

Attachment J-9

Performance Evaluation and Measurement Plan

Solicitation Note: The executed Performance Evaluation and Measurement Plan (PEMP) will be inserted here. See applicable Task Order instruction and Attachment.

Draft PEMP included for information only.

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PERFORMANCE EVALUATION and MEASUREMENT PLAN

1. CONTRACT ATTRIBUTES

Contract Number **XX-XXXX-XXXXXXXXXX**, *West Valley Demonstration Project (WVDP) Phase 1B*, was awarded in [TBD] as an Indefinite-Delivery Indefinite-Quantity contract with a 10-year ordering period. The scope includes completion of the WVDP Phase 1 B Project. The major elements of scope include, but are not limited to: Removal of the below-grade portion of the Main Plant Process Building (MPPB), Vitrification Facility (VF), Ancillary Support Building, and the remediation of soils within Waste Management Area (WMA)-1; Removal of the Radioactive Waste Water Treatment System, including the lagoons, and remediation of the soils within WMA-2; maintenance of the Remote Handled Waste Facility (RHWF); operation and maintenance (O&M) of the of Reservoir, Spillway & Rail Line; management of the Permeable Treatment Wall (PTW); management of the High Level Waste Canister Interim Storage Facility; management of the Waste Tank Farm; management of the Nuclear Regulatory Commission (NRC) Licensed Disposal Area; Waste Management and handling of nuclear materials; Safeguards and Security (S&S); Environmental, Safety, Health, and Quality Assurance (ESH&QA) requirements and business administration; and day-to-day operations, maintenance, and repair of designated facilities, systems, and equipment.. The purpose of this follow-on contract is to achieve completion of the WVDP Phase 1B mission at the West Valley site by successfully completing the environmental cleanup at the best value to the U.S. taxpayer.

2. PURPOSE

The purpose of this PEMP is to define the methodology and responsibilities associated with determining the amount of award fee to be earned by TBD (hereafter referred to as the contractor). In accordance with FAR 16.4, *Incentive Contracts*, specifically subparagraph 16.401(e), “Award fee shall not be earned if the contractor’s overall cost, schedule, and technical performance in the aggregate is below satisfactory.” Furthermore, pursuant to FAR 16.401(e), the contractor shall not earn greater than 50% of available award fee if the contractor meets overall cost, schedule, and technical performance requirements and receives a “satisfactory” rating in accordance with the PEMP. To earn greater than 50% of available award fee, the contractor must exceed some, many, or almost all award fee criteria.

The purpose of fee is to motivate the contractor toward excellence and total contract performance and to emphasize key areas of performance without jeopardizing minimum acceptable performance in all other areas.

Specific subjective and objective performance measures that will be used to evaluate performance will be provided in the individual cost-plus-award-fee (CPAF) Task Orders (TOs).

3. PERIOD

The PEMP covers the entirety of the contract. Ideally the Award Fee Board will meet and determine award fee annually on the same timeline as the Contractor Performance Assessment Reporting System (CPARS). However, the Contracting Officer (CO) shall determine the appropriate time and periodicity of the evaluation periods and Award Fee Board to coincide with TO completion and milestones. The evaluation periods shall be established at award of each TO.

4. PROCESS

The PEMP outlines the organization and process for implementing the fee provisions of the applicable CPAF TOs. The Fee Determining Official (FDO) will evaluate the contractor's performance against the subjective Category of Performance (CP) and the performance based incentives (PBIs) incorporated in each TO. The total available award fee to be evaluated and the period of evaluation will be determined by the CO.

Formal performance evaluations will be conducted for the periods identified in each TO to establish the amount of fee payable for performance. Performance reviews of contractor strengths and weaknesses will be accomplished between the contractor and the site director at each interval, while a formal fee evaluation and determination by the FDO is completed as specified in each TO. Monthly performance reviews will also be presented by the contractor to the Technical Lead with a focus on accomplishment and performance, including schedule.

