141,750	TBD	TBD	TBD
Fiscal Year 2015	TBD	$538,821	TBD	TBD	TBD
Fiscal Year 2016	TBD	$554,118	TBD	TBD	TBD
Fiscal Year 2017	TBD	$345,038			
Total Option Period 1	TBD	$1,579,727	TBD	TBD	TBD
Option Period 2					
Fiscal Year 2017	TBD	$153,958	TBD	TBD	TBD
Fiscal Year 2018	TBD	$507,584	TBD	TBD	TBD
Fiscal Year 2019	TBD	$368,927	TBD	TBD	TBD
Total Option Period 2	TBD	$1,030,469	TBD	TBD	TBD
Total Option Period(s)	$103,093,690	$2,610,196	$105,703,886	TBD	TBD
Total Base & Option Periods	$204,403,625	$4,529,078	$208,932,704	$43,288,780	$5,262,328

[1] *Fee for August 24, 2009 to September 30, 2009 performance was combined with the FY 2010 Final Fee Determination.*

B.5 CHANGES TO CONTRACT COST AND CONTRACT FEE

(a) Funding.

(1) DOE intends to obligate funding to the Contract in accordance with the *Contract Price* shown by fiscal year in Table B.4-1, *Contract Cost and Contract Fee*. The Contractor shall not be entitled to an equitable adjustment to *Available Fee* if the funding guidance by fiscal year is within 10% of the amount shown in Table B.4-1.

(2) Pursuant to Section C.3.1.2.3, DOE will provide annual funding guidance to the Contractor. The Contractor shall then develop an Integrated Priority List (IPL) in accordance with the funding guidance. The Contractor shall submit the IPL for DOE approval. Within 60 days of the DOE approval of the IPL, the Contractor shall, unless directed otherwise by the Contracting Officer, submit proposals consistent with the approved IPL work scope, projected Work for Others, and annual forecast of services from Other Hanford Contractors (OHC) to adjust the *Contract Price* and/or Schedule in accordance with the Section I Clause entitled, *FAR 52.243-2, Changes – Cost Reimbursement, Alternates II, III, and IV*.

(b) Performance Risk.

(1) Changes to *Total Available Fee* will accurately reflect the corresponding changes to the Contract with respect to performance risk as determined by DEAR 915.404-4-70, *DOE structured profit and fee system* and implemented by the profit-analysis factors defined in FAR 15.404-4, *Profit*. Accordingly, changes to the Contract resulting in an increase or decrease to the Contractor's performance risk as defined in FAR 15.404-4(d)(1), shall cause a proportionate increase or decrease to the *Total Available Fee*.

(2) If performance risk changes, the Contracting Officer may initiate a change or consider a request for equitable adjustment to the *Contract Price* and/or Schedule in accordance with the Section I Clause entitled, *FAR 52.243-2, Changes – Cost Reimbursement, Alternates II, III, and IV*.

B.6 BASIS FOR TOTAL AVAILABLE FEE

The cost basis for *Total Available Fee* shall be the *Total Contract Cost*, excluding:

(a) Pass-through funding provided to other contractors for Hanford Site services identified in the Section J Attachment entitled, *Hanford Site Services and Interface Requirements Matrix;*

(b) Costs associated with Work-for-Others performed under the Section I Clause entitled, *DEAR 970.5217-1, Work-for-Others Program*;

(c) Costs associated with sponsorship, management, administration and/or contributions for Legacy Plans (set forth in the Section H Clause entitled, Employee Compensation: Pay and Benefits) administered under this Contract; and

(d) Costs associated with sponsorship, management, administration and/or contributions for any defined benefit pension plan.

B.7 FEE STRUCTURE

(a) The Contracting Officer reserves the unilateral discretion to allocate between 15 percent (%) and 25% of the *Available Fee* for the *Base Period* and *Option Period(s)* (if exercised), to each fiscal year as described in this Clause; and as adjusted in the Section

B Clause entitled, *Changes to Contract Cost and Contract Fee*. The Contractor will have the opportunity to earn 100% of the *Available Fee*, as adjusted, within a Contract period.

(b) The *Available Fee* shown in Table B.4-1, Contract Cost and Contract Fee, can be earned through objective fee components and/or subjective fee components. The performance measures for these components and the *Available Fee* for the period allocated to the fiscal year are provided in the Section J Attachment entitled, *Performance Evaluation and Measurement Plan* (PEMP). The PEMP may contain annual and multi-year performance measures.

(1) *Available Fee* for the period allocated to annual performance measures may only be earned in that fiscal year. Allocated *Available Fee* for the fiscal year not earned in the fiscal year for an annual performance measure is unavailable and not payable to the Contractor. The Contractor forfeits any rights to unearned fee. The Contracting Officer reserves the unilateral discretion to determine how any unearned fee will be utilized.

(2) *Available Fee* for the period allocated to fiscal years for multi-year performance measures may be earned incrementally or upon final fee determination. Allocated *Available Fee* not earned for a multi-year performance measure is unavailable and not payable to the Contractor. The Contractor forfeits any rights to unearned fee. The Contracting Officer reserves the unilateral discretion to determine how any unearned fee will be utilized.

(3) *Provisional Fee* is defined as *Available Fee* that is paid contingently during an annual performance period. *Provisional Fee* may become earned fee upon the final fee determination.

(4) *Incremental Fee* is defined as *Available Fee* that the Contractor may earn by achieving a specific, fee-bearing, performance measure event.

(5) Individual performance measures may require the Contractor to exceed approved baseline performance to earn 100% of the fee allocated to that performance measure.

(c) The Contracting Officer will prepare and issue performance measures prior to the start of each fiscal year. The Contracting Officer may provide draft performance measures for Contractor review and input; however, the Contracting Officer reserves the unilateral discretion to issue the performance measures without Contractor review.

B.8 FEE DETERMINATION AND PAYMENT

(a) Fee earned under this Contract will be paid in accordance with the specific criteria defined in the PEMP and the Clauses in Section B. Monthly provisional payments of fee may be authorized by the Contracting Officer and will be made in accordance with paragraph (b) of this Clause.

