

Award Fee Determination Scorecard

Contractor: Bechtel National, Inc. (BNI)

Contract: Design, Construction, and Commissioning of the Hanford Tank Waste Treatment & Immobilization Plant

Contract Number: DE-AC27-01RV14136

Award Fee Period: January 1, 2014 to June 30, 2014

Basis of Evaluation: 2014-A Performance Evaluation and Measurement Plan

Award Fee Available: \$6,300,000

Award Fee Earned: \$3,970,000 (63.0%)

Incentive B.1 – Award Fee-Project Management

The fee for Project Management is divided into three Award Fee Objectives (AFOs) as follows:

	<u>Available</u>	<u>Rating</u>	<u>Earned</u>
AFO 1: Self-Analysis/Assessments/ Discovery/Action	\$3,500,000	70%	\$2,450,000
AFO 2: Environmental/Safety/Health	\$1,000,000	77%	\$770,000
AFO 3: Quality Assurance Program	\$800,000	45%	\$360,000

Incentive B.2 – Award Fee-Cost

The fee for Cost consists of one AFO:

	<u>Available</u>	<u>Rating</u>	<u>Earned</u>
AFO 4: Project Leadership/Management	\$1,000,000	39%	\$390,000
Total Award Fee – Period 2014-A	\$6,300,000	63%	\$3,970,000

Key Positives for AFO 1: Self-Analysis/Assessment/Discovery/Action

- Substantial improvements were made in the area of transparency with management stressing customer communication throughout the organization. The trend at the end of this rating period was upward with strong commitment from BNI's senior management.
- The 12-month rolling average of issues self-identified increased from 81% to 85.5% and the contractor made improvements to strengthen project corrective action processes for identified issues.
- The contractor's quality of assessments improved. Metrics have been developed to evaluate the quality of individual self-assessments. Extent of Condition reviews have also improved with positive actions taken to improve performance and associated training. This resulted in better communication and coordination with Office of River Protection (ORP).
- Improvements were made in trending evaluations and incorporating lessons learned. The contractor's management team continued to emphasize becoming a learning organization with a specific emphasis on organizational effectiveness.

Key Areas for Improvement for AFO 1: Self-Analysis/Assessment/Discovery/Action

- The contractor can improve in timeliness of resolution of issues, project issues evaluation reporting, cut-sheets (specifications, instructions, dimensions, etc.) and corrective action plans.

Key Positives for AFO 2: Environmental/Safety/Health

- The trend at the end of this rating period was upward with the pending ORP approval of the Safety Design Strategy (SDS), which was delivered to ORP on June 23, 2014, and High-Level Waste (HLW) Facility full production engineering authorization. BNI worked extensively with the ORP to resolve all comments on the SDS prior to final submittal.

- Significant emphasis on improving the Nuclear Safety and Quality Culture (NSQC) during this rating period led to the completion of four of the six strategic improvement areas.
- Environmental, Safety, and Health programs continued to result in excellent industrial safety performance (significantly exceeding Integrated Safety Management System goals) and resulted in a renewal of the DOE Voluntary Protection Program (VPP) Star award for the project.
- Safety performance remained in the range of best-in-class for a project of this size and complexity.
- Employee engagement remained high with active participation in safety committees and the Accident Prevention Council.

Key Areas for Improvement for AFO 2: Environmental/Safety/Health

- While NSQC improvements have been made, some worker sentiment still showed it will take a longer sustained effort to reach the desired levels of NSQC excellence.
- Engineering issues continued to result in uncertainty in documentation affecting system performance criteria, and design weaknesses may result in changes in design and credited controls that provide protection from non-standard industrial hazards.

Key Positives for AFO 3: Quality Assurance Program

- Developed and submitted action plans to address the Priority Level 1 Findings in the Quality Assurance Program (QAP) and Corrective Action Program (CAP).
- Worked to resolve DOE's technical and quality assurance issues and comments related to managed improvement plan (MIP) actions, and aggressively revised and implemented the MIP.
- Facility quality and WTP organizational effectiveness managers were appointed and the Performance Assurance Group was established to ensure the CAP is implemented and effective.
- The contractor increased corporate quality program resources.

Key Area for Improvement for AFO 3: Quality Assurance Program

- CAP improvements have not had enough time to demonstrate results.

Key Positives for AFO 4: Project Leadership/Management

- Timely organization and initiation of direct feed low-activity waste design effort resulted in conceptual design proceeding as planned.
- Held value engineering sessions that identified process efficiencies for effluent management, facility requirements, and waste line routing for Direct Feed Low-Activity Waste (LAW) option. These sessions also defined Balance of Facilities (BOF) isolation requirements that allowed for timely start of detailed engineering to support low-activity waste operations.
- Co-located a team to quickly resolve identified technical issues and provide additional support for LAW melter refractory installation.
- BNI made the needed changes to baseline, processes and procedures to align with contract requirements.
- Achieved \$8.1 million in cost avoidance in procurement and subcontracts within the LAW Facility, BOF, and Analytical Laboratory (LAB).
- Developed a work scope priority tool to ensure cost performance and improve efficiencies in execution of the WTP Project.
- BNI project controls and LAW, BOF, and LAB management increased focus and visibility of schedule metrics, which led to improved schedule tracking and confidence.

Key Areas for Improvement for AFO 4: Project Leadership/Management

- BNI has had difficulty acquiring needed staffing throughout the organization.
- Four of the initial work plans for resolving Pretreatment Facility technical issues were not delivered on schedule.
- Contract Line Item Number (CLIN) 1 and CLIN 2.1 modification proposals were delivered later than requested.