



**DEPARTMENT OF ENERGY
NATIONAL NUCLEAR SECURITY ADMINISTRATION
LOS ALAMOS SITE OFFICE**

**CONFORMED – FINAL
AUGUST 31, 2009**

FY 2009 PERFORMANCE EVALUATION PLAN

FOR THE

LOS ALAMOS NATIONAL SECURITY, LLC'S

MANAGEMENT AND OPERATION

OF THE

**LOS ALAMOS NATIONAL LABORATORY
CONTRACT No. DE-AC52-06NA25396**

PERFORMANCE PERIOD

OCTOBER 1, 2008 THROUGH SEPTEMBER 30, 2009

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I. APPROVAL PAGE

The FY 2009 Performance Evaluation Plan (PEP) for Los Alamos National Laboratory Contract No. DE-AC52-06NA25396 has been coordinated and reviewed by the Los Alamos Site Office and Los Alamos National Security, LLC. The following individuals approve the contents of this PEP.

Original Signatures on File

_____	_____
Donald L. Winchell, Jr. Manager Los Alamos Site Office National Nuclear Security Administration	Date

_____	_____
Jan A. Van Prooyen Deputy Director Los Alamos National Laboratory	Date

_____	_____
Contracting Officer Los Alamos Site Office National Nuclear Security Administration	Date

II. PREFACE

The Performance Evaluation Plan (PEP) for the period of October 1, 2008, through September 30, 2009, defines the performance measures and expectations by which Los Alamos National Security, LLC's (LANS) performance of work will be evaluated under Contract No. DE-AC52-06NA25396. The PEP was bilaterally negotiated between the National Nuclear Security Administration (NNSA) and LANS.

The PEP is implemented in accordance with contract provisions, H-12, "Performance Based Management," and H-13, "Award Term." Furthermore, the PEP is consistent with contract provision, B-2, "Contract Type and Value." B-2 states that for FY 2008 through FY 2013, 30% of the Maximum Available Fee (MAF) will be applied to fixed fee and 70% of the MAF will be applied to Performance Incentive Fee. The MAF is \$73,280,000 for fiscal year 2009. This PEP does not address Fixed Fee related to Reimbursable Work as outlined within Prime Contract Clause B-2(e).

The PEP includes a number of site-specific measures and the Multi-site performance measures. The Multi-site measures will be evaluated by NNSA Program and Site Office officials to determine if all of the M&O Contractors within the Complex have successfully worked together to achieve the stated objectives. Each Multi-site performance measure applies to all NNSA sites. Therefore, if the described goals within the measure are not achieved, none of the Contractors will earn fee, regardless of any individual site's achievements toward the end goal.

Overview of the FY 2009 PEP

The Los Alamos FY 2009 PEP is populated by five (5) distinct types of measures. These include Performance Based Incentive (PBI) Essential measures, PBI Stretch measures, Multi-site measures, Performance Objective (PO) measures, and Award Term measures. These measures interrelate through gateways and, as a system, determine what quantity of performance-based fee LANS earns during the year, as well as whether or not LANS may be considered for an "Award Term" extension of the Prime Contract.

Performance Based Incentive Essential and Stretch Measures:

Approximately Fifty-five percent (55%) of the fee-at-risk is associated with these objectively measured PBIs. Performance fee may be earned by the contractor on a sliding scale or schedule if stated in the initial PBI and if the benefit is advantageous to the Government.

PBI measures are divided into two (2) groups that are objectively evaluated – Essential and Stretch. There are 14 PBIs (PBIs 2-14, and 19) covering the major subdivisions of work at the laboratory. Each of the 14 includes targeted sub-measures describing key accomplishments determined by negotiation to merit incentive fee and to be important and challenging but achievable.

The PBI measures are subdivided according to the risk of success: i.e., the "Essential" measures are those for which there is an expectation that by diligent effort, the contractor will succeed. The "Stretch" measures are generally more difficult, with extraordinary efforts required for success.

The Performance Based Fee is distributed in a split that is nominally 70/30%, with ~70% assigned to Essential Measures and ~30% assigned to Stretch Measures. LANS and

NNSA/LASO agreed, as a general rule, that no fee-bearing element should merit less than \$100,000, and the work associated with each target should represent a high cost-to-fee ratio. Exceptions are extremely limited and justified.

Performance Objective Measures:

Approximately Forty-five percent (45%) of the fee-at-risk is associated with Performance Objective (PO) measures. These measures will enable the Government to subjectively measure the contractor's performance in four areas: Science and Mission Excellence (PBI 15), Operational Excellence (PBI 16), Business Excellence (PBI 17), a measure in environmental Management (PBI 19), and Multi-Site Initiatives (PBI 1). PBI 15, 16, and 17, and 19 may each address elements of concern and/or the management of emergent concerns. Performance Objectives are intended to address quantifiable and qualitative performance, activities unincentivized elsewhere, and Multi-site performance. Measurement criteria are identified for periodic reporting purposes, but these will not preclude the Government's use of this measure as a metric of the contractor's performance in areas not covered by the criteria. As such, the contractor may also report outside the pre-established criteria if it believes such reporting to be appropriate and useful.

Award Term Measures (Clause H-13):

The Award Term (PBI 18) Measures are a suite of five (5) individual measures selected to determine if the contractor is performing at such a level that the Prime Contract should be extended for an additional year. Two (2) of the five (5) measures are strategic (future-centric) in nature, and three (3) measure specific tactical (near term) efforts.

Interrelationship of Measures

The different types of measures interrelate in a system wherein successful performance in PBI, PO, and Award Term measures earns the contractor the right to be considered for a one year extension of the Prime Contract. There are also selected measure pairings between specific Essential and Stretch measures that affect fee earning ability. The inter-reaction is described below:

Performance "Essential" to Performance "Stretch":

If the contractor achieves an individual Essential target measure in a particular PBI, then and only then can the Stretch target measure (associated with that individual measure) be available to earn Stretch fee. As such, there are multiple discrete, individual "gateways" within the PBIs. If the contractor fails to complete the particular Essential PBI, no Stretch fee can be earned for that particular PBI measure. Not all Essential measures have related Stretch measures. Furthermore, some Stretch measures are not directly associated with performance on an Essential measure. These Stretch measures do not have gateways affecting completion.

Award Term Consideration:

In order for the contractor to achieve eligibility for a one-year extension of the contract, the contractor must perform each of the following:

- PBI Essential Measures plus PO Measures – earn 80% of the combined maximum available fee for PBI Essential measures plus PO measures. This includes Essential fee available in PBIs 2-14, 19 and subjective fee available in PBIs 15-17, 19. Stretch and Multi-site measures are not considered for purposes of eligibility for Award Term.

- Award Term Measures – Achieve success in four (4) of the five (5) Award Term Measures.

If the contractor achieves each of these prerequisites, the contractor will have earned the opportunity for consideration of a one-year extension of the Prime Contract (in accordance with the contract clause) by the Fee Determining Official.

Fee Spread

Based on negotiations, the FY 2009 Fee is allocated as outlined in Section III: *Fee Spreadsheet*

Management of the PEP Process

Performance related to each PBI and PO will be tracked and reported to NNSA on a monthly basis. NNSA and LANS will meet each month to discuss performance status and to ensure that performance issues are identified at the first opportunity in order to affect timely resolution. The results of these discussions will be documented and shared between the parties.

The PEP administration process will be managed by a LASO Contracting Officer. Key participants include the PBI Owners, who are specifically identified in each PBI. The owners are selected LANS managers and designated LASO Contracting Officer Representatives (CORs).

The content of the PEP can be revised through a formally defined Change Control Process that includes mutual agreement between NNSA and LANS, supported by appropriate approvals. However, the NNSA Los Alamos Site Office Manager reserves the unilateral right to make the final decision on all performance objectives and performance incentives (including the associated measures and targets) used to evaluate Contractor performance. A Change Control Board (CCB) will review possible changes or other issues that are identified related to the PBIs and POs. The Board will consist of the NNSA Contracting Officer, LASO Deputy Site Office Manager, the LANS Prime Contract Director and subject matter experts as required. In the event that the CCB finds it is unable to resolve an issue, the matter will be referred to Senior Laboratory Management and the Deputy Site Office Manager for resolution.

Any changes to the PEP must be approved by the Contracting Officer. There may be circumstances when changes to program mission, milestones and/or requirements occur that are beyond the control/influence of either NNSA or the Contractor. The Contractor will not be held responsible for delays in completion of expected milestones that are beyond its control or influence unless otherwise delineated in the PBI measures. When delays are within the Contractor's control or influence, assessment of the Contractor's performance will be in accordance with the performance measures and fee detailed in the PEP.

Pursuant to H-14, "Performance Incentives," determination of the amount of Performance Incentive Fee earned is a unilateral determination made by the Fee Determining Official (FDO). The FDO's decision will be made within 70 days after the end of the evaluation period. Unearned incentive fee can not be carried over to future performance periods.

The specific wording in the PBIs will constitute the basis for the final fee determination by NNSA. The POs are by their nature more subjective in general and summation.

IV. 2009 LANL PERFORMANCE EVALUATION PLAN

**PBI No. 1
 Multi-Site Performance**

FY 2009 PERFORMANCE BASED INCENTIVE		
PBI No. 1	Objective:	Multi-Site Performance
<p>Objective Statement: Achieve overall improvements in the performance of the Nuclear Weapons Complex through accomplishment of NNSA Multi-Site Objectives. Lead or support the following Multi-Site Initiatives identified in the Milestone Report Tool (MRT) that use the HQs change control process.</p>		
SECTION 1 GENERAL INFORMATION		
Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$5,129,600 (Subjective)	
Duration:	Annual	
Fee Payment Type:	Completion	
Principal LANS Owner:	G. Mara, D. Heim (1.2.2), T. Harper (1.2.4)	
Principal LASO Owner:	J. Griego	
SECTION 2 PERFORMANCE REQUIREMENTS		
<p>GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i></p> <p>None</p>		
SECTION 3 INDEX OF PERFORMANCE MEASURES		
		Allocated Fee
		Fee Type Subjective
Measure 1.1	Stockpile	\$2,051,840
Measure 1.2	Accelerate Complex Transformation	\$1,538,880
Measure 1.3	Science	\$1,538,880
SECTION 4 PERFORMANCE MEASURES		
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>		
Measure 1.1	Stockpile	
Measure 1.1.1	W76-1 LEP Deliveries (Subjective)	
Expectation Statement:		

Achieve the W76-1 LEP scheduled deliveries to the U.S. Navy. (DSW)

Completion Target:

This measure has been achieved when the Complex has:
Achieved the W76-1 LEP scheduled deliveries to the U.S. Navy.

Fee Schedule:

Subjective: **\$512,960**

**Measure 1.1.2 B61-7/11 ALT 357
(Subjective)**

Expectation Statement:

Complete the B61-7/11 ALT 357 LEP program Pantex builds by December 2008. (DSW)

Completion Target:

This measure has been achieved when the Complex has:
Completed the B61-7/11 ALT 357 LEP program Pantex builds by December 2008.