(b) For annual performance measures that do not have specific, incremental, fee-bearing performance measure events, the Contractor may request Contracting Officer approval to execute a monthly draw of *Provisional Fee* payments from the Special Financial Institution Account. The Contractor may request a monthly *Provisional Fee* payment of up to 7.5% of fee allocated to such performance measures, subject to a maximum payment of 80% of fee allocated to such performance measures, and also subject to withholding by DOE as described in paragraphs (e) and (f) of this Clause.

(c) The Contractor shall request Contracting Officer acceptance of a specific, incremental, fee-bearing performance measure event. Following Contracting Officer acceptance of a specific, incremental, fee-bearing performance measure event, the Contractor may request Contracting Officer approval to execute a draw of *Incremental Fee* from the Special Financial Institution Account, subject to withholding by the Contracting Officer as described in paragraphs (e) and (f) of this Clause and the Section B Clause entitled, *Fee Reductions*.

(d) At the end of each year of Contract performance, the Fee Determining Official will make a final *Fee Determination* using the PEMP described in the Section B Clause entitled, *Fee Structure*. In the event that fee overpayment results from the *Provisional Fee* payments provided for in this Clause, the Contractor shall reimburse the unearned fee overpayment within 30 days of notification, to the Contracting Officer payable with interest in accordance with the Section I Clause entitled, *FAR 52.232-17, Interest*.

(e) Withholding of *Incremental* and *Provisional Fee* Payments for adverse Contract Performance.

(1) Withholding of *Incremental* and *Provisional Fee* Payments. If the Contractor demonstrates adverse performance, the Contracting Officer reserves the unilateral discretion to withhold *Incremental* and *Provisional Fee* Payments. Withheld Fee Payments are not subject to interest for the amount(s) of the withheld fee payment(s) under 5 CFR 1315, *Prompt Payment.*

(2) Release of Withheld *Incremental* and *Provisional Fee* Payments. The Contracting Officer may release withheld *Incremental* and *Provisional Fee* Payments and resume making *Incremental* and *Provisional Fee* Payments when the Contractor demonstrates sustained recovery in performance.

(f) Withholding of *Incremental* and *Provisional Fee* Payments for bankruptcy or other issues with guarantor company(ies).[4]

(1) Withholding of *Incremental* and *Provisional Fee*. In order to assure the Contractor's ability to repay any *Incremental* and *Provisional Fee* Payments that are determined to be in excess of the total fee earned, the Contracting Officer reserves the unilateral discretion to discontinue *Incremental* and *Provisional Fee* payments, in the event that a guarantor company files bankruptcy, is acquired by other owners, or impacted by other events that arise with the Contractor's guarantor company(ies) that can jeopardize DOE's ability to recover excess *Incremental Payment* and *Provisional Fee* Payments. Withheld Fee Payments are not subject to interest for the amount(s) of the withheld fee payment(s) under 5 CFR 1315, *Prompt Payment.*

(2) Release of Withheld *Incremental* and *Provisional Fee* Payments. Following receipt of evidence that bankruptcy or other issues do not affect the ability of the Contractor to continue to perform the obligations under the Contract, the Contracting Officer may release all *Incremental* and *Provisional Fee* Payments and resume making *Incremental* and *Provisional Fee* Payments.

B.9 FEE REDUCTIONS

(a) All earned fee in each year of Contract performance is subject to reductions imposed by the terms and conditions of this Contract, including, but not limited to:

(1) Section B Clause entitled, *Fee Determination and Payment;*

(2) Section B Clause entitled, *Small Business Subcontracting Fee Reduction;*

(3) Section B Clause entitled, *DEAR 970.5215-3, Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (Alternate II) [DEVIATION]*;

(4) Section B Clause entitled, *Conditional Payment of Fee (CPOF) DOE Richland Operations Office Site-Specific Performance Criteria/Requirements*;

(5) Section E Clause entitled, *FAR 52.246-3, Inspection of Supplies – Cost Reimbursement*;

(6) Section E Clause entitled, *FAR 52.246-5, Inspection of Services – Cost Reimbursement*;

(7) Section H Clause entitled, *Key Personnel*;

(8) Section H Clause entitled, *Safety and Security Key Personnel*;

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[4] Guarantor Company(ies) is defined as the company(ies) executing the performance guarantee (s) in Section H Clause entitled, *Performance Guarantee Agreement.*

(9) Section I Clause entitled, FAR 52.203-10, Price or Fee Adjustment for Illegal or Improper Activity*;*

(10) Section I Clause entitled, *FAR 52.215-11, Price Reduction for Defective Cost or Pricing Data – Modifications;*

(11) Section I Clause entitled, *FAR 52.215-13, Subcontractor Cost or Pricing Data – Modifications;*

(12) Section I Clause entitled, *FAR 52.243-2, Changes – Cost Reimbursement.*

(b) The maximum fee reduction in any one (1) year of Contract performance is the allocated *Available Fee*, as defined in the Section J Attachment entitled, *Performance Evaluation and Measurement Plan*, that can be earned in the year the event occurred.

B.10 SMALL BUSINESS SUBCONTRACTING FEE REDUCTION

(a) For the purpose of implementing this Clause, the percentage goals established in the Section J Attachment entitled, *Small Business Subcontracting Plan*, will remain in effect for the duration of the Contract, except as modified in accordance with the Section B Clause entitled, *Changes to Contract Cost and Contract Fee*. The Contractor shall submit annual updates to the narrative elements of the *Small Business Subcontracting Plan* by December 31 of each year.

(b) The Contractor's performance in meeting small business performance percentage goals in accordance with the Section H Clause entitled, *Self-Performed Work*, providing meaningful involvement for small businesses, and entering into the required Mentor-Protégé Agreement(s) will be evaluated after the:

(1) Three year period concluding at the end of the 3rd year of Contract performance;

(2) Two year period concluding at the end of the 5th year of Contract performance; and, if the *Option Period(s)* is exercised;

(3) If *Option Period* 1 is exercised -- -two year period concluding at the end of the 7th year of Contract performance; and

(4) At the end of the Contract period of performance.

