

FY 2001 - 2006 PERFORMANCE BASED INCENTIVE**SECTION 1
General Information**

Title: Corporate Performance (Comprehensive)

Project Baseline Summary (PBS): TW10 Work Breakdown Structure (WBS): 5.06.06

Maximum Available Incentive Fee: 14.7 percent of the total available FY 2001-2006 incentive fee pool

Type: Other

**SECTION 2
Technical Contacts***ORP Point of Contact: J. Schwier**Contractor Point of Contact: K. Adamson***SECTION 3
Performance Expectations and Earning Schedule****General:**

1. The Contractor's final fee will be determined in accordance with clause H.1, Performance Based Incentives and Fee Distribution.
2. Performance Based Incentives may be modified to reflect changes to the project baseline resulting from external drivers, such as, submission and approval of TPA change requests for consistency purposes.
3. Acceptable product completion represents technical adequacy and good value to the government.

Fiscal Year 2001**Specific Requirements:**

1. Baseline Management (Earn 40% of fee.)
 - Modify the Tank Farm Contractor (TFC) RPP baseline consistent with contract extension by May 15, 2001, and WTP contract by September 1, 2001. Provide the supporting TFC baseline package to ORP each year by March 1 fully integrated with the WTP contractor and supporting other Hanford contractors' baseline packages.
 - The CHG baseline shall be derived from an existing set of integrated requirements that define and achieve the ORP mission. Activities affecting cost, schedule, and technical performance are included in the baseline.
 - CHG understands and manages risks and uncertainties in the baseline.
 - Changes to the CHG baseline are controlled through a documented process that follows configuration management principles.
 - CHG has defined and implemented a project management system that meets the requirements of DOE O 413.3. CHG understands and uses the Project Definition Rating Index of the Office of Project Management (EM-6) as a basis for self-assessment.
 - CHG demonstrates ownership and accountability for the baseline. CHG management effectively evaluates the implications of proposed changes to the baseline and communicates clearly to ORP.
 - By December 15 of each year CHG will provide to ORP the appropriate allocation of funds for the next fiscal year by PBS and by line item.
 - Support Hanford Site by accepting compliant high-level waste in accordance with the baseline.
 - Support Hanford Site by performing vent and balance services.
 - Coordinate with and support other DOE contractors and sites interdependent with the River Protection Project. This will be a key determinate in fee earned for Baseline Management.

FY 2001 - 2006 PERFORMANCE BASED INCENTIVE

2. Quality Assurance (Earn 10% of fee.)

- The CHG Quality Assurance (QA) program fully meets the requirements of DOE O 414.1A, 10 CFR 830.120, and, as applicable, the requirements of DOE/RW-0333P, Rev. 8. The program is approved by ORP.
- The CHG QA program ensures that all items delivered and services and tasks performed meet applicable standards.
- The CHG QA program is fully integrated with the CHG integrated environment, safety and health management system.
- CHG management and staff understand and have implemented their responsibilities under the CHG QA program.
- CHG managers routinely assess organizational performance. Continuous quality improvement occurs and corrective actions are promptly, effectively, and completely addressed.
- CHG maintains a lessons learned process that captures and shares lessons learned from both internally and externally identified deficiencies and good practices and assures these lessons learned are effectively implemented by the organization.
- Implement a CHG independent level assessment program.
- Manage the Price Anderson Amendment Act (PAAA) compliance to minimize formal ORP involvement.

3. Technical Foundation (Earn 20% of fee.)

- CHG shall update and keep current the Systems Engineering Management Plan (SEMP) (Peck, 1998). Additionally, the Waste Feed Delivery Program System Engineering Implementation Plan, HNF-3384 (O'Toole, 1999), should be updated to describe the current retrieval engineering work flow.
- CHG engineering management should review the current overall status of the Level 1 and 2 specifications and develop an action plan to resolve remaining technical issues that will lead to the near-term release of all Level 1 and 2 specifications as baseline documents. Once established, Level 1 and 2 specifications shall be placed under configuration control.
- CHG shall develop a two-tiered technical requirements database as specified above. Once established, this database shall be maintained and placed on line for easy access for all engineering and design personnel to access.
- CHG will affectively manage tank space to maximize capacity for Hanford Site and ORP requirements.

4. Conduct of Engineering Program (Earn 20% of fee.)

- Cost effective implementation of authorization agreements.
- Timely resolution of emerging technical issues that could impact short and long-term operation of the Waste Treatment Complex.
- Proactive interactions with regulators and stakeholders to assure regulatory deliverables result in favorable mission outcomes.

5. Conduct of Operations (Earn 10% of fee.)

- Assure a sound conduct of operations program is maintained consistent with DOE regulatory framework.
- Direct involvement of management in directing and managing Tank Farm Operations.
- Maintain a management program assuring worker participation and involvement in Tank Farm Operations.
- CHG to continuously strive for identifying and implementing effective measures resulting in minimization of level of efforts and improvement of productivity.