Fee Schedule:

Subjective: **\$205,184**

**Measure 1.1.3 Perform B61 LEP Phase 6.2/2A Study
(Subjective)**

Expectation Statement:

Perform B61 LEP Phase 6.2/2A study to include completion of Requirements Development/ Analysis Stage. (DSW)

Completion Target:

This measure has been achieved when the Complex has:
Performed B61 LEP Phase 6.2/2A study to include completion of Requirements Development/ Analysis Stage.

Fee Schedule:

Subjective: **\$512,960**

**Measure 1.1.4 Weapon Dismantlement
(Subjective)**

Expectation Statement:

Exceed the scheduled weapon dismantlement quantities at Pantex and Secondaries at Y-12. (DSW)

Completion Target:

This measure has been achieved when the Complex has:
Exceeded the scheduled weapon dismantlement quantities at Pantex and Secondaries at Y-12.

Fee Schedule:

Subjective: **\$410,368**

**Measure 1.1.5 Limited Life Components
(Subjective)**

Expectation Statement:

Deliver limited life components and alteration kits to the Department of Defense and complete all scheduled surveillance activities per authorized program management documents, i.e., PCDs LLC Volume III. (DSW)

Completion Target:

This measure has been achieved when the Complex has:
Delivered limited life components and alteration kits to the Department of Defense and completed all scheduled surveillance activities per authorized program management documents, i.e., PCDs LLC Volume III.

Fee Schedule:

Subjective: **\$410,368**

Measure 1.2 Accelerate Complex Transformation

**Measure 1.2.1 Complex-wide Performance Priority Activities
(Subjective)**

Expectation Statement:

Successfully complete NNSA-approved priority activities in support of Complex/Enterprise Transformation. Activities will be transformational in nature both in direct and indirect, not currently budgeted, and funded through contractor efficiencies.

Completion Target:

This measure has been achieved when the Complex has:
Successfully completed NNSA-approved priority activities in support of Complex/Enterprise Transformation.

Fee Schedule:

Subjective: **\$769,440**

**Measure 1.2.2 Supply Chain Management Center (SCMC)
(Subjective)**

Expectation Statement:

Promote the development and implementation of world-class supply chain attributes of the SCMC and purchasing organizations on a Complex-wide basis with substantial participation and collaboration from all sites. Reduce the cost of product/service commodities, increase the efficiency of the NNSA-Complex supply chain, and improve the quality and retention of the NNSA-Complex contractor wide integration of SCMC tools and processes. Enhance acquisition workforce.

Completion Target:

This measure has been achieved when the Complex has:
Promoted the development and implementation of world-class supply chain attributes of the SCMC and purchasing organizations on a Complex-wide basis with substantial participation and collaboration from all sites. Reduced the cost of product/service commodities, increase the efficiency of the NNSA-Complex supply chain, and improve the quality and retention of the NNSA-Complex contractor wide integration of SCMC tools and processes. Enhanced acquisition workforce.

Fee Schedule:

Subjective: **\$256,480**

**Measure 1.2.3 Removal of SNM
(Subjective)**

Expectation Statement:

Remove eight (8) metric tons of SNM from NNSA sites between October 1, 2008 and September 30, 2009 to proper storage facilities for non-weapons use.

Completion Target:

This measure has been achieved when the Complex has:
Removed eight (8) metric tons of SNM from NNSA sites between October 1, 2008 and September 30, 2009 to proper storage facilities for non-weapons use.

Fee Schedule:

Subjective: **\$256,480**

**Measure 1.2.4 Implement Elements from NNSA Developed Multi-Site IT Strategic
Plan
(Subjective)**

Expectation Statement:

Implement Elements from NNSA developed Multi-Site Information Technology (IT) Strategic Plan. Specifically complete the following:

1. Develop 2010 – 2016 Multi-Site IT targets
2. Develop and communicate an integrated IT/Cyber roadmap to strengthen integration between IT and Cyber Security
3. Define a IT services framework for the nuclear weapons complex
4. Complete cross-complex comparison of IT costs and identify best practices and potential cost reductions
5. Develop complex-wide information sharing environment implementation plan
6. Develop a real-time or near real-time out-of-band incident and response network which can support unclassified incident management complex-wide

Completion Target:

This measure has been achieved when the Complex has:
Completed all six (6) success criteria identified in the Expectation Statement.

Fee Schedule:

Subjective: **\$256,480**

Measure 1.3 Science

**Measure 1.3.1 First Principles Physics Models
(Subjective)**

Expectation Statement:

Complete a cumulative 50% progress in replacing key empirical parameters in the nuclear explosive package assessment with first principles physics models assessed by validation with experiments as demonstrated by completion of appropriate L1 and L2 milestones. (Science)

Completion Target:

This measure has been achieved when the Complex has:
Completed a cumulative 50% progress in replacing key empirical parameters in the nuclear explosive package assessment with first principles physics models assessed by validation with experiments as demonstrated by completion of appropriate L1 and L2 milestones.

Fee Schedule:
Subjective: **\$256,480**

**Measure 1.3.2 Integrated NTS Program of Work
(Subjective)**

Expectation Statement:

Prepare an integrated program of work at the NTS which prioritizes all of the diagnostic development and capability maintenance independent of the particular laboratory or specific subprogram being supported. (Science)

Completion Target:

This measure has been achieved when the Complex has:
Prepared an integrated program of work at the NTS which prioritizes all of the diagnostic development and capability maintenance independent of the particular laboratory or specific subprogram being supported.

Fee Schedule:
Subjective: **\$256,480**

**Measure 1.3.3 National Ignition Facility (NIF)
(Subjective)**

Expectation Statement:

Complete the National Ignition Facility Construction Project on schedule (CD-4 March 2009). (ICF)

Completion Target:

This measure has been achieved when the Complex has:
Completed the National Ignition Facility Construction Project on schedule (CD-4 March 2009).

Fee Schedule:
Subjective: **\$256,480**

**Measure 1.3.4 Advanced Initiation System
(Subjective)**

Expectation Statement:

Demonstrate all of the components of an advanced initiation system that when integrated would provide a new level of safety for future weapon firing-systems with the goal of removing any exception to the Major Assembly Release (MAR). (Engineering)

Completion Target:

This measure has been achieved when the Complex has:
Demonstrated all of the components of an advanced initiation system that when integrated would provide a new level of safety for future weapon firing-systems with the goal of removing any exception to the Major Assembly Release (MAR).

Fee Schedule:
Subjective: **\$256,480**

**Measure 1.3.5 Advanced Power-Supply Systems
(Subjective)**

Expectation Statement:

Demonstrate an advanced power-supply system (proto-typical) for future stockpile applications. (Engineering)

Completion Target:

This measure has been achieved when the Complex has:

Demonstrated an advanced power-supply system (proto-typical) for future stockpile applications.

Fee Schedule:

Subjective: **\$256,480**

**Measure 1.3.6 Advanced Simulation & Computing (ASC)
(Subjective)**

Expectation Statement:

Deliver a validated suite of Advanced Simulation & Computing (ASC) models & databases that can be applied to a range of nuclear security applications such as nuclear forensics by establishing the capability to model debris signature to within operational requirements to support DTRA's 2010 Full Operational Capability. (ASC)

Completion Target:

This measure has been achieved when the Complex has:

Delivered a validated suite of Advanced Simulation & Computing (ASC) models & databases that can be applied to a range of nuclear security applications such as nuclear forensics by establishing the capability to model debris signature to within operational requirements to support DTRA's 2010 Full Operational Capability.

Fee Schedule:

Subjective: **\$256,480**

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.

PBI No. 2
Science and Mission Initiatives

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 2	Objective:	Science and Mission Excellence	
Objective Statement: Develop and apply science and technology to ensure the safety, security, and reliability of the U.S. nuclear deterrent. Be the premier national security science laboratory and realize the vision for a Science, Technology and Engineering capabilities based organization that is responsive to current and adaptable to anticipated national security needs.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: August 31, 2009	
Maximum Available Incentive Fee:	\$2,500,000(Essential)+\$920,000 (Stretch) = \$3,420,000		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	C, McMillan, T. Wallace (2.4)		
Principal LASO Owner:	J. Griego		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 2.1	Integrated Nuclear Planning Implementation	\$500,000	E
		\$240,000	S
Measure 2.2	Implementation of Cost Recovery Processes	\$100,000	E
Measure 2.3	CMR Facility Consolidation/Risk Mitigation	\$1,000,000	E
Measure 2.4	Implement Open Roadrunner	\$460,000	S
Measure 2.5	Improve Mission Generated TRU Waste Practices	\$400,000	E
Measure 2.6	Reduction of Excess Material in PF-4/CMR Facilities	\$200,000	E
Measure 2.7	Reduce Mission Risks Associated with Waste Ops	\$300,000	E
Measure 2.8	Emergent Issues Management	\$220,000	S
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 2.1	Integrated Nuclear Planning (INP) Implementation		
Measure 2.1.1	Implementation of INP Processes for Management and Integration of TA-55 Activities (Objective/Essential)		

Expectation Statement:

Use INP Program Management processes to support management and integration of TA-55 program and infrastructure activities.

Completion Target:

This Measure has been achieved when the contractor has:

- Plan and conduct an INP workshop as a forum focused on the management and integration of TA-55 activities (by March 31, 2009). At the workshop, build on the core plutonium strategy and plans to address all or part of the following projected topics/issues: (1) funding strategy and plans to support the occupation, start-up and operations of the RLUOB, (2) required funding, planning and execution balance between RLUOB Equipment Installation and CMRR Nuclear Facility, (3) TA-55 facility/infrastructure plans, (4) materials disposition, (5) Integrated Priority List (IPL) implementation, and (6) FY09/FY10 Plutonium Programs' budgets and planning. Document the minutes, decisions and actions and issue an action plan within 30 days. At a minimum, results will be incorporated into LANL's request to the Defense Programs FY11-15 Programming session. Note: Final selection of topics will be agreed upon between LANL and NNSA 30 days ahead of the workshop.
- Plan and conduct an additional INP workshop focused on the site plutonium programs and infrastructure (by Sept 30, 2009). This will allow NNSA and LANL to determine which topics/issues warrant evaluation and action. Note: Selection of topics will be agreed upon by LANL and NNSA 60 days ahead of the workshop.

Fee Schedule:

Essential: \$200,000

Measure 2.1.2 Implementation of INP Processes for Enduring Waste Management (EWM) Activities (Objective/Essential)

Expectation Statement:

Utilize INP Program Management processes to establish/validate the strategic direction for the enduring waste management mission and establish and conduct implementation plans.