(c) The Contracting Officer will consider the Contractor's performance in meeting small business percentage goals and entering into the required Mentor-Protégé Agreement(s) when making a decision on the *Option Period(s)* authorization.

(d) If the Contractor has not met any or all of the subcontracting goals, has failed to provide meaningful involvement for small business, and/or has failed to enter into the required Mentor-Protégé Agreement(s) during the above specified periods, the Contracting Officer may reduce the earned fee by an amount up to 10% of total earned fee in each period of the four (4) multi-year periods described above.

(e) At Contract completion, the total amount of fee reduction for failure to meet its subcontracting goals shall be offset by any amount of liquidated damages assessed in accordance with the Section I Clause entitled, *FAR 52.219-16, Liquidated Damages – Subcontracting Plan*. The fee reduction amount will be a unilateral determination by the Contracting Officer and a permanent reduction in the earned fee under this Contract.

(f) Any reduction for failure to meet the requirements of the Section H Clause entitled, *Mentor-Protégé Program* shall be in addition to any liquidated damages assessed in accordance with the Section I Clause entitled, *FAR 52.219-16, Liquidated Damages – Subcontracting Plan*. The fee reduction amount will be a unilateral determination by the Contracting Officer and a permanent reduction in the earned fee under this Contract.

B.11 ALLOWABILITY OF SUBCONTRACTOR FEE

(a) If the Contractor is part of a teaming arrangement as described in FAR Subpart 9.6, *Contractor Team Arrangements,* the team shall share in the *Total Available Fee* as shown in Table B.4-1. Separate additional subcontractor fee is not an allowable cost under this Contract for individual team members, or for a subcontractor, supplier, or lower-tier subcontractor that is a wholly-owned, majority-owned, or affiliate of any team member.

(b) The subcontractor fee restriction in paragraph (a) does not apply to members of the Contractor's team that are: (1) small business(es); (2) Protégé firms as part of an approved Mentor-Protégé relationship under the Section H Clause entitled, *Mentor-Protégé Program*; (3) subcontractors under a competitively awarded firm-fixed price or firm-fixed unit price subcontract; or (4) commercial items as defined in FAR Subpart 2.1, *Definitions of Words and Terms*.

B.12 DEAR 970.5215-3, CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES – FACILITY MANAGEMENT CONTRACTS (ALTERNATE II) (JAN 2004) [DEVIATION]

(a) General.

(1) The payment of earned fee, fixed fee, profit, or share of cost savings under this Contract is dependent upon:

(i) The Contractor's or Contractor employees' compliance with the terms and conditions of this Contract relating to environment, safety, health and quality (ESH&Q), which includes worker safety and health, including performance under an approved Integrated Safety Management System (ISMS); and

(ii) The Contractor's or contractor employees' compliance with the terms and conditions of this Contract relating to the safeguarding of Restricted Data and other classified information.

(2) The ESH&Q performance requirements of this Contract are set forth in its ESH&Q terms and conditions, including the DOE-approved Contractor ISMS or similar document. Financial incentives for timely mission accomplishment or cost effectiveness shall never compromise or impede full and effective implementation of the ISMS and full ESH&Q compliance.

(3) The performance requirements of this Contract relating to the safeguarding of Restricted Data and other classified information are set forth in the Section I Clause entitled, *FAR 52.239-1, Privacy or Security Safeguards (AUG 1996)*, and *DEAR 970.5204-2, Laws, Regulations, and DOE Directives*, as well as in other terms and conditions.

(4) If the Contractor does not meet the performance requirements of this Contract relating to ESH&Q or to the safeguarding of Restricted Data and other classified information during any performance evaluation period established under the Contract, otherwise earned fee, fixed fee, profit or share of cost savings may be unilaterally reduced by DOE.

(b) Reduction Amount.

(1) The amount of earned fee, fixed fee, profit, or share of cost savings that may be unilaterally reduced will be determined by the severity of the performance failure pursuant to the degrees specified in paragraphs (c) and (d) of this Clause.

(2) If a reduction of earned fee, fixed fee, profit, or share of cost savings is warranted, unless mitigating factors apply, such reduction shall not be less than 26% nor greater than 100% of the amount of earned fee, fixed fee, profit, or the Contractor's share of cost savings for a first degree performance failure, not less than 11% nor greater than 25% for a second degree performance failure, and up to 10% for a third degree performance failure.

(3) In determining the amount of the reduction and the applicability of mitigating factors, DOE will consider the Contractor's overall performance in meeting the ESH&Q or security requirements of the Contract. Such consideration will include performance against any site specific performance criteria/requirements that provide additional definition, guidance for the amount of reduction, or guidance for the applicability of mitigating factors. In all cases, DOE will consider mitigating factors that may warrant a reduction below the applicable range (see *48 CFR 970.1504-1-2*). The mitigating factors include, but are not limited to, the following ((v), (vi), (vii) and (viii) apply to ESH&Q only).

(i) Degree of control the Contractor had over the event or incident.

(ii) Efforts the Contractor had made to anticipate and mitigate the possibility of the event in advance.

(iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.

(iv) General status (trend and absolute performance) of: ESH&Q and compliance in related areas; or of safeguarding Restricted Data and other classified information and compliance in related areas.

(v) Contractor demonstration to the Contracting Officer’s satisfaction that the principles of industrial ESH&Q standards are routinely practiced (e.g., Voluntary Protection Program, ISO [International Organization for Standardization] 14000, *Environmental Management System Standards*).

(vi) Event caused by "Good Samaritan" act by the Contractor (e.g., off-site emergency response).

(vii) Contractor demonstration that a performance measurement system is routinely used to improve and maintain ESH&Q performance (including effective resource allocation) and to support DOE corporate decision-making (e.g., policy, ESH&Q programs).

(viii) Contractor demonstration that an Operating Experience and Feedback Program is functioning that demonstrably affects continuous improvement in ESH&Q by use of lessons-learned and best practices inter- and intra-DOE sites.

(4) (i) The amount of fee, fixed fee, profit, or share of cost savings that is otherwise earned by a Contractor during an evaluation period may be reduced in accordance with this Clause if it is determined that a performance failure warranting a reduction under this Clause occurs within the evaluation period.