Fiscal Year 2002

Under this incentive, the contractor is responsible for activities associated with managing the Waste Tank Farm Project. This incentive develops and maintains a programmatic plan incorporating baseline costs, schedules, and performance objectives to monitor progress. The Contractor will develop strategic plans to identify and manage technological and administrative change and resolve issues and/or barriers to success.

FY 2001 - 2006 PERFORMANCE BASED INCENTIVE

Performance Objective 1: Baseline Management (Earn 25% of fee.)

The overall expectations are for achievement of Baseline Management excellence. The structure of incentives for this area focus on improvements necessary in the following areas: documentation and communication of proposed baseline changes, quality of baseline estimates, effective risk management, schedule integration, and baseline documentation improvement.

Provide the supporting TFC baseline package to ORP each year by July 15 fully integrated with the WTP contractor and supporting other Hanford contractors' baseline packages.

Performance Objective 2: Safety Basis Implementation (Earn 30% of fee.)

The overall goal in this Performance Objective is to improve the implementation of the Safety Basis for Tank Farms.

Performance Objective 3: Engineering Excellence-Tank Farm Operations (Earn 30% of fee.)

In this incentive the engineering excellence element evaluates the contractor's performance in management, execution and results from engineering efforts to include, but not limited to, planning, research, testing, analyses, design, projects, constructions, and operations. This includes all disciplines of engineering. Safe, effective and compliant tank farm operations are essential and are a prerequisite for waste retrieval and treatment operations in accordance with the Ten Point letter (00-ORP-120, December 29, 2000). ORP expects significant improvement in these areas and challenges CHG to raise expectations and increase performance. Consideration will be given to the quality of the products, effective and efficient use of engineering processes, contribution to the work scope and use of an appropriately trained and skilled workforce.

Performance Objective 4: Quality Assurance (Earn 15% of fee.)

The overall goal of this performance objective is to assure the QA program is fully implemented in a manner that, where applicable, will meet DOE requirements as indicated in 10 CFR 830, DOE Order 414.1A and OCRWM. The QA expectation is that the contractor will integrate QA into the overall management system. The incentives for this objective are focused on areas viewed by DOE to need improvement. It is DOE's continued expectation that the contractor fully meet all QA commitments made in the contract, where these objectives identify areas DOE feels needs attention.

FY 2001 – 2006 FEE ALLOCATION

DOE will conduct a semi-annual assessment of the Contractor's performance on the criteria described above and provide a formal report. Fee determination will be provided on an annual basis.

Fee will be allocated as follows:

| | | |
|----------------|-------------|---|
| Unsatisfactory | 0% | |
| Marginal | 40% to 69% | of the available award fee based upon the ORP Manager's assessment of the criteria stated above |
| Satisfactory | 70% to 79% | of the available award fee based upon the ORP Manager's assessment of the criteria stated above |
| Good | 80% to 92% | of the available award fee based upon the ORP Manager's assessment of the criteria stated above |
| Superior | 93% to 100% | of the available award fee based upon the ORP Manager's assessment of the criteria stated above |

SECTION 4

Performance Requirements

Fiscal Year 2001

DEFINE COMPLETION: *(Specify Performance Elements and describe indicators of success (quality/progress). Include baseline documentation/data against which completion documentation should be compared.)*

Contractor may submit a self-assessment input to be considered for the ORP Manager's review.

DEFINITIONS: *(define terms)*

COMPLETION DOCUMENTS LIST: *(Name the Documents, Databases, etc., which will be submitted to show completion for each Performance Expectation.)*

See Section 3 for completion documents.

ASSUMPTIONS/TECHNICAL BOUNDARY CONDITIONS: *(For reasonably foreseeable impacts to performance that are not within control of Contractor. If the assumption or condition proves false, the remedy is renegotiations unless stated otherwise.)*

Fiscal Year 2002

DEFINE COMPLETION: *(Specify Performance Elements and describe indicators of success (quality/progress). Include baseline documentation/data against which completion documentation should be compared.)*

1. Baseline Management (Earn 25% of fee.)

The overall expectations are for achievement of Baseline Management excellence. The structure of incentives for this area focus on improvements necessary in the following areas, documentation and communication of proposed baseline changes, quality of baseline estimates, effective risk management, schedule integration, baseline documentation, and CHG management commitment to the joint baseline improvement process with ORP.