Completion Target:

This Measure has been achieved when the contractor:

- Plan and conduct an INP workshop (by December 15, 2008) as a forum to establish/validate the core waste management strategy, develop implementation plans and address specific issues among those identified in the September 10 and 11, 2008, INP workshop. A preliminary list of specific projected topics/issues include: (1) Waste Facility Projects, (2) Low-Level Waste Disposition and (3) Outfall Reduction Program. Document the minutes, decisions and actions and issue an action plan within 30 days. At a minimum, the Enduring Waste Management (EWM) Strategic Plan will be updated and issued by LANL within 45 days of the workshop. In addition, a draft EWM Implementation Plan will be issued by LANL within 60 days of the workshop. Note: Final selection of topics will be agreed upon between LANL and NNSA 30 days ahead of the workshop.
- Plan and conduct a second INP workshop (by September 30, 2009) as a forum to update the EWM IP and address specific issues among those identified in first quarter workshop. A preliminary list of specific projected topics/issues include: (1) Waste Facility Projects, (2) Interdependencies of EWM plans and Consent Order plans and (3) Relocation of Mixed Low Level and Haz-Chem Waste Operations. Document the minutes, decisions and actions and issue an action plan within 30 days. At a minimum, the EWM IP will be updated and issued by LANL within 45 days of the workshop. Note: Selection of topics will be agreed upon by LANL and NNSA 60 days ahead of the workshop.

Fee Schedule:

Essential: \$300,000

**Measure 2.1.3 Execute Consolidated Waste Capability Pre-Conceptual Design
(Objective/Stretch)**

Expectation Statement:

Based on INP outcomes, balance program needs, execution risk, and resource availability to advance the consolidated waste capability in support of enduring waste management and Area G closure requirements.

Completion Target:

This Measure has been achieved when the contractor:

- Utilize the TRU Waste Capabilities Programmatic Alternatives Study and INP outcomes to provide a path forward recommendation for the TRU Waste Project by September 30, 2009, addressing the elements below:
 - Program requirements
 - Project requirements
 - Siting analysis
 - Safety strategy
 - Permitting strategy
 - Acquisition strategy
 - Programming and execution strategy
 - Risk strategy

Fee Schedule:

Stretch: \$240,000

**Measure 2.2 Implementation of Multi-Customer Cost Recovery Processes and
Cost Recovery Implementation Validation
(Objective/Essential)**

Expectation Statement:

Validate the implementation of the approved Cost Recovery processes for key nuclear facilities and operations at LANL.

Completion Target:

This Measure has been achieved when the contractor has:

- Conduct validation of the approved cost recovery processes through the Cost Recovery Institutional Management and Administration Team. The Team will ensure cost recovery is being implemented as planned (i.e., tracking systems are in place, collection and costing are appropriate, required adjustments are identified and addressed, etc.) This element is complete when the contractor has provided validation results (consistent with the Project Management Plan) through two semi-annual briefings to LASO (mid-year status by April 30, 2009 and projected end-of-year position by September 30, 2009).

Fee Schedule:

Essential: \$100,000

**Measure 2.3 CMR Facility Consolidation/Risk Mitigation
(Objective/Essential)**

Expectation Statement:

Demonstrate effective utilization of resources in balancing operational and program risks while maintaining minimum essential, mission critical CMR Facility capabilities needed in support of the core NNSA mission and other DOE nuclear programs.

Completion Target:

This Measure has been achieved when the contractor has:

- Execute the CMR Facility Consolidation/Risk Mitigation Program Execution Plan, Rev 1 issued August 26, 2008, incorporating decisions and actions from the May 2008 workshop. This measure is complete when the contractor completes the following milestones:
 - Update the CMR PEP, with cost and schedule baseline, for relocation of Sample management from CMR (by December 15, 2008).
 - Complete sample management design change packages for relocation from CMR (by September, 30, 2009).
 - Complete DSA and submit document to NNSA (by January 30, 2009).
 - Complete FY09 milestones supporting transition of Pu-238 analytical chemistry from CMR to PF-4 consistent with the current version of the Project Management Plan for Pu-238 Operations.
 - Complete Final Design of the Confinement Vessel Disposition (CVD) (by May 30, 2009 or eight months after approval of the CMR BIO addendum authorizing CVD).
 - Complete Hazard Reduction activities in Wing 4 and issue report documenting residual contamination (by April 30, 2009).

Fee Schedule:

Essential: \$1,000,000

\$200,000 reduction for each milestone not achieved

Assumptions Specific to This Measure:

- LASO approval of BIO Addendum for Confinement Vessel Disposition by October 2008.
- NE provides funding for transition of Pu-238 sample preparation activities in the first quarter of FY 2009.

**Measure 2.4 Implement Cerrillos
(Objective/Stretch)**

Expectation Statement:

Develop a Cerrillos open science computing capability based on the ASC Roadrunner architecture that will distinguish the Laboratory as a leading computer and computational science laboratory. This open science capability enables LANL to leverage application software and hardware development in the computer and computational science community.

Completion Target:

This measure has been achieved when the Contractor has:

- Demonstrate scientific computing capability with projects on ASC Roadrunner before it is placed in classified partition.
- Complete acceptance testing for the Cerrillos system (2 Connected Units, same architecture as used in the ASC Roadrunner system).
- Integrate the Cerrillos system into the LANL Institutional Computing network.
- Perform stabilization and functional testing of Cerrillos.

- Transfer Cerrillos to operational status.
- Provide the set of formal FY 2009 project proposals on Cerrillos that have received concurrence by the PADSTE.

Fee Schedule:

Stretch: \$460,000

**Measure 2.5 Improve Mission Generated TRU Waste Practices
(Objective/Essential)**

Expectation Statement:

Improve mission-generated TRU waste (i.e. non-EM funded legacy waste activities) practices in accordance with DOE Requirements and Waste Acceptance Criteria (WAC) so as to reduce costs to the missions and facilitate timely removal from the site. Newly generated TRU waste requires no repackaging (e.g. no noncompliant/prohibited items).

Completion Target:

This measure has been achieved when the Contractor has improved site waste generator practices to achieve the desired results:

- >90% of all TRU FY 2009 containerized waste packaged in accordance with the WAC (i.e. <10% requires rework at WCCR or similar facility).
- All TRU waste containerized by July 31, 2009, is shipped to TA-54 for disposal to WIPP.

Fee Schedule:

Essential: \$400,000 (\$5,000/container fee reduction for each container over 10% rework goal)

Assumptions Specific to This Measure:

- Waste containers exclude items requiring size reduction such as pencil tanks and gloveboxes
- Waste containers shall be optimally filled to volume or wattage limits.
- Waste containers included in this measure are those generated at TA-50, TA-55 and CMR.
- Waste containers are stored and disposed of in accordance with DOE O 435.1, DOE M 435.1-1, TA-54 WAC and WIPP WAC criteria.

**Measure 2.6 Reduction of Excess Material in PF-4/CMR Facilities
(Objective/Essential)**

Expectation Statement:

Excess and/or surplus materials stored in vaults and other storage locations within PF-4 and CMR shall be expeditiously prepared for consolidation and disposition.

Completion Target:

This measure has been achieved when the Contractor has:

1. Consolidated nuclear material at TA-55 for eventual shipment, to specifically include the completion of 3013 containers that meet the SRS acceptance criteria (i.e., "Ready to Ship" to SRS based on requirements approved in July 2009) as demonstrated by packaging complete and quality package submitted to LANL institutional quality by September 30, 2009, such that 12 containers are completed.
2. Completed one shipment of enriched uranium to Y-12 by March 31, 2009.
3. Completed the report on the CMR Actinide Disposition Strategy, CADS, which will particularly address the U-233, Np, and Cm at CMR by March 31, 2009.
4. Completed the report on the PF-4 Actinide Disposition Strategy, PADS, which will address the disposition pathways for all materials that will not reside at PF-4 long-term, by September 15, 2009

Fee Schedule:

Essential: \$200,000

- Fee earned for completion of Targets 1-4 listed above.

Assumptions Specific to This Measure:

- TA-50 and TA-54 are available and operational as planned to receive liquid and solid radioactive waste.
- Office of Secure Transportation can support the current baseline shipping schedule.
- NNSA review/acceptance process to support "Ready to Ship" validation is completed in FY 2009.
- NA-17 approves the proposed BCR to the 00-1 PEP that shifts resources in FY 2009 from repackaging to 3013 can production.
- 3013 cans that complete and are rejected by LANL institutional quality review will not be credited toward the 12 container target.

**Measure 2.7 Reduce Mission Risks Associated with Waste Operations
(Objective/Essential)**

Expectation Statement:

Completion of critical infrastructure projects and activities essential to support nuclear operations.

Completion Target:

This measure has been achieved when the Contractor has:

- Completed Waste Management Risk Mitigation emergency-use milestones including:
 - Structural Steel installation complete (by Jan 15, 2009).
 - Interior Influent Piping Installation complete (by March 31, 2009).
 - Pump/Controls Installation complete (by July 15, 2009).
- Complete startup of TA-50 Room 60 (acid and caustic waste processing) Operations (not including drum tumbler) as scoped/planned (by December 15, 2008).

Fee Schedule:

Essential: \$300,000

- 100% fee for successful completion of all four specifically identified activities.
- Fee reduced 24% for successful completion of only three of four specifically identified activities.
- No fee award for successful completion of fewer than three of the specifically identified activities.

**Measure 2.8 Emergent Issues Management
(Objective/Stretch)**

Expectation Statement:

Aggressively and effectively address emergent issues to mitigate risk to the program.

Completion Target:

This measure has been achieved when the Contractor has:

- Established a path forward by September 30, 2009, for the Bolas spheres to be removed from the STP including:
 - Formalize the program position (i.e., mission need) on proposed disposition of test materials.
 - Present briefings to NMED to substantiate mission need for the proposed disposition path.
 - Formally communicate the proposed disposition vis-à-vis the STP to NMED
- Established a viable path forward for LANL operations/facilities to meet the new NPDES permit requirements—August 1, 2010, metals standards – by September 30, 2009 including:
 - Establish an integrated program for managing the outfall reduction efforts
 - Identify and evaluate proposed interim measures

- Allocate funding and initiate selected interim measures
- Completed an alternatives analysis for the SERF project consistent with NA-50 direction received on July 29, 2009 (by September 30, 2009)

Fee Schedule:

Stretch: \$220,000

Assumptions Specific to This Measure:

- There are no explicit or implicit gateways to achieving this measure.

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 3
Quality Assurance

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 3	Objective:	Quality Assurance	
Objective Statement: Enhance the LANL quality assurance program implementation to include improved quality assurance engineering and quality control services throughout LANL in both institutional and weapons areas.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$1,200,000 (Essential)		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	R. Watkins		
Principal LASO Owner:	A. Leivo		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 3.1	QA Assessment Program Capability	\$200,000	E
Measure 3.2	Corrective Action and Quality Improvement Program	\$500,000	E
Measure 3.3	Programmatic Proficiency in QA	\$500,000	E
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 3.1	Demonstrate Progress toward a Comprehensive Quality Assurance Assessment Program Capability. (Objective/Essential)		
Expectation Statement:			
1. LANL will demonstrate a fully functioning formal assessment program that includes completion of formal assessments of institutional and weapons activities.			
2. LANL will demonstrate utilization of NQA-1 standards, where appropriate, using trained and certified auditors.			
3. LANL will demonstrate that LANL's formal training program requirements provide LANL with a continuing			

resource of trained and certified Quality Assurance auditors.