Section B.11 allows for provisional invoicing of up to 50% of award fee; however, based on the strength and weaknesses of the contractor's performance during the period, the CO may reduce the percentage of provisional fee in the period. Should the amount of the FDO determination be less than what was previously provisionally invoiced and paid, the contractor shall provide a credit to DOE within 30 days.

In accordance with contract clause Section B.11, *Provisional Payment of Fee* (OCT 2013), payments of award fee made by the Government to the contractor prior to the end of the contract may be provisional until the FDO determines the contractor has fulfilled its ultimate contractual obligations in terms of the contract.

The final evaluation converting provisionally earned fee to final fee will be documented by the FDO in accordance with the criteria defined in the PEMP and terms of the contract.

A TO modification will be issued within 15 days for FDO decision to document the earned and/or unearned fee. Award fee not earned shall not be eligible to be earned in any future period(s).

The PEMP implements the requirements of Acquisition Letter (AL)-2014-02, *Provisional Payment of Fee*, dated October 29, 2013; and the Memorandum from the Deputy Secretary of Energy entitled *Aligning Contract Incentives for Capital Asset Projects* (S-2 Memo) dated December 13, 2012.

5. TERMS AND CONDITIONS

The following contract sections incorporated herein by reference work together and document award fee administration and process for provisional and final (earned) payment of fee:

(a) TERMINATION FOR CONVENIENCE

In the event that the contract is terminated for the convenience of the Government (Clause I.192), any remaining award fee in the current period may be available for equitable adjustment in accordance with the termination clause of the contract. All out year(s) fee in any period after termination shall be considered unearned and therefore shall not be paid.

(b) TERMINATION FOR DEFAULT

In the event the contract is terminated for default, any remaining award fee in the current period shall be considered unearned and therefore shall not be paid. The remaining fee for all periods, after termination, shall be considered unearned and therefore shall not be paid.

6. CHANGES

All significant changes to the PEMP organization and process are approved by the FDO after DOE coordination. The CO will provide the contractor a written 30-day advance notice of changes to the PEMP before implementation.

Changes that do not impact the approved PEMP criteria or processes, such as editorial clarifications, personnel changes or other insignificant changes may be made by the Performance Evaluation Board (PEB) Chairperson and incorporated herein. The CO is not required to provide the 30-day advance notice to the contractor for editorial clarifications but will update and issue as required.

The contractor may recommend changes to the CO no later than 60 days prior to the beginning of each evaluation period; however, the CO maintains the unilateral right to incorporate changes. Such changes shall be incorporated in accordance with contract clauses and DOE Acquisition Guide, Chapter 16.405 (April 2018). In the event DOE does not make a determination, the contractor's request shall be deemed denied.

7. FEE STRUCTURE AND EVALUATION PROCESS

Table B-3 of each TO includes the following: Available Fee as Originally Ordered, Fee Associated with Task Order Changes, Total Available Fee, Available Fee Earned and Paid, and Fee Forfeited. All changes resulting from TO modifications impacting award fee changes, will be identified within the impacted TO.

(a) BASE FEE

If applicable, DOE will assess the contractor's performance in accordance with Contract Section B.2, *Type of Contract*.

(b) AWARD FEE

In accordance with FAR 16.4, *Incentive Contracts*, the amount of award fee earned shall be commensurate with the contractor's overall cost, schedule, and technical performance as measured against contract requirements in accordance with the criteria stated in this PEMP and the individual TOs. The award fee process supports the principles aligning contractor and taxpayer interests as described in the Deputy Secretary's December 13, 2012, memorandum entitled *Aligning Contract Incentives for Capital Asset Projects*. Exhibit 5, *Award Fee Evaluation Process* flowchart, depicts the award fee process.

Category of Performance (CP) adjectival ratings pursuant to FAR 16.4, *Incentive Contracts*, are identified within each applicable TO and are used to evaluate the subjective criteria. Fee associated with subjective CP are considered earned in the evaluation period based on the FDO recommendation. DOE reserves the right to evaluate any and all of the contractor's processes and procedures in these categories of performance.