WBS ELEMENT

5.0 for the entire performance objective

- a. CHG Management has an understanding and control of the proposed changes and effectively communicates the effect of baseline changes on cost, schedule, technical, and risk to ORP Management through a disciplined, documented process prior to the submission of the BCR to ORP for approval. This includes, but is not limited to:
 1. Changes to the baseline are clearly documented in accordance with quality criteria established by ORP and processed in accordance with established thresholds and control levels.
 2. Proposals in support of Baseline Change Requests will contain detailed cost estimates.
 3. BCRs describe the impact of the change on the cost, schedule, safety and technical requirements of the contract with respect to the impact on CHG's ability to meet the contract requirements for delivery of waste and receipt of immobilized waste from the WTP.
- b. Cost estimates will be documented for both expense and capital funded activities that identify estimated contractor and subcontractor resources and costs required for the work, broken out into discrete and sufficient measurable activities.
- c. Implement a Risk Management Process by April 30, 2002, which will include a baseline risk tool for the purpose of tracking, communicating risk data, and management decisions; mitigation plans; and benchmarking techniques.
- d. Ensure that baseline performance reporting accurately reflects actual work performance (earned value) and cost status at the WBS level. This includes, but is not limited to:
 1. Performance variances and trends are analyzed and corrective actions are incorporated into forecasts as appropriate. And develop a process that measures and analyzes the effectiveness of the cost estimates in predicting the actual cost of performing work at the WBS level for tank farm operations by July 1, 2002.
 2. Include the analysis of cost estimates and the actual costs incurred in the performance of work at a sufficiently

detailed level of the WBS to analyze trends and demonstrate a cost collection database for archiving current estimates and developing future cost estimates.

- e. Logically link the resource-loaded schedules for capital projects, Tank Farm Operations, and subprojects using predecessor and successor activities and logically link the Tank Farm performance baseline subproject schedules for capital projects, Tank Farm Operations, and other activities consistent with the baseline improvement process.

2. Safety Basis Implementation (Earn 30% of fee.)

The overall goal in this Performance Objective is to improve the implementation of the Safety Basis for Tank Farms.

WBS ELEMENTS:

- 5.06.06.02
 - a. Coordinate with ORP to reduce conservatism within the approved Safety Basis.
 - 1. Conduct a "Safety Basis Summit" with ORP to determine over-conservative areas for SB improvement (complete by 6/30/02)
 - 2. Implement a presubmittal design review process with ORP to ensure adequacy of SB submittals (complete by 9/30/02)
 - 3. Develop Critical Path Method schedule to track Nuclear Safety and Licensing activities, including CHG to ORP delivery milestones, ORP review completion milestones, and CHG implementation milestones (complete by 6/30/02)
 - b. Improve Technical Safety Requirement Implementation performance.
 - 1. Develop process to implement SB amendments consistent with other DOE sites (complete by 6/30/02)
 - 2. Provide list of SB amendments implemented by new process (complete by 9/30/02)
 - c. Coordinate activities with other DOE sites relevant to the implementation of 10 CFR 830 Safety Requirements.
 - 1. Implement applicable guidance obtained from the ORP/CHG Nuclear Working Group (evidence of completion ORP/CHG Nuclear Working Group meeting minutes by 9/30/02)
 - 2. Document guidelines or processes used in the FY 2002 development of the 10 CFR 830-compliant Final Safety Analysis Report/Technical Safety Requirements (complete by 9/30/02)

3. Engineering Excellence-Tank Farm Operations (Earn 30% of fee.)

In this incentive the engineering excellence element evaluates the contractor's performance in management, execution and results from engineering efforts to include, but not limited to, planning, research, testing, analyses, design, projects, constructions, and operations. This includes all disciplines of engineering. Safe, effective, and compliant tank farm operations are essential and are a prerequisite for waste retrieval and treatment operations in accordance with the Ten Point letter (00-ORP-120, December 29, 2000). ORP expects significant improvement in these areas and challenges CHG to raise expectations and increase performance. Consideration will be given to the quality of the products, effective and efficient use of engineering processes, contribution to the work scope, and use of an appropriately trained and skilled workforce.

WBS ELEMENTS

- 5.1 - Store Waste (5.1.1, 5.1.2, 5.1.3, 5.1.4)
 - 5.2 - Retrieve Waste (5.2.1, 5.2.2)
 - 5.4 - Dispose Waste (5.4.1, 5.4.2, 5.4.3)
 - 5.5 - Close Facilities (5.5.1, 5.5.2, 5.5.3, 5.5.4)
- a. Demonstrate sufficient engineering staffing to support the tank farm contractor mission. This includes, but is not limited to:
 - 1. Identifying staffing needs over the next 5 years to assure that attrition is planned for and that staffing decisions support the long-term tank farm contractor needs – Due May 1, 2002.
 - 2. Implementing a training and qualification program for key areas, to include Design authorities, to assure there are trained and qualified staff to support mission needs – Issue Plan by June 20, 2002, implement by September 30, 2002.