Completion Target:

This measure has been achieved when the Contractor has:

Demonstrated achievement at the 90% level of EACH of the tasks below will result in payment as follows: 85% of fee for Target #1, 10% of fee for Target #2, and 5% of fee for Target #3

1. Completed 12 formal, institutional, independent programmatic audits/assessments that specifically evaluate LANL's implementation of the DOE 414.1c criteria, including the topical areas of SQA and S/CI and completion of 10 (6 audits of LANL's Production Agency activities and 4 audits of LANL's Design Agency activities) programmatic formal audits/assessments that specifically evaluate the criteria of QC-1, the Technical Business Practices, and the Development and Production Manual during FY09.
2. Formal audits/assessments of projects and nuclear facilities that have invoked NQA-1, were performed using certified NQA-1 Lead Auditors per LANL formalized procedures.
3. LANL conducted at least 2 formal NQA-1 training courses for personnel performing NQA-1 audits/assessments.

Fee Schedule:

Essential: \$200,000

85% of fee allocated for achievement of Target 1
10% of fee allocated for achievement of Target 2
5% of fee allocated for achievement of Target 3

Measure 3.2 Demonstrate Implementation of a Comprehensive, Effective Corrective Action and Quality Improvement Program across LANL (Objective/Essential)

Expectation Statement:

1. LANL will demonstrate a continued emphasis on Cost of Nonconformance associated with the LANL Production Agency activities.
2. LANL will demonstrate implementation of the LANL Nonconformance Reporting process per P. 330-6 by applicable LANL organizations.
3. LANL Quality Assurance Division will demonstrate utilization of a non-conformance reporting (NCR) reporting system.
4. LANL Quality Assurance Division will demonstrate continuing improvements initiatives through Nonconformance Trending Data and Quality Assurance metrics at the LANL institutional and Division levels.

Completion Target:

This measure has been achieved when the Contractor has:

1. LANL QAD has provided a formal data report monthly by the 15th of the each month data reflecting Cost of Nonconformance to include FY 2008 end of the year baseline data and an end of the year report reflecting the annual Cost of Nonconformance for FY 2009 associated with LANL Production Agency activities.
2. The end of the year reporting reflects costs of nonconformance no greater than the FY 2008 year end costs of nonconformance.
3. LANL demonstrates utilization of the P. 330-6 by providing training materials, class attendance rosters, and

copies of nonconformance logs as required by the procedure. Primary criteria to be demonstrated are:

- a. Utilizations of Forms 2082, 2083, 2084, and 2085
- b. Utilization of NCR Hold Tags, when applicable
- c. Implementation of Immediate Actions, when appropriate
- d. Completion of Unreviewed Safety Issues, when applicable

LASO employs a random sampling technique to provide objective evidence of LANL's performance in this area during the first or second month of the fourth quarter of FY09.

4. Developed and implemented an institutional NCR reporting system (excluding existing weapons processes) and provide a **monthly NCR data report** to LASO generated from the NCR reporting system no later than June 30, 2009, that includes data regarding repeat nonconformances, timeliness of corrective actions, as appropriate and final disposition.
5. LANL QAD has provided copies of monthly data reports to LASO OQA reflecting Nonconformance Data and Quality Assurance metrics for all LANL organizations that **currently have systems** in place that includes data regarding repeat nonconformances, timeliness of corrective actions, as appropriate, beginning January 15, 2009, to include the Weapon Quality organization.
6. LANL QAD has provided to LASO OQA quarterly **Trending Analyses Reports** reflecting evaluation of Nonconformance and corrective action information. Data by the 15th of the month following the end of the quarter for the 1st, 2nd, and 3rd quarters of FY 2009. Trending data reflects corrective actions taken to address negative trends.

Fee Schedule:

Essential: \$500,000

- Demonstrated achievement at the 95% level of Targets 1, 3, 4, and 5 will achieve 30% of fee
- Achievement of Target 2 below will result in of 30% of fee
- Demonstrated achievement at the 80% level of Target 6 will achieve 40% of fee

**Measure 3.3 Demonstrate Programmatic Proficiency in Quality Assurance
(Objective/Essential)**

Expectation Statement:

1. LANL will demonstrate that personnel are trained and are prepared to ensure implementation of a Quality Assurance program that provides compliance and integration with other programs such as Conduct of Operations, Integrated Safety Management, etc.
2. LANL will demonstrate proficiency in submitting error-free weapon and weapon related product in FY 2009.
3. LANL will demonstrate proficiency in delivery of weapon and weapon related products per established schedules.
4. LANL will demonstrate proficiency in compliance with the DOE Order 414.1c.
5. LANL will demonstrate proficiency in compliance with LANL's internal Software Quality Assurance inventory per established requirements.
6. LANL will demonstrate proficiency in meeting major milestones associated with the site-wide weapon and weapon related classified parts system that precludes shipment of material errors.

Completion Target:

This measure has been achieved when the Contractor has:

1. LANL has provided a copy of the Quality Assurance course curriculum and training records that reflects the names of employees having completed the Quality Assurance training to include current and new employees working in the nuclear operations areas, high and moderate hazard areas. Those areas required to follow QC-1, Revision 10 quality assurance requirements will be reported separately. LANL should demonstrate that training has been completed at the 90% level by September 30, 2009.
2. LANL has provided to LASO OQA objective evidence on a monthly and year-end basis that reflects that the percentage of error-free product weapons product submittals reflects an overall average of 80%. These reports are deliverable to LASO by the 15^h of each month. LANL shall demonstrate achievement of this target at the 90% level by September 1, 2009.
3. LANL has provided objective evidence to LASO OQA, on a monthly and year-end basis, which reflects achievement of timely deliverables of PCD and non-PCD weapon product deliverables at the 90% on-time level of performance for the fiscal year. By the 15th of each month, LANL will provide LASO with a listing of estimated product submittals (PCD and Non-PCD) for the next 90 days. 90% of all PDC and Non-PCD product submittals to LASO will be delivered at least 10 working days in advance of the LANL required need date.
4. LANL has maintained a 90% monthly turnover (reviewed, investigated, and processed) of DOE Office of Health Safety and Security Data Collection Sheets (DCS) notifications. LANL will maintain compliance with due dates for completion of action items at the 90% level and LANL Quality Assurance Division will conduct general and specific quarterly S/CI training for personnel and subcontractors per ISD 330-9.1 LANL will also provide monthly status reports to LASO reflecting actions taken by the 15th of each month at a 90% performance level.
5. LANL has provided objective evidence that demonstrates the LANL software quality assurance inventory lists are maintained at the 95% accuracy level using P1040 and P1041 processes.
6. LANL has demonstrated implementation of the weapon and weapon related site-wide classified parts system FY09 milestones per the Execution document at the **90%** performance level.

Fee Schedule:

Essential: \$500,000

\$50,000 allocated for completion of Target 1
\$100,000 allocated for completion of Target 2
\$100,000 allocated for completion of Target 3
\$50,000 allocated for completion of Target 4
\$100,000 allocated for completion of Target 5
\$100,000 allocated for completion of Target 6

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.

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- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 4
Threat Reduction Initiatives

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 4		Objective: Threat Reduction Initiatives	
Objective Statement: Leverage our science and technology advantage to anticipate, counter, and defeat global threats and meet national priorities, including energy security.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$1,300,000 (Essential)		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	W. Rees		
Principal LASO Owner:	J. Griego		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None.			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 4.1	Domestic Radiological Sealed Sources	\$250,000	E
Measure 4.2	Ultra-high Resolution X-Ray and Gamma-Ray Spectrometer	\$100,000	E
Measure 4.3	Nuclear Detonation Detection Space Sensors	\$400,000	E
Measure 4.4	HEU Transparency Program/BDMS	\$100,000	E
Measure 4.5	Second Line of Defense	\$300,000	E
Measure 4.6	International Safeguards Cooperation	\$150,000	E
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 4.1	Domestic Radiological Sealed Sources (Objective/Essential)		
Expectation Statement:			
Recover an incremental 2,250 radiological sealed sources from domestic locations completing transfer of ownership to NNSA.			
Completion Target:			
Demonstration of completion includes:			
<ul style="list-style-type: none"> Recovery of 2,250 new sources in FY 2009 by September 30, 2009 documented according to the criteria 			

in the July 2007 Internal Control Procedures to Verify and Certify Performance Results.

- Any radioactive sealed sources received at LANL during FY 2009 must be packaged and ready for disposition as evidenced by the Acceptable Knowledge Tracking Spread Sheet maintained by the onsite Central Characterization Project by September 30, 2009. The program may choose to substitute legacy sources received in prior years for up to 25% of the sources received at LANL during FY 2009 in order to meet the packaging and ready-for-disposition requirement by September 30, 2009.
- Recovery and disposition must be performed in accordance with applicable permits, laws, and regulations.

Fee Schedule:

Essential: \$250,000

Assumptions Specific to This Measure:

- Metric cited in NNSA FY 2009 Budget Request, in support of Global Threat Reduction Strategic Plan and Project Work Plans.
- All sources recovered to LANL must have an approved disposition path.

**Measure 4.2 Ultra-high Resolution X-Ray & Gamma-Ray Spectrometer
(Objective/Essential)**

Expectation Statement:

Demonstrate a 64-pixel X/gamma micro-calorimeter array.

Completion Target:

This measure has been achieved when the contractor has:

Demonstrated a 64-pixel X/gamma micro-calorimeter array as evidenced by research data and documentation deemed acceptable by Nonproliferation Research and Development (NA-22) by September 30, 2009.

Fee Schedule:

Essential: \$100,000

**Measure 4.3 Nuclear Detonation Detection Space Sensors
(Objective/Essential)**

Expectation Statement:

Have available seven (7) fully functional Burst Detector Verification (BDV) electromagnetic pulse sensors, and, seven (7) Combined X-Ray Spectrometer Particle Dosimeter (CXD) instruments, and complete the SABRS schedule through the integrated system test of the flight unit. In addition, provide NA-22 with the results of a study of methods (1) to incorporate "store-and-forward" capability into the SABRS design and (2) to modify the SABRS design to provide a "raw data stream" to a proposed experimental payload.