Award fee associated with not meeting a subjective area, shall not be available for payment in this or any other contract period.

The contractor shall submit self-assessment reports for each evaluation period for each TO describing performance. The self-assessment shall include the Contract Performance Baseline estimated cost for the work scope in the period of performance as well as the actual cost incurred for the work scope.

The contractor’s certificate of completion (provided below) shall be provided and will include associated documentation such as, acceptance/test reports, shipping manifest or other proof of completion. The Technical Lead will perform a site walk-down to verify completion. The reduction and completion recommendations are presented to the FDO during the evaluation process.

If the contractor’s total cost of performance in the period exceeds the TO Performance Baseline, then the total available award fee pool for the evaluation period shall be reduced by the percentage shown in the table. This reduction is first applied to the total available award fee pool by the Project Team Evaluators (PTEs) and provided as a recommendation to the PEB. No additional fee shall be added to the contract nor shall any fee be paid on costs related to the overrun.

Cost Overrun Table

Cost Overrun (%)	Available Fee Reduction (%)
0 – 10.00%	0%
10.01 – 11%	1%
11.01 – 12%	2%
12.01 – 13%	3%
13.01 – 14%	4%
14.01 – 15%	5%
15.01 – 16%	7%
16.01 – 17%	9%
17.01 – 18%	11%
18.01 – 19%	13%
19.01 – 20%	15%
>20%	15%

(c) NOTIFICATION OF FEE BY TASK ORDER MODIFICATION

The contractor will be notified by TO modification of the total amount of fee earned and the amount of fee unearned in the period allowing the contractor to invoice the actual dollar amount of the determination minus the quarterly provisional fee payments.

8. DEFINITION OF TERMS

- (a) Award Fee Available:** The total amount of available award fee that is allocated across the performance evaluation periods.
- (b) Evaluation:** The evaluation conducted in accordance with the PEMP. This evaluation by the FDO will be used to determine the earned fee for the evaluation period.
- (c) Available Fee:** The fee the Contractor might earn but has not yet earned.
- (d) Clause:** A term or condition used in this contract.
- (e) Contract Award Fee Pool:** For the contract, the total amount of available award fee that can be allocated across all of the contract’s evaluation periods.
- (f) Contracting Officer (CO):** The individual authorized to commit and obligate the government through the life of the contract. The CO is an advisor to the PEB.

- (g) **Cost Plus Award Fee Contract:** A CPAF contract is a cost-reimbursement contract that provides for a fee consisting of a base amount (base fee) fixed at inception of the TO and an award amount, based upon a judgmental evaluation by the Government, sufficient to provide motivation for excellence in contract performance (FAR 16.305).
- (h) **Earned Award Fee:** The total amount of award fee determined earned by the Government after meeting the contractual requirements entitling it to fee. Does not occur until the contractor has met all conditions stated in the contract for earning fee.
- (i) **Fee Determining Official (FDO):** The DOE Official who reviews the recommendations of the PEB and determines the amount of award fee to be earned by the contractor for the evaluation period (FAR 16.001). The FDO is the Manager of the WVDP Office. This authority has been delegated by the Office of Environmental Management Head of Contracting Activity (HCA).
- (j) **Formal Evaluation:** The evaluation conducted at the end of the contract period whereas DOE makes a determination that the contractor has met all conditions stated in the contract for earning fee. This evaluation by DOE will be used to convert provisional fee to final fee.
- (k) **Final Fee:** Fee payable upon final determination that the contractor has met the contractual obligations in accordance with the terms of the contract.
- (l) **Incentive:** A term or condition whose purpose is to motivate the Contractor to provide supplies or services at lower costs, and in certain instances with improved delivery or technical performance, by relating the amount of profit or fee earned to the Contractor's performance.
- (m) **Performance Evaluation Board (PEB):** The group of individuals who have been designated to provide a recommendation to the FDO in making award fee determinations (FAR 16.001).
- (n) **Performance Evaluation Board Chair:** The PEB chairperson is the DOE WVDP Site Director. The Site Director is the senior executive responsible for all DOE activities at the WVDP Site.
- (o) **Project Team Evaluator (PTE):** The individual(s) assigned to monitor and evaluate the contractor's performance on a continuing basis.
- (p) **Provisional Award Fee:** Portion of the Award Fee Pool provisionally invoiced for performance during a particular evaluation period. Provisional fee may not become earned fee until the contractor has met all conditions of the contract as determined by the FDO.
- (q) **Provisional Payment of Fee:** The Government's paying available fee for an incentive to the Contractor for making progress towards meeting the performance measures for the incentive before the Contractor has earned the available fee. Provisional payment of fee has no implications for the Government's eventual determination that the contractor has or has not earned the associated available fee. Provisional payment of fee is a separate and distinct concept from earned fee.
- (r) **Technical Lead:** The individual who is responsible to lead the evaluation process.