(ii) The amount of reduction under this Clause, in combination with any reduction made under any other clause in the Contract, shall not exceed

the amount of fee, fixed fee, profit, or the Contractor's share of cost savings that is otherwise earned during the evaluation period.

(iii) For the purposes of this clause, earned fee, fixed fee, profit, or share of cost savings for the evaluation period shall mean the amount determined by DOE or fee determination official as otherwise payable based on the Contractor's performance during the evaluation period. Where the Contract provides for financial incentives that extend beyond a single evaluation period, this amount shall also include: any provisional amounts determined otherwise payable in the evaluation period; and, if provisional payments are not provided for, the allocable amount of any incentive determined otherwise payable at the conclusion of a subsequent evaluation period. The allocable amount shall be the total amount of the earned incentive divided by the number of evaluation periods over which it was earned.

(iv) The Government will effect the reduction as soon as practicable after the end of the evaluation period in which the performance failure occurs. If the Government is not aware of the failure, it will effect the reduction as soon as practical after becoming aware. For any portion of the reduction requiring an allocation the Government will effect the reduction at the end of the evaluation period in which it determines the total amount earned under the incentive. If at any time a reduction causes the sum of the payments the Contractor has received for fee, fixed fee, profit, or share of cost savings to exceed the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned (provisionally or otherwise), the Contractor shall immediately return the excess to the Government. (What the Contractor "has earned" reflects any reduction made under this or any other Clause of the Contract.)

(v) At the end of the Contract:

(A) The Government will pay the Contractor the amount by which the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned exceeds the sum of the payments the Contractor has received; or

(B) The Contractor shall return to the Government the amount by which the sum of the payments the Contractor has received exceeds the sum of fee, fixed fee, profit, or share of cost savings the Contractor has earned. (What the Contractor "has earned" reflects any reduction made under this or any other Clause of the Contract.)

(c) Environment, Safety, Health and Quality (ESH&Q). Performance failures occur if the Contractor does not comply with the Contract ESH&Q terms and conditions, including the DOE-approved Contractor ISMS. The degrees of performance failure under which reductions of earned or fixed fee, profit, or share of cost savings will be determined are:

(1) First Degree: Performance failures that are most adverse to ESH&Q. Failure to develop and obtain required DOE approval of an ISMS is considered first degree. The Government will perform necessary review of the ISMS in a timely manner and will not unreasonably withhold approval of the Contractor's ISMS. The following performance failures or performance failures of similar import will be considered first degree.

(i) Type A accident (defined in DOE Order 225.1A, *Accident Investigations*); and

(ii) Two (2) Second Degree performance failures during an evaluation period.

(2) Second Degree: Performance failures that are significantly adverse to ESH&Q. They include failures to comply with an approved ISMS that result in an actual injury, exposure, or exceedence that occurred or nearly occurred but had minor practical long-term health consequences. They also include breakdowns of the Safety Management System. The following performance failures or performance failures of similar import will be considered second degree:

(i) Type B accident (defined in DOE Order 225.1A).

(ii) Non-compliance with an approved ISMS that results in a near miss of a Type A or B accident. A near miss is a situation in which an inappropriate action occurs, or a necessary action is omitted, but does not result in an adverse effect.

(iii) Failure to mitigate or notify DOE of an imminent danger situation after discovery, where such notification is a requirement of the Contract.

(3) Third Degree: Performance failures that reflect a lack of focus on improving ESH&Q. They include failures to comply with an approved ISMS that result in potential breakdown of the System. The following performance failures or performance failures of similar import will be considered third degree:

(i) Failure to implement effective corrective actions to address deficiencies/non-compliances documented through: external (e.g., Federal) oversight and/or reported per DOE Manual 232.1-2 (Supp Rev 8), *Occurrence Reporting and Processing of Operations Information* requirements; or internal oversight of 10 CFR 830, 10 CFR 835, 10 CFR 850, and 10 CFR 851 requirements.

(ii) Multiple similar non-compliances identified by external (e.g., Federal) oversight that in aggregate indicate a significant programmatic breakdown.

(iii) Non-compliances that either have, or may have, significant negative impacts to the worker, the public, or the environment or that indicate a significant programmatic breakdown.

(iv) Failure to notify DOE upon discovery of events or conditions where notification is required by the terms and conditions of the Contract.

(d) Safeguarding Restricted Data and Other Classified Information. Performance failures occur if the Contractor does not comply with the terms and conditions of this Contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failure under which reductions of fee, profit, or share of cost savings will be determined are as follows:

(1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:

(i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, or any classification level of information in a Special Access Program (SAP), information identified as sensitive compartmented information (SCI), or high risk nuclear weapons-related data.

(ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

(2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:

(i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Secret Restricted Data or other information classified as Secret.

(ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Secret Restricted Data, or other information classified as Secret.

(iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other classified information regardless of classification (except for information covered by paragraph (d)(1)(iii) of this Clause).

(iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Secret Restricted Data or other classified information classified as Secret.

(3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of Contractor management and/or employee attention to the proper safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance failures or performance failures of similar import that will be considered third degree:

(i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.

(ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.

(iv) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the Contractor's Safeguards and Security Plan or other security plan, as applicable.

(iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the Contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.

(e) Minimum requirements for specified level of performance.

(1) At a minimum the Contractor must perform the following:

(i) The requirements with specific incentives which do not require the achievement of cost efficiencies in order to be performed at the level of performance set forth in Section C, *Statement of Work*, work authorization directive(s), or similar document unless an otherwise minimum level of performance has been established in the specific incentive;

(ii) All of the performance requirements directly related to requirements specifically incentivized which do not require the achievement of cost efficiencies in order to be performed at a level of performance such that the overall performance of these related requirements is at an acceptable level; and

(iii) All other requirements at a level of performance such that the total performance of the Contract is not jeopardized.