Completion Target:

This measure has been achieved when the Contractor has:

- Demonstrated completion of seven (7) BDVs and seven (7) CXDs by notification to Nonproliferation Research and Development (NA-22) by means of a Consent-to-ship Memo for a new instrument or an Action Item Close-out Memo in the case of a refurbished unit that an instrument is available. Completion must be demonstrated by the delivery date established by the satellite host as reflected in the Life Cycle Plans approved by NA-22, but no later than September 30, 2009.
- Completed the SABRS schedule through the integrated system test of the flight unit as evidenced by the integrated system test data package
- Provided to NA-22 the results of a study of methods (1) to incorporate "store-and-forward" capability into the SABRS design and (2) to modify the SABRS design to provide a "raw data stream" to a proposed experimental payload.

Fee Schedule:

Essential: \$400,000

Assumptions Specific to This Measure:

- None

**Measure 4.4 HEU Transparency Program/Blend Down Monitoring System
(Objective/Essential)**

Expectation Statement:

Maintain operation of the HEU Transparency Program/Blend Down Monitoring System (BDMS) at three (3) sites in Russia.

Completion Target:

This measure has been achieved when:

Technical experts have completed planned special monitoring visits to sites in Russia. Tasks include: repair/adjust hardware/software as needed, retrieve BDMS output data, and assess data for continuity and quality. Technical support is required primarily for the enrichment monitor and also for the flow monitor.

Fee Schedule:

Essential: \$100,000

Assumptions Specific to This Measure:

- BDMS hardware/software replacement at one site is pending NNSA/Rosatom approval.

**Measure 4.5 Second Line of Defense
(Objective/Essential)**

Expectation Statement:

By September 30, 2009, LANL will test five (5) pieces of radiation detection equipment and will support deployments for at least 70 sites.

Completion Target:

This measure has been achieved when the Contractor has:

In support of Second Line of Defense (NA-256) Program implementation and in cooperation with Department of Homeland Security Domestic Nuclear Detection Office (DNDO) when applicable, LANL will develop and implement customized testing regimes for radiation detection equipment. NA-256 approved test plans and LANL test reports will serve as evidence of task completion. LANL will support NA-256 deployments of radiation detection systems at Megaports and NA-256 Core Program sites, primarily in the areas of equipment calibration and acceptance testing. Official program documentation, such as Acceptance Test Reports, and/or documentation of foreign travel, will serve as evidence of task completion.

Fee Schedule:

Essential: \$300,000

Assumptions Specific to This Measure:

- Continued NA-25 support of LANL involvement in site deployments and in testing of radiation detection equipment.
- On time arrival of radiation detection equipment from DNDO is essential to a successful testing program.

**Measure 4.6 International Safeguards Cooperation
(Objective/Essential)**

Expectation Statement:

Develop or implement at least three (3) safeguards technologies for application in foreign nuclear facilities as directed by the International Safeguards Cooperation Program (NA-242).

Completion Target:

This measure has been achieved when the Contractor has:
Demonstrated development and/or implementation of technology for three (3) safeguards applications in a foreign nuclear facility as evidenced by documentation such as technical reports, shipping records, technology designs, workshop agendas, and training records.

Fee Schedule:

Essential: \$150,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 5
Environmental Initiatives

FY 2009 PERFORMANCE BASED INCENTIVE		
PBI No. 5	Objective: Environmental Initiatives	
Objective Statement: Comply with Consent Order requirements in an effective and efficient manner, supporting environmental cleanup of LANL and affected areas.		
SECTION 1 GENERAL INFORMATION		
Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$1,610,000(Essential)+\$1,000,000(Stretch)= \$2,610,000	
Duration:	Annual	
Fee Payment Type:	Completion	
Principal LANS Owner:	M. Graham	
Principal LASO Owner:	G. Rael	
SECTION 2 PERFORMANCE REQUIREMENTS		
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>		
None		
SECTION 3 INDEX OF PERFORMANCE MEASURES		
	Allocated Fee	Fee Type E or S
Measure 5.1 Consent Order Compliance	\$1,310,000	E
	\$300,000	S
Measure 5.2 Well Completions	\$300,000	E
Measure 5.3 MDA-B Remediation (Deleted)	\$0	E
Measure 5.4 Project Efficiencies	\$700,000	S
SECTION 4 PERFORMANCE MEASURES		
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>		
Measure 5.1	Consent Order Compliance	
Measure 5.1.1	Stipulated Penalty Deliverables (Objective/Essential)	
Expectation Statement:		
Meet FY 2009 Consent Order Stipulated Penalty deliverables on schedule. <i>NOTE: FY 2009 Stipulated Penalty deliverables for MDA T Vapor Monitoring Report, Upper Los Alamos Canyon Aggregate Area Investigation Report, and Canada del Buey Investigation Report are excluded from this measure and included in PBI Measure 5.1.2.</i>		

Completion Target:

This measure has been achieved when the Contractor has:
Submitted the FY 2009 stipulated penalty deliverables accounted for under this measure on time and substantially compliant (three are excluded here and identified in PBI Measure 5.1.2).

Fee Schedule:

Essential: \$700,000

- 0 missed = 100% of fee allocated
- 1 missed = 70% of fee allocated
- 2 missed = 30% of fee allocated
- 3 or more missed = 0% of fee allocated

Assumptions Specific to This Measure:

- The allocated fee for this PBI will not be reduced unless the total number of funded stipulated penalty deliverables falls below 7.
- In all cases, missed milestones are those submitted after the stipulated penalty date or determined to be substantially noncompliant, and resulting in a stipulated penalty from NMED.

**Measure 5.1.2 Special Consent Order Deliverables
(Objective/Stretch)**

Expectation Statement:

Meet FY 2009 Consent Order Stipulated Penalty deliverables on schedule for MDA T Vapor Monitoring Report (4th Quarter), Upper Los Alamos Canyon Aggregate Area Investigation Report, and Canada del Buey Investigation Report.

Completion Target:

This measure has been achieved when the Contractor has:
Submitted the FY 2009 Consent Order Stipulated Penalty deliverables on schedule and substantially compliant for:

- MDA T Vapor Monitoring Report (4th Quarter) (February 14, 2009),
- Upper Los Alamos Canyon Aggregate Area Investigation Report (May 31, 2009), and
- Canada del Buey Investigation Report (August 31, 2009).

Fee Schedule:

Stretch: \$300,000

Fee will be divided equally among the three deliverables and will be earned upon completion of each individual deliverable.

Assumptions Specific to This Measure:

- Stretch fee is not dependent upon performance against PBI Measure 5.1.1.
- Deliverable dates and titles are based on the NMED FY 2009 Stipulated Penalties Deliverable List and those dates and titles will be updated if NMED revises them through formal communication to LASO/LANL. In the case that a deliverable is removed from this PBI Measure, the fee will be reduced by the fee amount associated to that deliverable.
- In all cases, missed deliverables are those submitted after the stipulated penalty date or determined to be substantially noncompliant, and resulting in a stipulated penalty from NMED.

**Measure 5.1.3 Other Key Consent Order Deliverables
(Objective/Essential)**

Expectation Statement:

Meet other major deliverables supporting cleanup under the Consent Order.

Completion Target:

This measure has been achieved when the Contractor has:
Submitted the non-stipulated penalty key deliverables on schedule and substantially compliant. The deliverables are listed in a configuration controlled Appendix in the FY 2009 Work Plan. *Note: it is anticipated that on the order of 30 deliverables may be identified for this measure (excluding well completions).*

Fee Schedule:

Essential: \$550,000

- LASO will identify to LANS the 30 deliverables with approval of the FY 2009 Work Plan 30 days after submittal.
- Fee for deliverables performance will be earned on a per deliverable basis with fee allocated equally among deliverables. If more than nine (9) deliverables are missed no fee will be paid.
- If more than 20% of the enforceable deliverables defined under this measure are not submitted on schedule or are substantially incompliant, the lost fee for each missed enforceable deliverable will be twice the "per deliverable" fee value

**Measure 5.1.4 Compliance Deliverables – Document Quality Improvements
(Objective/Essential)**

Expectation Statement:

Implement measures and a data quality objective process to improve quality of submittals to NMED resulting in a reduction in deficiencies, modifications and quality-related comments from NMED.

Completion Target:

This measure has been achieved when the Contractor has:

- Developed and implemented a data quality objectives process for use in PBS-30 activities. The process will be developed by December 15, 2008, and receive LASO concurrence. The data quality objective process will be implemented in all activities started in FY 2009 and in other activities where the project schedule permits implementation.

Fee Schedule:

Essential: \$60,000

**Measure 5.2 Well Completions
(Objective/Essential)**

Expectation Statement:

Complete well installations identified in the FY 2009 Work Plan that are not included in PBI Measures 5.1.1, 5.1.2, or 5.1.3.

Completion Target:

This measure has been achieved when the Contractor has:
Completed well installations for intermediate and regional wells in FY 2009 not included in PBI Measures 5.1.1, 5.1.2, or 5.1.3 on schedule at a CPI \geq 0.9.

Fee Schedule:

Essential: \$300,000

Fee will be divided by 35% for intermediate and 65% for regional wells included in this measure and will be earned as each well is completed.

If aggregate CPI for these wells at the end of the year drops below 0.9, fee will be reduced by 30%; below 0.8 fee will be reduced by 60%.

Assumptions Specific to This Measure:

- For the purposes of this PBI, "complete" means NMED complete.
- Should NMED agree with a LANL recommendation to substitute wells or to reprioritize wells for those listed in Measure 5.2, the PBI will be automatically revised as long as the total number of incentivized wells does not change.

**Measure 5.3 MDA-B Remediation
(Objective/Essential)**

Measure Deleted per approved Change Control

**Measure 5.4 Project Efficiencies
(Objective/Stretch)**

Expectation Statement:

Identify and implement initiatives to improve efficiency and reduce lifecycle cost.

Completion Target:

This measure has been achieved when the Contractor has:

Documented cost savings of \$16 million. These savings will be applied to FY 2009 or approved outyear scope and identified for LASO concurrence prior to submitting a BCP for execution.

Fee Schedule:

Stretch: \$700,000

Rates for fee earned are:

- For cost savings applied to execution of unfunded FY 2009 work or out-year if approved, the rate earned will be \$22,000 for each \$0.5 million cost savings.
- For cost savings applied to support funded FY 2009 work the rate earned will be \$11,000 of fee for each \$0.5 million cost savings.
- A threshold of \$2 million in cost savings must be achieved for any fee to be awarded.
- Fee will be awarded up to the total amount of fee available under this measure.

Assumptions Specific to This Measure:

- LASO agrees to process BCPs, FCPs, and/or provide concurrence to submitted cost savings initiatives within two weeks of submittal.
- Savings from TRU drum repackaging are not counted as savings under this measure..