- b. Demonstrate implementation of a System Engineering process. This includes, but is not limited to:
 1. Completing final qualification of system engineers and management, to include necessary training, testing and qualification process implementation. Complete final qualification of system and component engineers by September 30, 2002.
 2. Demonstrating that an assessment baseline (e.g., system health report, management assessment) is in place for Mission Critical Systems (MCS) and that a program exists to periodically assess the operational effectiveness of those systems. Due by September 30, 2002.
- c. Demonstrate improvement in the technical quality of engineering products including the evaluation of technical risks and risk reduction activities (e.g. salt separation, tank waste volume reduction, and tank structure life extension activities). This includes, but is not limited to:
 1. Establishing a balanced risk mitigation posture.
 2. Developing System Design Descriptions (SDDs), and provide a viable cost/schedule and staffing plans for completion of remainder of the SDDs Due – September 30, 2002.
 3. Establishing sufficient robust feedback mechanisms (i.e., performance metrics, internal and external assessments) to implement and measure improvement in overall rigor and quality of technical products. Quarterly reports on activities and summary evaluation of mechanisms and results due by September 31, 2002.
- d. Establish key performance indicators to monitor, trend, and predict performance for each of the improvement areas identified in the Ten Point letter (00-ORP-120, December 29, 2000). Establish a performance basis in these areas by May 1, 2002.

4. Quality Assurance (Earn 15% of fee)

WBS ELEMENTS:

- Quality Assurance (5.06.06.02.03)
- Manage ESH&Q Program (5.06.06.02.05)

The overall goal of this performance objective is to assure the QA program is fully implemented in a manner that, where applicable, will meet DOE requirements as indicated in 10 CFR 830, DOE Order 414.1A and OCRWM. The QA expectation is that the contractor will integrate QA into the overall management system. The incentives for this objective are focused on areas viewed to need improvement. It is ORP's continued expectation that the contractor fully meet all QA commitments made to ORP in the contract, where these objectives identify areas ORP feels needs attention.

- a. Improve the CHG QA program to ensure that all Project items delivered and services and tasks performed meet applicable standards.
 1. Assess effectiveness of supplier evaluation efforts of FH/AVS; initiate corrective action as required. (June 30, 2002)
 2. Resolve issues as identified associated with disconnects in the implementation of the procurement and receiving process (identified in CHG self assessment and DOE ORP oversight activities).
 3. By August 1, 2002, schedule and perform assessments of procurement and receipt inspection activities to assure:
 - a) Effective systems/processes exist which specify and verify acceptance criteria for materials and services procured.
 - b) Effective systems/processes exist which verify that contracted tasks performed meet applicable standards.
 - c) Adequate project oversight exists of subcontractor activities.
- b. Improve CHG Management assessment of organizational performance.
 1. Complete development and implement a Management Assessment strategy that fully satisfies DOE requirements with regard to scope, frequency, and participation. DOE's expectations regarding management assessment are described in DOE G 414.1-1A, "Management Assessment and Independent Assessment Guide and the EH-10 Enforcement Guidance Supplement EGS 01-02.
 2. Develop an annual management assessment schedule that includes assessing work performed by CHG and subcontractors (update at least quarterly).
 3. Assess the effectiveness of the management assessment program, assuring management assessments are being performed at all levels, including subcontractor activities, and initiate corrective actions where needed.
- c. Complete implementation of the CHG trending program and perform effectiveness assessments to assure deficiencies are properly evaluated for trends that are used to drive improvement. (Due by July 31, 2002)
- d. Improve the management of the Price Anderson Amendment Act (PAAA) implementation process to minimize formal ORP involvement.

1. Demonstrate that a formal PAAA program/process exists and is effectively implemented; reporting criteria is properly implemented for NTS, and issues are properly evaluated to determine deportability, corrective actions are identified and completed, and the effectiveness verified.
2. Improve the PAAA evaluation prioritization process to eliminate the existing backlog of evaluations and to ensure evaluations are timely in the future.
3. Improve the PAAA evaluation process to include formal review criteria, to strengthen the tie in between root cause analysis and the associated corrective actions, to establish criteria for the compilation of closure packages, and to determine what constitutes appropriate objective evidence to include in closure packages. Due by July 2, 2002

DEFINITIONS: *(define terms)*

COMPLETION DOCUMENTS LIST: *(Name the Documents, Databases, etc., which will be submitted to show completion for each Performance Expectation.)*

See Section 3 for completion documents.

ASSUMPTIONS/TECHNICAL BOUNDARY CONDITIONS: *(For reasonably foreseeable impacts to performance that are not within control of Contractor. If the assumption or condition proves false, the remedy is renegotiations unless stated otherwise.)*

SECTION 5
Signatures

ORP Manager/Date

CHG President and General Manager/Date

ORP Contracting Officer/Date

CHG Contract Representative/Date