(2) The evaluation of the Contractor's achievement of the level of performance shall be unilaterally determined by the Government. To the extent that the Contractor fails to achieve the minimum performance levels specified in Section C, *Statement of Work*, work authorization directive(s), or similar document, during the performance evaluation period, the DOE Operations/Field Office Manager, or designee, may reduce any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit, or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.

(f) Minimum requirements for cost performance.

(1) Requirements incentivized by other than cost incentives must be performed within their specified cost constraint and must not adversely impact the costs of performing unrelated activities.

(2) The performance of requirements with a specific cost incentive must not adversely impact the costs of performing unrelated requirements.

(3) The Contractor's performance within the stipulated cost performance levels for the performance evaluation period shall be determined by the Government. To the extent the Contractor fails to achieve the stipulated cost performance levels, the DOE Operations/Field Office Manager, or designee, may reduce in whole or in part any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.

B.13 CONDITIONAL PAYMENT OF FEE (CPOF) DOE RICHLAND OPERATIONS OFFICE SITE-SPECIFIC PERFORMANCE CRITERIA/REQUIREMENTS

This Clause supplements Section B Clause entitled, *DEAR 970.5215-3, Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts (Alternate II) [Deviation]* by establishing Site-specific Environment, Safety, Health, and Quality (ESH&Q), and security performance criteria/requirements. Performance failures relating to the performance criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3. Site-specific performance criteria/requirements for ESH&Q, and Safeguards and Security are as follows:

(a) Environment, Safety, Health, and Quality

(1) First Degree: Performance failures relating to the criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3, Alternate II [Deviation].

(2) Second Degree: Performance failures relating to the criteria set forth in this Clause will be processed in accordance with DEAR 970.5215-3, Alternate II [Deviation].

(3) Third Degree: Performance failures that reflect a lack of focus on ESH&Q or failures to comply with an approved ISMS that may result in a negative impact to the public, worker or environment. The following performance failures, or events of similar import, are examples of performance failures that are considered third degree:

(i) Multiple similar non-compliances identified by external oversight (e.g., Federal) that in the aggregate indicate a significant programmatic breakdown.

(ii) Non-compliances or adverse performance trends that either have or may have negative impact to the public, worker, or environment or that indicate a programmatic breakdown.

(iii) Failure to notify the Contracting Officer upon discovery of events or conditions where notification is required by the terms and conditions of the Contract.

(iv) Failure to report required data accurately and in a timely manner.

(v) Failure to implement continuous improvement in ESH&Q performance through effective utilization of ISMS processes, including timely submittal of meaningful performance objectives, measurements and commitments.

(b) Safeguards and Security

(1) First Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:

(i) Theft, loss or diversion of category I or II special nuclear material (SNM); adversarial attacks or acts of sabotage that result in significant consequences the safety or security of personnel, facilities, or the public due to a failure or inadequacy of performance by the Contractor.

(ii) Receipt of an overall rating of Unsatisfactory on any DOE Safeguards and Security survey, audit, and/or inspection.

(iii) Failure to implement corrective action(s) in response to any first degree performance failure.

(2) Second Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:

(i) Theft, loss or diversion of Category III SNM that is due to a failure or inadequacy of performance by the Contractor.

(ii) Inventory differences of Category I/II/III SNM beyond alarm limits where there is no evidence that the difference is created by loss, theft, or diversion.

(iii) Any amount of SNM found in a dangerous/hazardous or unapproved storage environment, or unapproved mode of transportation/transfer.

(iv) Failure to implement corrective action(s) in response occurrence of any second degree performance failure.

(3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security, and/or jeopardizes protection of the facility or Site security interests. The following are examples of performance failures or performance failures of similar import that will be considered third degree:

(i) Loss, theft, diversion, or unauthorized disclosure of information classified as Confidential.

(ii) Negligent weapons and firearms-related incidents involving protective force operations/personnel (e.g., unauthorized weapons discharge, personal wounding).

(iii) Evidence that SNM data has been manipulated or falsified.

(iv) Inventory differences of Category IV SNM beyond alarm limits where there is no evidence that the difference is created by loss, theft, or diversion.

(v) Loss, theft, or diversion of Category IV quantities of SNM that is due to a failure or inadequacy of performance by the contractor.

(vi) Five (5) or more incidents that involve a potential compromise of classified information and/or unsecured classified repository, in any three (3) month period, of any type.

(vii) Receipt of any topical area rating of Unsatisfactory on any DOE Safeguards and Security survey, audit, and/or inspection.

(viii) Failure to implement corrective action(s) in response to any third degree performance failure.

(ix) Non-compliant or adverse cyber security performance that indicates serious cyber security program degradation (e.g., negative mission impacts or compromise of sensitive information [Sensitive Unclassified Information, Personally Identifiable Information, Unclassified Controlled Nuclear Information], etc.).

PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS
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ATTACHMENT J-4-d

Mission Support Contract
FY 2013 Performance Evaluation and Measurement Plan

The Performance Evaluation and Measurement Plan (PEMP) details the administration of performance incentives and allocation of total available fee as defined in Section B, Supplies or Services and Prices/Costs.

1. PERFORMANCE INCENTIVES

This PEMP contains both objective and subjective performance incentives in order to maximize the efficacy of the Mission Support Contract. The completion criteria for objective incentives consist of the successful completion of specified activities. The completion criteria for subjective incentives are focused on the achievement of high-level strategies, outcomes, and envisioned end states. The evaluation of all incentives will include a subjective determination regarding quality and effectiveness.

2. ALLOCATION OF AVAILABLE FEE

Because the services to be determined under this contract directly support the mission contractors, and because such services are integral to the environmental cleanup mission at Hanford, DOE will heavily weight the assignment of fee toward the following strategic areas of the contract:

a. Effective Site Cleanup and Future Waste Treatment Plant Operations

Enable mission contractors to achieve their cleanup mission by providing site utilities, infrastructure, and services at the levels required. The key outcomes include:

- Enabling site contractors to achieve reduced cost of site cleanup
- Delivering timely service that supports customer key milestones and regulatory commitments

b. Efficient Site Cleanup and Future Waste Treatment Plant Operations

Realize efficiencies by consolidating, integrating, and centralizing sitewide service functions, safety and security programs, and business functions.

c. Site Stewardship

Provide sitewide, integrated stewardship for the Hanford Site.