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify

any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- The FY 2009 Work Plan is the current plan, as modified by the LASO/LANL change control board.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 6
Project Management

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 6	Objective:	Project Management	
Objective Statement: Ensure mission accomplishments by completing project work within scope, on schedule, and within budget.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>		
Maximum Available Incentive Fee:	\$1,800,000(Essential)+ \$600,000 (Stretch) = \$2,400,000		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	T. McKinney		
Principal LASO Owner:	J. Griego		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 6.1	Execute Construction Projects	\$300,000	E
Measure 6.2	Manage Large Mission Critical Projects	\$1,500,000	E
Measure 6.3	Project Management Improvement	\$300,000	S
Measure 6.4	Enhance Construction Project Execution	\$300,000	S
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 6.1	Execute Construction Projects as Identified and Agreed Between NNSA and LANL within Scope, Schedule and Budget. (Objective/Essential)		
Expectation Statement: Meet annual schedule commitments based on agreed to set of projects.			
Completion Target: This measure has been achieved when the Contractor has: Accomplished 90% or better of the milestones in the agreed to project set measured at year end.			

Fee Schedule:

Essential: \$300,000

Assumptions Specific to This Measure:

- The duration associated with schedule contingency is not included in the project's target schedule. Therefore, if completion of a milestone is within seven (7) calendar days of the scheduled milestone included in the PBI listing, this would constitute achievement.
- Projects in PBI 6.2 and other PBIs are excluded from this agreed-to set of projects.

Measure 6.2 Proactively Manage Large Mission Critical Projects

**Measure 6.2.1 CMRR RLUOB Performance
(Objective/Essential)**

Expectation Statement:

Complete the RLUOB facility construction in accordance with the approved baseline. RLUOB Equipment Installation (REI) is initiated and executed in accordance with performance baseline established at CD-2/3.

Completion Target:

This measure has been achieved when the Contractor has:
Completed the RLUOB facility construction by September 30, 2009. Completion definition (milestones) as agreed to between the CMRR FPD and the CMRR Project Manager. For REI, accomplish milestones/objectives (completion targets) in the agreed to project set.

Fee Schedule:

Essential: \$500,000

80% fee will be allocated to completion of RLUOB construction target described above.
20% fee allocated and weighted equally (linear scale applied) against target milestones for REI.

Assumptions Specific to This Measure:

- Completion definition set by mutual agreement between NNSA CMRR FPD/COR and LANS CMRR Project Manager.
- Baseline for RLUOB construction remains valid.
- CD-2/3 achieved for RLUOB REI
- Funding is obtained or authorized to execute in accordance with baseline funding needs.

**Measure 6.2.2 CMRR NF/SFE Performance
(Objective/Essential)**

Expectation Statement:

Laboratory effectively manages CMRR NF/SFE progress in support of NNSA strategic objectives. Project will advance design and safety basis documentation while in interim/final design.

Completion Target:

This measure has been achieved when the Contractor has:
Accomplish milestones/objectives (completion targets) in the agreed to project set. Targets will be weighted, with fee basis as described below.

Fee Schedule:

Essential: \$300,000

- No fee is provided for a grade of less than 60% of weighted target accomplishments

- 20% of fee will be paid for meeting a grade within 60%-69% of weighted target accomplishments
- 40% of fee will be paid for meeting a grade within 70%-79% of weighted target accomplishments
- 80% of fee will be paid for meeting a grade within 80%-89% of weighted target accomplishments
- 100% of fee will be paid for meeting a grade > 90% of weighted target accomplishments

Assumptions Specific to This Measure:

- Nuclear facility and SFE milestones/objectives set by mutual agreement between the NNSA CMRR COR and the LANS Project Manager.
- Funding target used to establish milestone/objective set is obtained.

**Measure 6.2.3 Mission Critical Infrastructure Projects
(Objective/Essential)**

Expectation Statement:

The Laboratory will effectively manage the selected projects in support of NNSA/LASO strategic objectives.

Completion Target:

This measure has been achieved when the Contractor has:

Accomplished agreed-to FY09 milestones/objectives for the following projects:

- RLWTF
- TA-55 Reinvestment
- TRU Project
- NMSSUP2

Fee Schedule:

Essential: \$700,000

Fee will be split equally between the milestones identified by LANL and mutually accepted by NNSA

Assumptions Specific to This Measure:

- Milestones set by mutual agreement between the NNSA COR and LANS.

**Measure 6.3 Project Management Improvement Project
(Objective/Stretch)**

Expectation Statement:

The Project Management Improvement Project (PMIP) represents collective strategy for Project Management Improvement at the Laboratory.

Completion Target:

This measure has been achieved when the Contractor has:

Accomplished the tactics in the agreed to list. Fee will be evenly prorated across items in the agreed to list.

Fee Schedule:

Stretch: \$300,000

**Measure 6.4 Enhance Project Execution
(Objective/Stretch)**

Expectation Statement:

To enhance execution of construction projects, LANS will conduct four workshops to identify topical areas that are a benefit to LANL. The initial workshop will define which topics will be included in this effort. During the initial workshop, milestones to be accomplished during the balance of FY 2009 will be identified and tracked during future workshops. Following the initial workshop in which the topical areas will be identified, the subsequent workshops will review the status and progress towards the FY09 milestones for each of the topical areas. The outcome of the workshops will be to prepare a position report for each of the topical areas, with recommendations, that will include a proposed implementation plan including implementation milestones for consideration by LASO. These reports could address issues such as: construction market survey results, direct hire options, establish a Laboratory owned concrete batch plant, startup and readiness process improvements, benefits of synergy resulting from in-sourcing of existing contracts, small project execution process, etc. LASO will submit proposed topics as part of the initial workshop. LASO and LANL will jointly agree on topics to be studied following the first workshop.

Completion Target:

This measure has been achieved when the Contractor has:
Conducted the four workshops and presented the position report and implementation plan to LASO.

Fee Schedule:

Stretch: \$300,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 7
Nuclear and High Hazard Operations

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 7		Objective: Nuclear and High Hazards Operations	
Objective Statement: Operate and maintain Laboratory nuclear and high-hazard facilities in a safe, secure, and compliant manner to effectively achieve Laboratory mission objectives.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$2,449,860 (Essential) + \$2,020,840 (Stretch) = \$4,470,700		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	R. McQuinn		
Principal LASO Owner:	J. Vozella		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
Measure 7.3.2 has a gateway defined within the measure.			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 7.1	Implement Formality of Operations	\$900,000	E
		\$300,000	S
Measure 7.2	Conduct of Operations Improvement	\$100,000	E
		\$300,000	S
Measure 7.3	Improve Conduct of Engineering	\$400,000	E
		\$670,840	S
Measure 7.4	Documented Safety Analysis (DSAs)	\$374,860	E
Measure 7.5	Criticality Safety Improvement	\$100,000	E
Measure 7.6	Safety Basis Academy	\$100,000	E
		\$200,000	S
Measure 7.7	Fire Protection	\$400,000	
		\$ 75,000	E
Measure 7.8	Nuclear Safety	\$550,000	S

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 7.1 Implement Formality of Operations

Measure 7.1.1 Implement Conduct of Operations, Engineering and Maintenance Milestones (Objective/Essential)

Expectation Statement:

Implement Formality of Operations (including Conduct of Operations, Engineering and Maintenance) Core Requirement Implementation Plan, FY 2009 Level 1 milestones, for nuclear and high hazard facilities.

Completion Target:

This Measure has been achieved when the contractor has:

Completed FY 2009 Level 1 milestones defined in core requirement implementation plans for nuclear and high hazard facilities. Performance will be measured for on-time completion in each of the areas of Conduct of Operations, Engineering and Maintenance. Completion is defined in two parts:

- a) The Facility Operations Director declaring achievement by the approved milestone date; and
- b) An independent verification, in accordance with approved assessment criteria, evaluating the declared facility/FOD, with the conclusion endorsed by ADNHHO.

Fee is awarded for completion of FY 2009 Level 1 milestones for implementation of core level criteria in Conduct of Operations, Engineering, and Maintenance, for Nuclear and High Hazard Facilities, as verified by independent verification, in accordance with approved assessment criteria and LASO concurrence with the FOD conclusion.

An independent verification must be submitted within 25 working days after the milestone due date, or in the completion package, whichever is earlier. The 25 working days may be extended with LASO approval.

Deliverables:

1. Validation of completion of Level 1 milestones– ADNHHO endorsed independent verification, in accordance with approved assessment criteria. Final Report submitted within 25 working days after milestone due date or by change request with LASO approval.

Fee Schedule:

Essential: \$800,000 (Fee is awarded linearly from 80% to 100% completion)

100% fee = 100% completion
70% fee = 80% completion
0% fee < 80% completion

Assumptions Specific to This Measure:

- Status of Level 2 milestones are discussed at LASO Quarterly briefings.
- Exceptions to full implementation will be approved and submitted by LANL, by the end of November 2008, for LASO consideration.
- The Level 1 milestones established in these plans are under LASO approved change control. For the purposes of this PBI, Milestones can be changed via approved change control when requested at least 30 days in advance of the scheduled milestone completion date.
- Percent completion is calculated based on the number of level 1 milestones completed on time during FY 2009 and verified as complete, over the number of approved milestones scheduled.

**Measure 7.1.2 Implementation of Conduct of Training Milestones
(Objective/Essential)**

Expectation Statement:

Implement Conduct of Training requirements at LANL Cat 2 and Cat 3 nuclear facilities.

Completion Target:

This Measure has been achieved when the contractor has:

- Established and deployed a project team to address institutional priorities and accelerate training program implementation at Cat 2/3 nuclear facilities.
- Developed Qualification Standards, for all nuclear facility positions identified in the approved Training Implementation Matrices (TIMs), using a systematic approach to training in accordance with DOE O 5480.20A. Qualification standards will be complete by July 1, 2009.
- Cross-walked training and experience, of personnel currently in each position, against the Qualification Standard, and re-assessed the interim qualification.

LASO will be briefed on progress quarterly. Performance will be determined as a function of the percentage of Qualification Standards developed and cross-walked over the total number of positions identified in the TIMs.

Deliverables:

1. Evidence of Qualification Standards for Cat 2/3 nuclear facility positions identified in the TIMs.
2. Evidence of personnel cross-walk to the Qualification Standard and re-assessment of the interim qualification.

Fee Schedule:

Essential: **\$100,000** (Fee is awarded linearly from 80% to 100% completion)

100% fee = 100% completion
70% fee = 80% completion
0% fee < 80% completion

Assumptions Specific to This Measure:

- TIMs will be submitted to and approved by LASO

**Measure 7.1.3 Accelerated Implementation of Conduct of Training Milestones
(Objective/Stretch)**

Expectation Statement:

Accelerate implementation of Conduct of Training requirements at Cat 2 and Cat 3 nuclear facilities.

Completion Target:

This Measure has been achieved when the contractor has:

Fully qualify personnel necessary to adequately staff 40 positions identified in Training Implementation Matrices (TIMs) for Cat 2/3 nuclear facilities. Performance will be measured as a function of the percentage of the positions with fully qualified personnel in FY 2009 to 40 positions from approved TIMs. LASO will be briefed on progress quarterly.