9. ORGANIZATIONAL STRUCTURE

The organizational structure of the award fee process is established to ensure a fair and full evaluation of the contractor's performance. Independent assessments, first performed at the site level, are reviewed at each stage and presented through the Technical Lead and PEB to the FDO. The FDO then performs an independent assessment at an executive-level.

The Manager, WVDP, serves as the FDO and has established the PEB. The PEB assists the FDO in the award fee determination by recommending an adjectival rating for the contractor's performance and documenting the analysis and recommendation in the Performance Evaluation Report (PER). If a PEB member is absent, the FDO will approve an alternate with similar qualifications. Technical and functional experts, as required, may serve in an advisory (non-voting) capacity to the PEB. See Exhibit 5 for the flowchart of the Award Fee Evaluation Process.

10. RESPONSIBILITIES

Advisors consist of the Technical Lead, the CO, and a Contracts Attorney. The advisors assist as requested and reviews the process to ensure the contract, TO, PEMP, and other requirements are being followed.

(a) Project Team Evaluators (PTEs)

PTEs will continually monitor and evaluate the contractor's performance on the PEMP. PTEs use Exhibit 2, *Rating Criteria*, to document the strengths and weaknesses to the Technical Lead. Each PTE member determines numerical ratings for the subjective CPs which are then entered into the Exhibit 3, *Rating Summary Table*. The PTEs also perform a technical assessment and summarize completion of each PBI for the period. The PTE maintains all file documentation and will ensure the contractor has established adequate procedures to prevent recurrence of any identified weaknesses.

(b) Technical Lead

- (1) Reviews the contractor's monthly Performance Schedule,
- (2) Compiles and presents performance strengths and weaknesses to the contractor on a frequency determined by the CO,
- (3) Serves as advisor to and coordinator for the PEB,
- (4) Coordinates PTE evaluations,
- (5) Compiles information from Exhibit 2 Rating Criteria,
- (6) Summarizes the PTE numerical ratings from Exhibit 3 Rating Summary Table,
- (7) Selects an adjectival rating based upon PTE numerical rating and personal observations of performance,
- (8) Compiles the PBI completion reports,
- (9) Summarizes the Contractor's performance in a draft performance evaluation report,
- (10) Notifies the PEB members, advisors, and the contractor of the date and time of the PEB meeting, and
- (11) Presents the Contractor performance information including (Exhibit 2, Exhibit 3, PBI status, draft PER, and the contractor's self-assessment) to the PEB.

(c) Performance Evaluation Board (PEB)

- (1) The PEB Chairperson will regularly meet with the Contractor to discuss strengths and weaknesses in performing the contract to include the performance work statement and the performance schedule and cost, allowing the Contractor to implement corrective actions prior to the end of the performance period.
- (2) The PEB Chairperson will establish dates, times, and location for the PEB meeting to ensure the evaluation is presented to the FDO within 45 days following the end of the evaluation period.
- (3) PEB members will consider all information from the following sources in determining its award fee recommendation to the FDO:

- i. Evaluations submitted by the Technical Lead including Exhibit 2, Exhibit 3, PBI status, draft PER, and the contractor's self-assessment.
 - ii. Information considered appropriate by the PEB.
 - iii. Contractor's written and/or oral critical self-assessment of performance.
- (4) Using Exhibit 4, *Award Fee Summary*; each PEB member will individually document an adjective rating from Exhibit 1, *Award Fee Rating Table*, and provide supporting rationale. In addition, the PEB will arrive and document a consensus opinion using Exhibit 4.
 - (5) The PEB Chairperson will collect the PEB members' *Award Fee Summary*, Exhibit 4, and review them. If any PEB member's adjective rating is below "Satisfactory" and this rating is lower than the PTE corresponding adjective rating for that same area, appropriate discussions with the member should be conducted to determine the member's rationale behind the rating. Lowering the adjective rating to below "Satisfactory" requires specific reasons and must be presented to the Chairperson.
 - (6) After review, the Chairperson prepares a cover letter to the FDO to transmit Exhibit 4 adjectival ratings, final PER, and PBI evaluations.
- (d) Fee Determining Official (FDO)**
- (1) The FDO approves PEB members.
 - (2) The FDO determines the final adjectival rating and associated provisionally earned fee for the period.
 - (3) The FDO notifies the CO and signs the letter notifying the Contractor of the award fee amount.
- (e) Contracting Officer (CO)**
- (1) The CO will prepare the letter for the FDO's signature notifying the Contractor of the amount of award fee provisionally earned for the evaluation period. The letter will identify any specific areas of strengths and weaknesses in the contractor's performance as documented in the PER.
 - (2) The CO will unilaterally modify the TO to decrease the total value of the TO and award fee pool commensurate with the amount of the provisional fee unearned. The modification will be issued to the contractor within 15 days after the FDO evaluation. All fee not provisionally earned shall be forfeited and not available in subsequent evaluation periods.
 - (3) In accordance with HCA, Office of Environmental Management Directive, (EM HCA Directive 2.6, Dated June 11, 2012), the CO will post the following documents to the WVDP Phase 1B website: (a) one-page scorecard, (b) FDOs Award Fee Determination Letter, (c) final Performance Evaluation Report.

EXHIBIT 1. AWARD FEE RATING TABLE (Subjective Evaluation Criteria)

<u>AWARD FEE RATING TABLE</u>		
<u>ADJECTIVE RATING</u>		<u>DEFINITION</u>
EXCELLENT	91%-100%	Contractor has exceeded all or almost all of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the TO in the aggregate as defined and measured against the criteria in the TO and the award fee plan for the award fee evaluation period.
VERY GOOD	76%-90%	Contractor has exceeded many of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the TO in the aggregate as defined and measured against the criteria in the TO and the award fee plan for the award fee evaluation period.
GOOD	51%-75%	Contractor has exceeded some of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the TO in the aggregate as defined and measured against the criteria in the TO and the award fee plan for the award fee evaluation period.
SATISFACTORY	No Greater Than 50%*	Contractor has met overall cost, schedule, and technical performance requirements of the TO in the aggregate as defined and measured against the criteria in the TO and the award fee plan for the award fee evaluation period.
UNSATISFACTORY	0%*	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the TO in the aggregate as defined and measured against the criteria in the TO and the award fee plan for the award fee evaluation period.

*NOTE: For those elements receiving a score of below 50, no fee will be provisionally earned. Any fee not provisionally earned will be forfeited and not available in subsequent evaluation periods.

EXHIBIT 1. AWARD FEE RATING TABLE (Subjective Evaluation Criteria) (continued)

AWARD FEE CONVERSION CHART		
<u>ADJECTIVE RATING</u>	<u>EVALUATION POINTS (OVERALL WEIGHTED RESULT)</u>	<u>POSSIBLE PERCENTAGE OF AWARD FEE EARNED</u>
EXCELLENT	23-25	91 to 100%
VERY GOOD	19-22	76 to 90%
GOOD	14-18	51 to 75%
SATISFACTORY	8-13	No Greater Than 50%
UNSATISFACTORY	0-7	0%

<u>CATEGORY OF PERFORMANCE (CP)</u>	<u>Relative Weightings of Fee by CP</u>
1. To Be Specified in Each TO	TBD%
2. To Be Specified in Each TO	TBD%

CP Methodology:

1. PTE assigns rating (0-25) for each Category of Performance.
2. Multiply weighting percentage to each CP to arrive at weighted result.
3. Add weighted results together to arrive at overall weighted result.