The objective performance incentives are allocated 60 percent of the available fee and the remaining 40 percent is allocated to the subjective performance incentives.

3. PERFORMANCE INCENTIVE RATINGS

Payment of fee is subject to the fee reduction terms of this contract, and fee determining official approval that the contractor has achieved the stated outcome for the specific performance incentive. The criteria listed in Table 3.1, Performance Ratings and Definitions, will be used in the evaluation of any subjective elements of the objective incentives as well as for the subjective incentive 5.0, Comprehensive Performance.

Table 3.1, Performance Incentive Ratings and Definitions

Adjectival Rating	Definition	Percentage of Fee Earned
Excellent	Contractor has exceeded almost all of the completion criteria in the subjective performance incentive, including overall cost, schedule, and technical performance requirements of the contract for this evaluation period. Contractor's work is highly professional. Contractor solves problems with very little, if any, Government involvement. Contractor is proactive and takes an aggressive approach in identifying problems and their resolution, including those identified in the risk management process, with a substantial emphasis on performing quality work in a safe manner within cost/schedule requirements. No significant re-work.	91% to 100%
Very Good	Contractor has exceeded many of the completion criteria in the subjective performance incentive, including overall cost, schedule, and technical performance requirements of the contract for this evaluation period. Contractor solves problems with minimal Government involvement. Contractor is usually proactive and demonstrates an aggressive approach in identifying problems and their resolution, including those identified in the risk management process, with an emphasis on performing quality work in a safe manner within cost/schedule requirements. Problems are usually self-identified and resolution is self-initiated. Some limited, low-impact rework within normal expectations.	76% to 90%
Good	Contractor has exceeded some of the completion criteria in the subjective performance incentive, including overall cost, schedule, and technical performance requirements of the contract for this evaluation period. Contractor is able to solve basic problems with adequate emphasis on performing quality work in a safe manner within cost/schedule objectives. The rating within this range will be determined by level of necessary Government involvement in problem resolution, including those problems identified in the risk management process, and extent to which the performance problem is self-identified vs. Government-identified. Some re-work required that unfavorably impacted cost and/or schedule.	51% to 75%
Satisfactory	Contractor has met overall cost, schedule, and technical performance requirements of the contract for this evaluation period. Contractor has some difficulty solving basic problems, and cost, schedule, safety, and technical performance needs improvement to avoid further performance risk. Government involvement in problem resolution, including those problems identified in the risk management process, is necessary. Some rework required that unfavorably impacted cost and/or schedule.	≤ 50%
Unsatisfactory	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract for this evaluation period. Contractor does not demonstrate an emphasis on performing quality work in a safe manner within cost/schedule objectives. Contractor is unable to solve problems and Government involvement in problem resolution, including those problems identified in the risk management process, is necessary. Excessive rework required that had significant unfavorable impact on cost and/or schedule.	0%

4. PERFORMANCE INCENTIVE FEE CALCULATION METHODOLOGY

Table 4.1, Fee Calculation Methodology

Strategic Area	Performance Incentive	Allocated %
1.0: Effective Site Cleanup and Future Waste Treatment Plant Operations	1.1: Align infrastructure to deliver needed capabilities at the specific date and time required by the cleanup contractor to support their cleanup missionto include future WTP operations.	5%
	1.2: Operate infrastructure at the level of reliability necessary to support site cleanup and future WTP operations.	10%
	1.3: Deliver services as defined by service level agreements, forecast of services, and customer service metrics required by the cleanup contractor to support their cleanup mission to include future WTP operations.	18%
	1.4: Conduct portfolio analyses and integrated planning for the Hanford Site.	7%
2.0: Efficient Site Cleanup and Future Waste Treatment Plant Operations	2.1: Realize efficiencies through integration, consolidation, and standardization of sitewide service and business functions.	6%
	2.2: Realize efficiencies through integration, consolidation, and standardization of sitewide safety, security, and stewardship programs.	10%
3.0: Site Stewardship	3:1: Implement the Comprehensive Land Use Management Plan.	4%
Objective PI Fee Allocation: ($20,819,901 X 60% = $12,491,941)		
4.0: Comprehensive Performance		40%
Subjective PI Fee Allocation: ($20,819,901 X 40% = $8,327,960)		

5. PERFORMANCE INCENTIVES

Table 5.1, FY13 Performance Incentives

Fee determination and payment will be made in accordance with the Section B clause entitled Fee Determination and Payment. The completion criteria for objective incentives consist of the successful completion of specified activities. The completion criteria for subjective incentives are focused on the achievement of high-level strategies, outcomes, and envisioned end states. The evaluation of all incentives will include a subjective determination regarding quality and effectiveness.

STRATEGIC AREA 1.0: Effective Site Cleanup and Future Waste Treatment Plant Operations

PERFORMANCE INCENTIVES		COMPLETION CRITERIA		DUE DATE	DOE LEAD	MSA LEAD
1.1	Align infrastructure to deliver needed capabilities at the specific date and time required by the cleanup contractor to support their cleanup mission to include future WTP operations.	1.1.1.a	Complete a self-assessment that evaluates MSA's planning approach to ensure their PMB and execution year IPL reflects key RL and ORP strategic cleanup strategies, priorities and plans (e.g., the RL Completion Framework, Comprehensive Land Use Plan, Ten-Year Site Plan, Infrastructure and Services Alignment Plan, etc.), and aligns the series of key underlying MSA plans and deliverables with RL and ORP strategies and plans.	12-1-12	Einan	McCutcheon Olsen
		1.1.1.b	Identify and brief RL/ORP on the results of the self-assessment and develop a schedule for executing these improvements with a defined implementation date for each of the necessary actions.	1-31-13		
		1.1.1.c	Identify, brief, and submit the revised planning approach process documentation.	3-3-13		
		1.1.1.d	Complete the remaining FY13 actions identified in the schedule.	9-30-13		
		1.1.2	Demonstrate completion of the approved FY13 reliability project activities within cost and schedule.	9-30-13		
		1.1.3	Develop planning packages for post-2015 infrastructure projects to include project prioritization, refined scope, and cost and schedule estimates for each project to support FY15 budget formulation. Project priorities shall reflect the site cleanup and WTP operations mission needs, risks, and impacts associated with delivery of these projects.	12-15-12	Qualheim	
1.2	Operate infrastructure at the level of reliability necessary to support site cleanup and future WTP operations.	1.2.1.a	Evaluate critical systems for mission-impacting vulnerabilities with a focus on water, electrical, and WSCF. Address any identified vulnerabilities/single points of failure. Provide a matrix that identifies the vulnerability, the corrective action, and the path forward for achieving the corrective action (estimated cost).	3-31-13	Dickinson	Wilson
		1.2.1.b	Develop and document through a maintenance program description an improved comprehensive maintenance management program that is aligned with CRD Paragraph 3, Sub-Paragraph 5 of DOE Order 430.1 Change 1 for RL approval. The maintenance	3-31-13		