Deliverables:

Evidence of fully completed qualification of personnel in 40 nuclear facility positions identified in the approved TIMs.

Fee Schedule:

Stretch: **\$300,000** (Fee is awarded linearly from 50% to 100% completion)

100% fee = 100% completion

50% fee = 50% completion

0% fee < 50% completion

Assumptions Specific to This Measure:

- TIMs will be submitted and approved by LASO.
- Minimum number of people "qualifying" is projected as 120 people

Measure 7.2 Conduct of Operations Improvement

**Measure 7.2.1 Conduct of Operations Performance Index Improvement
(Objective/Essential)**

Expectation Statement:

Continued improvement in operating performance as measured by the Conduct of Operations Performance Index.

Completion Target:

This Measure has been achieved when the contractor has:

1. Maintained improvement in operating performance as measured by the Conduct of Operations Performance Index as demonstrated by achieving a 10% reduction over the FY 2008 baseline for full fee.
2. Provided its Monthly Conduct of Operations PBI Status Report to LASO.
3. Briefed LASO quarterly.

Deliverable:

Evidence of percent improvement from FY 2008 baseline.

Fee Schedule:

Essential: **\$100,000**

100% fee = 10% reduction

10% fee = 1% reduction

0% fee < 1% reduction

Fee paid on a linear integer scale between 1% and 10% improvement in FY 2008 Conduct of Operations Performance Index.

Assumptions Specific to This Measure:

- The contractor may request LASO exclude from the Performance Index any ORPS event it believes is not Conduct of Operations-related by including the request in the monthly status report. However, such events will be included in Performance Index computations until LASO concurs.
- Percentages are calculated on a whole number basis and not rounded.

**Measure 7.2.2 Conduct of Operations Performance Leading Indicator
(Objective/Stretch)**

Expectation Statement:

Continued improvement in operating performance as measured by LANL response to Conduct of Operations related ORPS management concerns. The goal is to develop a leading indicator(s) to anticipate and potentially prevent ORPS reportable Conduct of Operations events (per Conduct of Operations Performance Index in 7.2.1, above).

Completion Target:

This Measure has been achieved when the contractor has:

- Analyzed FY07/08 ORPS Management Concerns relative to Conduct of Operations weaknesses by reviewing the causal analysis and extent of condition reports.
- Determined, for FY2009 ORPS management concerns, the facility and/or institutional Extent of Condition (EOC) and has conducted a causal analysis to identify any issues and corrective actions.
- Completed corrective actions, defined above, on time.
- Briefed LASO quarterly.

Deliverables:

- 1) Quarterly reports augmented with quarterly briefings, First Quarter report on FY07/08 baseline analysis and 1st Quarter FY 2009 ORPS management concerns analysis status by January 31, 2009.
- 2) Completion of corrective actions on time (within 30 days of target date).
- 3) Draft Leading Indicator(s) by June 30, 2009, Final Leading Indicator(s) by September 30, 2009 and insertion on CAS Dashboard for use in FY 2010

Fee Schedule:

Stretch: **\$300,000** (Fee paid on a linear scale between 80% and 100% completion)

100% fee = 100% completion (100% completion of all deliverables)

60% fee = 80% completion

0% fee < 80% completion

Assumptions Specific to This Measure:

- The contractor provides to LASO by October 15, 2008 its determination of FY 07/08 ORPS Management Concerns appropriate to include in the initial review.

Measure 7.3 Improve Conduct of Engineering

**Measure 7.3.1 Safety System Baseline and Operations
(Objective/Essential)**

Expectation Statement:

Upgrade System Design Descriptions (SDD), complete Vital Safety System (VSS) Assessments, implement System Health Reporting, and complete operability/functionality evaluations when identified necessary in accordance with the negotiated schedule for FY 2009.

Completion Target:

This Measure has been achieved when the contractor has completed the actions below (as scheduled for systems identified by LANS and concurred by LASO by September 30, 2008):

- Developed SS-SDDs to meet AP-341-611, System Design Description, or AP-341-612, Facility Design Description.
- Completed Vital Safety System Assessments in accordance with AP-341-901.
- Completed the Quarterly System Health Report (SHR) based on three months of monthly SHR, for at least one quarter, in accordance with AP-341-802.
- Completed Operability Determinations and Functionality Assessments when required in accordance with AP-341-516.
- Demonstrated management to closure of actions addressing identified issues.

Deliverables:

1. Upgraded Safety Significant SDDs and SDD travelers. (35%)
2. VSS assessment reports, with Operability Determinations and/or Functionality Assessments as required. (35%)

3. System Health Quarterly Reports, with Operability Determinations and/or Functionality Assessments as required. (30%)
4. LIMITS numbers identified for any issues requiring formal tracking required for each of the above.

Fee Schedule:

Essential: **\$400,000** (Fee is awarded linearly from 80% to 100% completion)

100% fee = 100% completion of each deliverable (1, 2 and 3)

60% fee = 80% completion of each deliverable (1, 2 and 3)

0% fee < 80% completion of each deliverable (1, 2 and 3)

Assumptions Specific to This Measure:

- SDDs, VSSAs, and SHRs are completed for all safety class SSCs.
- Completion of activities identified as milestones or deliverables from FY 2008 PBIs 7.3.1, 7.4.1, and 7.4.2 is an entry condition for earning fee for this PBI and is not incentivized in FY 2009.
- Operability Determinations and/or Functionality Assessments, when required, are included as part of the VSS assessment or SHR for fee evaluation.
- Deliverables provided greater than 30 days after the scheduled due date without approved change control will not be evaluated for fee determination.
- Deliverables reviewed by LASO and found significantly non-compliant with LANL procedure requirements will not be evaluated for fee determination.
- Notice of the VSS assessment start dates will be provided to LASO two weeks prior to the start.
- LASO will be briefed on progress quarterly.
- The list can be changed via approved change control requested at least 30 days prior to the identified completion date, or within 5 days of an emergent operational issue that necessitates delay.

**Measure 7.3.2 Additional Safety System Baseline and Operations
(Objective/Stretch)**

Expectation Statement:

Upgrade System Design Descriptions (SDD), complete Vital Safety System (VSS) Assessments, implement System Health Reporting, and complete operability/functionality evaluations when identified as necessary. Full completion of this PBI results in all VSS having completed SDDs, VSSAs, and SHRs by the end of FY 2009.

Completion Target:

This Measure has been achieved when the contractor has completed the actions below for all VSS not included in 7.3.1 or previous years' PBIs.

- Developed SS-SDDs to meet AP-341-611, System Design Description, or AP-341-612, Facility Design Description.
- Completed Vital Safety System Assessments in accordance with AP-341-901.
- Completed the Quarterly System Health Reports (SHR), based on three months of monthly SHR, for at least one quarter, in accordance with AP-341-802.
- Completed Operability Determinations and Functionality Assessments when required in accordance with AP-341-516.
- Demonstrated management to closure of actions addressing identified issues.

Deliverables:

1. Upgraded Safety Significant SDDs and SDD travelers. (35%)
2. VSS assessment reports, with Operability Determinations and/or Functionality Assessments as required. (35%)
3. System Health Quarterly Reports, with Operability Determinations and/or Functionality Assessments as required. (30%)
4. LIMITS numbers identified for any issues requiring formal tracking.

Fee Schedule:

Stretch: **\$670,840** (Fee is awarded linearly from 30% to 100% completion)

100% fee = 100% completion
30% fee = 30% completion
0% fee < 30% completion

Assumptions Specific to This Measure:

- Incentive fee of at least 60% for Essential Objective PBI 7.3.1 must be earned as a gateway to earning Incentive fee in this Stretch Objective PBI.
- Operability Determinations and/or Functionality Assessments, when required, are included as part of the VSS assessment or SHR for fee evaluation.
- Deliverables reviewed by LASO and found significantly non-compliant with LANL procedure requirements will not be evaluated for fee determination.
- Notice of the VSS assessment start dates will be provided to LASO two weeks prior to the start.
- LASO will be briefed on progress quarterly to include forecasts of forthcoming PBI deliverables.
- Completion of activities identified as milestones or deliverables from FY 2008 PBIs 7.3.1, 7.4.1, and 7.4.2 is an entry condition for earning fee for this PBI and is not incentivized in FY 2009.

Measure 7.4 Documented Safety Analyses (DSAs)/Safety Assessment Documents (SADs)

Measure 7.4.1 Implement DSAs/SADs in a Timely Manner (Objective/Essential)

Expectation Statement:

Requirements in approved DSAs/SADs will be implemented in a timely manner.

Completion Target:

This Measure has been achieved when the contractor has:

1. Developed, and submitted to LASO, a final Implementation Plan (IP) for a DSA/SAD within 30 days of LASO approval of the DSA/SAD. The IP can be changed via approved change control completed at least 30 days prior to the identified completion date.
2. Completed the FY2009 Level 1 implementation milestones according to the plan.
3. For Level 1 milestones completed before September 30, 2009, submit an Implementation Verification Review (IVR), in accordance with IMP 116, to verify implementation.

For DSA/SAD Implementation Plans, with no Level 1 milestones scheduled for completion before September 30, 2009 an independent verification will be submitted as part of the completion package to document progress to the schedule.

Deliverable:

- 1) DSA/SAD Implementation Plan (IP)
- 2) IVR report for completion of DSA/SAD FY 2009 Level 1 implementation milestones.
- 3) Independent verification report for nuclear and accelerator facilities implementing DSAs/SADs but not completing an IP Level 1 milestone by September 30, 2009.

Fee Schedule:

Essential: **\$374,860**

Completion of Deliverable #1 and #2 are required to earn fee
100% fee = 100% completion of FY 2009 Level 1 milestones
60% fee = 60% completion

Fee will be earned on a linear scale between 60% and 100% fee

Assumptions Specific to This Measure:

- DSA/SAD implementation shall include TSRs/ASEs, administrative programs, implementing procedures, and revised/new System Design Descriptions or Facility Design Descriptions.
- Deliverable #1 and #2 are required
- Completion packages will include independent verification

**Measure 7.4.2 Seismic Analysis of Facilities and Evaluation of Risk (SAFER)
(Objective/Essential)**

Measure Deleted

Measure 7.5 Criticality Safety Performance

**Measure 7.5.1 Criticality Safety Improvement
(Objective/Essential)**

Expectation Statement:

Maintain or accelerate completion of the Criticality Safety Improvement Plan (CSIP) with appropriate change control.

Completion Target:

This Measure has been achieved when the contractor has:

1. Developed, and submitted to LASO, a final Implementation Plan (IP) for a DSA/SAD within 30 days of LASO approval of the DSA/SAD. The IP can be changed via approved change control completed at least 30 days prior to the identified completion date.
2. Completed the FY2009 Level 1 implementation milestones according to the plan.
3. For Level 1 milestones completed before September 30, 2009, submit an Implementation Verification Review (IVR), in accordance with IMP 116, to verify implementation.