Example: PTE Ratings-

1. Quality and Effectiveness in Performing CP#1 = 23
2. Quality and Effectiveness in Performing CP#2 = 22

Weighted Result: $(23 \times 60\%) + (22 \times 40\%) = 22.6$ or 23

Adjective rating (Award Fee Conversion Chart) = Excellent

Rounding Rule: 0.5 and above is rounded up to the next whole number.

FDO Decision

The earned award fee amount indicated by the use of a conversion table or graph is a guide to the FDO. Use of the Award Fee Conversion Chart (in Exhibit 1) does not remove the element of judgment from the award fee process

EXHIBIT 2. RATING CRITERIA					
Category of Performance (Other Established Performance Criteria)					
	RATING (PTE documents strengths/weaknesses –Technical Lead Recommends Rating)				
CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	UNSATISFACTORY
(1) TBD					
EVALUATION POINTS:	23-25	19-22	14-18	8-13	0-7
EVALUATION CRITERIA:	NOTES ON STRENGTHS AND WEAKNESSES				
TBD					

EXHIBIT 2. RATING CRITERIA					
Category of Performance (Other Established Performance Criteria)					
	RATING (PTE documents strengths/weaknesses –Technical Lead Recommends Rating)				
CATEGORY OF PERFORMANCE (EVALUATION WEIGHTING)	EXCELLENT	VERY GOOD	GOOD	SATISFACTORY	UNSATISFACTORY
(2) TBD					
EVALUATION POINTS:	23-25	19-22	14-18	8-13	0-7
TBD	NOTES ON STRENGTHS AND WEAKNESSES				

EXHIBIT 3. RATING SUMMARY TABLE
PTE RATINGS

PTE'S CATEGORY OF PERFORMANCE RATING <i>Instructions: Each PTE Member assigns ratings (0-25 evaluation points) for the applicable Category of Performance in the spaces below & the Technical Lead select Adjective Rating. --PTE members are <u>not</u> obligated to score each category. PTE members may designate a category as "N/A" for any category not in their experience for the period.</i>	Performance of DOE TO pursuant to TBD (TBD%)	TBD (TBD%)
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
<i>Signature of PTE</i>		
WEIGHTED RESULTS		
<i>Signature and Rating of Technical Lead</i>		
Technical Lead tabulates PTE ratings in the weighted results and then provides his/her own overall rating for presentation to PEB. Include comments here and also a fully documented written summary assessment.		

EXHIBIT 4. AWARD FEE SUMMARY

<u>PEB EVALUATION AND SELECTION OF ADJECTIVE RATINGS</u> <i>PEB Member Selects Adjective Rating</i>	Performance of DOE Contract pursuant to TBD (TBD%)	TBD (TBD%)
<i>Signature of PEB</i>		
<i>Signature of PEB</i>		
<i>Signature of PEB</i>		
<i>Technical Lead Summarizes -</i>		

<u>PEB Chairperson -- Adjectival Rating</u>	<u>Adjectival Rating Recommendation and Basis of Recommendation</u>
<i>Signature of PEB Chairperson</i> <i>Date</i>	

<u>PEB Chairperson -- PBI Completion Status</u>	<u>PBI Completion / Fee Recommendation and Basis of Recommendation</u>
<i>Signature of PEB Chairperson</i> <i>Date</i>	

<u>Fee Determining Official (FDO)</u>	<u>FDO Determination and Basis of Determination</u>
<i>Signature of FDO</i> <i>Date</i>	

EXHIBIT 5. AWARD FEE EVALUATION PROCESS