			program shall address key attributes, demonstrate a graded approach for application, and describe the management approach that includes staffing, labor, budgeting, and parts and equipment. The maintenance program description will include a crosswalk to the 430.1B requirements. The maintenance program description shall include a high-level implementation schedule for implementation of the improved maintenance program across MSA maintenance activities. The program shall reflect system availability impacts to other Hanford contractors.			
		1.2.1.c	Begin implementation of the maintenance program in water and electrical by developing a schedule detailing implementation, follow-on to current priorities and demonstrates integration with WTP and Central Plateau strategies. Complete FY13 activities in accordance with the implementation schedule.	9-30-13		
		1.2.2	Develop and deliver an Electrical Master Plan that documents a strategy for managing repairs, life extensions, replacements, and deactivations for the electrical transmission and distribution system over a 10-year planning horizon.	7-1-13		
		1.2.3	Develop a long-term strategy for the effective maintenance and operation of the Hanford Radiological Site Services that identifies and evaluates the viability and cost-effectiveness of potential process/operational improvements. Work with DOE and other Hanford contractors to facilitate implementation of feasible process improvements at the start of FY14 and for future years.	7-31-13	Corey Frey	Fritz
1.3	Deliver services as defined by service level agreements, forecast of services, and customer service metrics required by the cleanup contractor to support their cleanup mission to include future WTP operations.	1.3.1	Receive an overall satisfaction rating of 4.3 or higher out of 5.0 on overall customer satisfaction ratings based on service catalog requests.	9-30-13	Bird	McCutcheon Sours
		1.3.2	Meet or exceed the performance target contained in each service level agreement (SLA) on an average annual basis.	9-30-13		
		1.3.3	Develop and implement improvements in the site ESH&Q and related safety initiatives (i.e., safety culture, worker involvement, benchmarking and performance measurement, hazard identification and communication tools, lessons learned, etc.).	9-30-13	Corey Frey	Kruger
1.4	Conduct portfolio analyses and integrated planning for the Hanford Site.	1.4.1.a	Provide for DOE approval a process improvement plan that incorporates the five recommendations contained in the Integrated Technical Data Mart (ITD) Technical Project Self-Assessment Rev. 0, issued May 2012. The process improvement plan shall also identify and implement process improvements that facilitate data import and export from the ITD to elements within the Portfolio Management Strategic Toolbox (BASS, Life Cycle Model [LCM], GeoVis, dashboards, and/or What If Analyzer).	12-1-12	Pak	Young
		1.4.1.b	Implement the DOE-approved process improvement plan actions that incorporate the five recommendations contained in the ITD Technical Project Self-Assessment.	5-1-13		
		1.4.2.a	Deliver an FY15 budget formulation planning case using RL's development guidelines. Deliver a Hanford Site Integrated Priority List (IPL) and other data deliverables as defined	3-15-13		

			by DOE-HQ budget guidance call and the FY14 lessons learned implementation plan.			
		1.4.2.b	Deliver a Life Cycle Report planning case using RL's development guidelines that meets TPA requirements, and submit the final 2013 Life Cycle Report to DOE.	12-31-12		
		1.4.2.c	Deliver a Life Cycle Report planning case using RL's development guidelines that meets TPA requirements and submit the draft 2014 Life Cycle Report to DOE.	8-31-13		
		1.4.2.d	Utilizing the LCM as the analytical tool and RL's development guidelines, deliver four planning cases. The results shall be reported in BASS, made accessible in Project Data Management System (PDMS) with a ledger of all planning cases prepared, and include data by PBS and WBS as follows: LCM files, a summary of the planning case basis, assumptions, data sources, identification of changes, results - including analysis of schedule float and affected TPA milestones, QA process, point of contact, client, and notifications to DOE RL-affected organizations.	9-30-13		
STRATEGIC AREA 2.0: <u>Efficient</u> Site Cleanup and Future Waste Treatment Plant Operations						
PERFORMANCE INCENTIVES		**COMPLETION CRITERIA**		**DUE DATE**	**DOE LEAD**	**MSA LEAD**
2.1	Realize efficiencies through integration, consolidation, and standardization of sitewide service and business functions.	2.1.1.a	Identify, brief, and submit for RL approval Information Management cost and performance efficiencies, such as consolidation of like data systems, subcontracts and billing systems, and extension of sitewide Thin Client Implementation Plan, with a proposed schedule for implementation.	1-15-13	Dickinson	Eckman
		2.1.1.b	Implement RL-approved FY13 Information Management cost and performance efficiencies per approved schedule.	9-30-13		
		2.1.2.a	Submit a schedule for RL approval and ORP concurrence for the joint development of business case analyses in conjunction with other Hanford contractors (CHPRC, WRPS, and WCH, as appropriate) for the following FY13 service areas: 100K and 400 Area water treatment plants, 400 Area sewer, fire protection engineering, facilities maintenance, and site training.	11-30-12	Dickinson Hathaway Hastings	McCutcheon
		2.1.2.b	For those service areas warranted, complete a business case analyses consistent with the RL-approved schedule, and jointly present results, recommendations, and a proposed implementation schedule, as applicable, to DOE (RL and ORP) for approval.	7-31-13		
		2.1.2.c	Complete the approved FY13 implementation activities.	9-30-13		
		2.1.3.a	Identify the top cost contributors to MSC operations, identifying the corresponding requirements driving these costs, and challenging the assumptions upon which the	12-31-12	Bird	Olsen

