

**PBI-0**

**Performance Based Incentive (PBI) Title: Improve Safety and Efficiency of the Tank Farm Project Operations.**

**Performance Fee available and assigned to this PBI: \$3,250,000**

| <b>ORP Assistant Manager:</b> | <b>ORP POC:</b> | <b>CH2M Manager:</b> | <b>CH2M POC:</b> |
|-------------------------------|-----------------|----------------------|------------------|
| T. Smith                      | D. Noyes        |                      |                  |

**Desired Endpoint/Outcome**

The contractor is managerially and operationally in control of the Tank Farms and is meeting the mission performance expectations of the Department as stipulated within the contract. Operations are completed with increasing efficiency and effectiveness allowing more resources to be applied to mission critical work. The short and long term strategic planning and support activities are completed in a manner that incrementally improves mission performance.

**Fee Payment Schedule**

Upon completion of each fee bearing milestone set forth herein, Contractor will be paid incremental fee, in accordance with Contract Clause H.2, "Provisional and Incremental Payments of Fee."

**Fee Bearing Milestones**

1. Improve overall safety and efficiency of Tank Farm Project operations. The contractor shall earn incremental payments based on semi-annual evaluations with a maximum available performance fee of \$812,500 for each complete 6-month period. The first six (6) month evaluation period starts October 1, 2006.

The objective criteria used for this milestone are the jointly owned performance indicators listed below. The monthly scoring of the performance indicator is a consensus determination of the CH2M HILL "owner" and the DOE "owner". The incremental fee shall be distributed equally to each key performance indicator. The fee will be paid based on monthly score at the rate of 100 percent for blue, 90 percent for green, 75 percent for yellow and 0 percent for red performance.

- Achieve and exceed Tank Farm Project cost and schedule performance.
  1. Cost Performance Index – Company Level
  2. Schedule Performance Index – Company Level
- Environmental, Safety, and Health performance
  1. Days Away and Restricted Workday Summary – Company Level
  2. Recordable Injury / Illness Summary – Company Level
  3. Reportable Environmental Releases
  4. Regulatory Agency Notices of Correction/Violation.
- Operational Safety Basis Performance
  1. Technical Safety Requirement Violations
- Maintain operability of safety related equipment
  1. System Health Ratings – Waste Feed Operations
  2. System Health Ratings – Closure Operations
  3. Corrective Maintenance Backlog – Company Level
  4. Overdue Preventative Maintenance Backlog – Company Level.

**PBI- 0**

**Signature Block**

\_\_\_\_\_  
Mark S. Spears, President  
And Chief executive Officer  
CH2M HILL Hanford Group, Inc.

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Date

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Roy J. Schepens, Manager  
U.S. Department of Energy, Office of River Protection

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Date