			requirements are based to determine which ones are valid given current site conditions and risks.			
		2.1.3.b	Where appropriate to reduce or eliminate requirements, provide the technical justifications in support of the proposed reductions.	9-30-13		
2.2	Realize efficiencies through integration, consolidation, and standardization of sitewide safety, security, and stewardship programs.				Loiacono	Hafner
		2.2.1.a	Identify and submit for RL approval Protective Force Program performance enhancements and efficiencies with a proposed schedule for implementation.	6-28-13		
		2.2.1.b	Implement the RL-approved Protective Force Program performance enhancements and efficiencies per the approved schedule.	9-30-13		
		2.2.2.a	Conduct an analysis with recommendations to enhance performance and efficiency of the Hanford Emergency Operations Center, with a proposed schedule for implementation.	4-30-13		
		2.2.2.b	Implement RL-approved FY13 Hanford Emergency Operations Center performance enhancements and efficiencies per approved schedule.	9-30-13		
		2.2.3.a	Submit for RL approval options to optimize site access.	4-30-13	Hastings	McCutcheon Wilson Fritz Hafner
		2.2.3.b	Implement RL-approved FY13 actions to optimize site access.	9-30-13		
		2.2.4	Provide site coordination role for the implementation of process improvements and for the effective maintenance and updates of the sitewide safety (SWS) standards and programs, including ongoing efforts to improve the Hanford Site Chronic Beryllium Disease Prevention Program (CBDPP). Support development and implementation of FY12 SWS program as approved by DOE and the SWS senior management team. Complete MSA implementation of Hanford Site Respiratory Program, EJTA SWS, and Electrical SWS.	9-30-13	Corey Frey	Kruger
		2.2.5	Expand HAMMER's customer base by implementing the recommendations of Appendix A of the strategy paper dated January 31, 2012; and support DOE-RL on all Washington State National Guard and National Guard Bureau activities associated with utilizing Hanford assets for future use.	9-30-13	Hastings	Kruger
STRATEGIC AREA 3.0: Site Stewardship						

PERFORMANCE INCENTIVES		FY12 PI COMPLETION CRITERIA		DUE DATE	DOE LEAD	MSA LEAD
3.1	Implement the Comprehensive Land Use Management Plan	3.1.1	Implement a comprehensive Hanford Site Borrow Pit management program in accordance with available NEPA and other applicable environmental requirements and sustainability goals.	8-31-13	Hathaway	Wilson
		3.1.2	Successfully submit the draft transition turnover package (TTP) for the first reactor parcel to DOE within 75 days of receipt of the WCH TTP.	TTP + 75 days		
		3.1.3	Implement Phase 2 of the Hanford Integrated Land Management Program, to include design and implementation of a web-based automated process, mapping data, IT info to facilitate application reviews, design standards, zoning map, education/training program, and lessons learned, including utilizing the planning committee under the CIB for sitewide integration.	8-31-13		
		3.1.4	Provide radiological release, environmental, cultural, and real estate due diligence to support the integrated project schedule for RL's response to the land transfer request from TRIDEC.	9-30-13		
		3.1.5.a	Facilitate sitewide integration and participation by Hanford contractors for sustainability activities and implement FY13 Hanford Site Sustainability Program activities/actions necessary to meet DOE's sustainability goals and metrics toward reducing greenhouse gas emissions, waste generation, energy consumption, and water use.	9-30-13		Fritz
		3.1.5.b	Provide a briefing on potential Hanford Site energy conservation measures (ECMs) projects with recommended funding sources and contracting methods (e.g. third-party financing, Congressional appropriations, energy savings performance contracts, utility energy service contracts, etc.).	4-30-13		
		3.1.5.c	For the RL-approved ECMs, prioritize, develop, and submit the project proposals along with a proposed implementation schedule.	6-30-13		

STRATEGIC AREA 4.0: Comprehensive Performance

SUBJECTIVE PERFORMANCE INCENTIVE		DUE DATE	DOE LEAD	MSA LEAD
4.1	• Provide site services to other Hanford contractors so that Hanford cleanup is done safely, cost effectively, and on schedule, in order for those contractors to meet their cleanup commitments. • Operate in a manner conducive to excellence and quality by delivering services across the Hanford Site; coordinating and integrating resources,	**9-30-13**	Branch	Olsen

	activities, and interfaces; and maintaining relationships with DOE, customers, and stakeholders based on open, honest, and effective communication. • Work with DOE in a spirit of cooperation during the negotiation process, including timely submission of requests for additional data, timely counteroffers, and conveying a positive and professional attitude to achieve fair and timely settlement of change order proposals or requests for equitable adjustment. • Demonstrate operational excellence in business and financial management by fulfilling contractual obligations in a fiscally responsible manner to include, but not limited to, the use of approved purchasing, estimating, accounting, property, budget, planning, billing, labor, and accounting systems; and the contractor's management of government property. • Provide leadership to improve management effectiveness, collaborate and participate proactively with customers, value workers, and provide a supportive environment. • Measure overall performance under the contract via the use of a comprehensive performance measurement system. • Integrate and coordinate all activities required to execute the contract with other Hanford contractors, specifically the timeliness, completeness, and quality of problem identification; and corrective action plans. • Submit timely, accurate, and complete change order proposals, requests for equitable adjustment proposals, and/or cost growth proposals, that meet all FAR requirements, including compliance with the formatting requirements in FAR 15.408, Table 15-2. • Comply with federal and departmental acquisition regulations, procedures, and guidance (including contract change proposal timeliness and quality pursuant to DOE Policy Flash 2008-39, dated April 25, 2008). • Comply with contract requirements not covered by other performance incentives. • Demonstrate continuous improvement in the safety culture and perform work safely and in a compliant manner that assures the workers, public, and environment are protected from adverse consequences.			