For DSA/SAD Implementation Plans, with no Level 1 milestones scheduled for completion before September 30, 2009 an independent verification will be submitted as part of the completion package to document progress to the schedule.

Deliverable:

- 1) DSA/SAD Implementation Plan (IP)
- 2) IVR report for completion of DSA/SAD FY 2009 Level 1 implementation milestones.
- 3) Independent verification report for nuclear and accelerator facilities implementing DSAs/SADs but not completing an IP Level 1 milestone by September 30, 2009.

Fee Schedule:

Essential: **\$374,860**

Completion of Deliverable #1 and #2 are required to earn fee
100% fee = 100% completion of FY 2009 Level 1 milestones
60% fee = 60% completion
Fee will be earned on a linear scale between 60% and 100% fee

70% fee = 80% completion. of FY 2009 milestones
0% fee < 80% completion.

Measure 7.6 Safety Basis Academy

**Measure 7.6.1 Safety Basis Academy Plan
(Objective/Essential)**

Expectation Statement:

Submit and execute the FY 2009 Safety Basis Academy Plan.

Completion Target:

This Measure has been achieved when the contractor has:

1. Submitted the FY 2009 Plan to NNSA for concurrence within 30 days of the final approved PBI or by October 31, 2008, whichever is latest.
2. Produced and presented four Pilot courses, as scheduled in the NNSA concurred FY 2009 Safety Basis Academy Plan.
3. Completed successful turnover of FY 2009 courses to NTC.
4. Presented three NTC accepted Safety Basis Academy courses to the DOE/NNSA complex.

Fee Schedule:

Essential: \$100,000

88% Fee for Deliverable 1, 2 and 3

Fee to be paid in equal increments upon development, presentation and successful turnover of the Pilot course to NTC.

12% Fee for Deliverable 4

Fee to be paid in equal increments upon presentation of each course.

Assumptions Specific to This Measure:

- The plan will include, but not be limited to: A schedule, a complete Scope of Work discussion, and a detailed cost estimate. The schedule will clearly delineate all Pilot course deliveries (subject to funding availability) including for each class: pre-class delivery of course materials to ABSA with minimum ten (10) calendar day lead (target), associated comment resolution cycle, and scheduled turnover to NTC.
- Course turnover subject to agreement with NTC on submission requirements.

**Measure 7.6.2 Safety Basis Academy Additional FY 2008 Courses
(Objective/Stretch)**

Expectation Statement:

Present four additional NTC accepted Safety Basis Academy courses to the DOE/NNSA complex.

Completion Target:

This Measure has been achieved when the contractor has:

Presented four of the NTC accepted Safety Basis Academy course offerings to the DOE/NNSA complex

Fee Schedule:

Stretch: \$200,000 (Fee to be paid in equal increments upon presentation of each course)

Measure 7.7 Fire Protection

**Measure 7.7.1 Fire Protection Deficiencies Within Legacy Facilities at LANL
(Objective/Essential)**

Expectation Statement:

Continuation of the ongoing program established in FY 2008 that identifies, prioritizes, coordinates funding, and oversees the successful resolution of long-standing fire protection deficiencies within legacy facilities at LANL. The list of legacy facility deficiencies is maintained up to date, and reflects accurate information and is reviewed semi-annually.

Completion Target:

This measure has been achieved when the Contractor has:

1. Maintained a consolidated list of prioritized fire protection deficiencies that are anticipated to cost in excess of \$50,000 each to correct. The list will include the basis for selection and prioritization. The list is to be reviewed and updated as appropriate no less than semi-annually.
2. Developed a plan and schedule of activities and milestones that will lead to compliance with applicable DOE orders and mandatory codes and standards for the identified deficiencies and that are to be completed over the next 5 years, with agreed to FY 2009 milestones, to address the list of prioritized fire protection deficiencies. The plan shall be risk based, use a graded approach, and consider the life expectancy of each facility listed as having a deficiency.
3. Completed the milestones that are scheduled to be completed in FY 2009 on schedule. Milestone dates may be revised through the change control process. The milestones established in these plans are under LASO approved change control. For the purposes of this PBI, milestones can be changed via approved change control when requested at least 30 days in advance of the scheduled milestone completion date.

Deliverables:

1. Prioritized list of fire protection improvement deficiencies – updated list due November 1, 2008.
2. Plan and schedule for LASO review and concurrence. Draft due December 1, 2008. Final due within 45 days following transmittal of comments by LASO.
3. Evidence of completion of Legacy Facility Fire Protection Program deficiencies scheduled for completion in FY 2009.

Fee Schedule:

Essential: **\$300,000**

100% fee = 100% completion of scheduled milestones
25% fee = 50% completion
0% fee < 50% completion

Fee to be paid linearly between 50% and 100% completion and paid at the end of FY2009. Percent completion of FY09 milestones is based on schedule performance using schedules developed and approved jointly by Fire Protection, the Fire Marshal, the FOD (representing the RAD and ADNHHO) and LASO with individual project fee schedules weighted proportional to project estimated cost.

Scheduled projects/tasks that are not completed in FY09 but for which substantial progress has been made will be pro-rated based upon the project's milestones completed to date. That portion of partially completed projects for which fee is paid will not be available for fee in FY 2010. Completion in accordance with applicable DOE Orders and mandatory codes and standards results in full fee. Fee will be reduced for late delivery of deliverables, or the late completion of scheduled projects.

Assumptions Specific to This Measure:

- LANL Fire Marshal shall review and approve all deliverables associated with this PBI prior to delivery to LASO.

**Measure 7.7.2 Fire Hazard Analysis
(Objective/Essential)**

Expectation Statement:

Manage the scheduling and preparation of Fire Hazard Analysis (FHA) including ensuring compliance, completeness and timeliness of delivery, and timely resolution of identified deficiencies.

Completion Target:

This measure has been achieved when the Contractor has:

1. Developed, and submitted to LASO for review, a schedule of FHAs that will be reviewed, updated, or developed during FY 2009.
2. Completed and delivered in FY2009 compliant, complete FHAs with very few errors or omissions, and that address facility compliance with applicable DOE Orders and mandatory codes and/or standards per the LASO concurred to schedule. Changes to the schedule can be made through approved change control. The schedule of FHA and FHA milestones completion are under LASO approved change control. For the purposes of this PBI, milestones can be changed via approved change control when requested at least 30 days in advance of the scheduled milestone completion date.
3. Scheduled and delivered FHAs in time for incorporation into DSA and SAD documents to include all phase gate reviews.
4. Entered compliance issues from FHAs into the LANL issues management system and implemented compensatory measures as appropriate.
5. For compliance issues from FHAs that cannot be corrected in a timely manner, developed and submitted a corrective action plan, or approved equivalency or exemption requests, with an appropriate level of compensatory measures being implemented pending closure of the issue.

Deliverables:

1. Schedule of FHAs that will be reviewed, updated, or developed during FY 2009. Draft list due October 10, 2008. Final list due 15 days following LASO review.
2. Evidence of FHA review, update, or development per the schedule
3. Documentation of compliance issues from FHA, entered into LIMTS, required within 30 days of issuance of FHA.
4. For deficiencies requiring long-term correction, documentation of corrective action plans, equivalencies or exemptions for FHA deficiencies, including implementation of any appropriate compensatory measures. Due within 60 days of issuance of FHA, or no later than August 14, 2009 for FHAs completed in July and August.

Fee Schedule:

Essential: **\$100,000** (No fee will be paid if <70% of scheduled FHAs are completed)

100% fee = 100% completion all scheduled FHAs and issues fully managed via LIMTS.

80% fee = 100% completion of all planned FHAs.

56% fee = 70% completion of all planned FHAs

20% fee = Effective management of all FHA findings via LIMTS

Fee to be paid linearly between 70% and 100% completion of scheduled FHAs

Assumptions Specific to This Measure:

- FHAs will be reviewed and approved by the LANL Fire Marshal.
- Only compliant and complete FHA's will be counted by LASO.
- FHA documents will make a clear distinction between compliance and non-compliance issues, with order/code reference being provided for all compliance issues.
- Long-term deficiencies with estimated costs greater than \$50,000 will be managed under PBI 7.7.1.

Measure 7.8 Nuclear Safety

Measure 7.8.1 TA-55 Integrated Priority List to Improve Nuclear Safety Posture (Objective/Stretch)

Expectation Statement:

Based on the TA-55 Integrated Priority List, including ventilation studies developed in response to DNFSB recommendation 2004-2, "Active Confinement Systems", LANL will begin early implementation of activities to improve engineered safety systems and the safety posture at TA-55, including early actions toward achieving a reliable active confinement ventilation system at TA-55 (reference: LANL memorandum ADSMS-08-020, June 26, 2008).

Completion Target:

This measure has been achieved when the Contractor has:

Completed FY 2009 milestones, defined by LANS and concurred with by LASO by September 30, 2008, toward improving engineered safety systems and implementing an active confinement ventilation system at TA-55. LASO will be briefed on progress quarterly.

Fee is awarded for completion of FY2009 milestones.

Fee Schedule:

Essential: \$75,000

Essential fee to be paid for completion of repackaging of 60 existing Russian Product Containers into new welded Fuel Storage Outer containers (per CC-09-041).

Stretch: \$550,000

Stretch fee to be paid at \$50,000 per project for remaining eleven projects. A minimum of 4 stretch projects must be completed to earn any stretch fee.

Assumptions Specific to This Measure:

- The milestones established in this memorandum are under LASO approved change control.
- Earning essential fee and stretch fee will be independent of each other.

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 8
Safeguards, Security, and Emergency Operations Execution

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 8	Objective: Safeguards, Security and Emergency Operations Execution		
Objective Statement: Operate an effective and efficient physical security and emergency operations program.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>		
Maximum Available Incentive Fee:	\$1,462,100 (Essential) + \$500,000 (Stretch) = \$1,962,100		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	M. Lansing		
Principal LASO Owner:	R. Kirkpatrick/J. Vozella		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 8.1	Execute the FY09 Annual Implementation Plan	\$600,000	E
Measure 8.2	Execute the MASS Replacement Project Plan	\$300,000	S
Measure 8.3	Eliminate Non-Standard Storage of Classified Parts	\$200,000	S
Measure 8.4	Material Control & Accountability	\$387,100	E
Measure 8.5	LANL Emergency Planning Hazards Assessments	\$125,000	E
Measure 8.6	LANL Emergency Response Capability Demo	\$125,000	E
Measure 8.7	24/7 Operations Management Center	\$125,000	E
Measure 8.8	LANL Wildland Fire Management	\$100,000	E
SECTION 4 PERFORMANCE MEASURES			

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

**Measure 8.1 Execute the FY09 Annual Implementation Plan
(Objective/Essential)**

Expectation Statement:

Provide FY2009 Annual Implementation Plan (AIP) deliverables, as scheduled, in the following functional areas: Protective Forces, Security Systems, information Security, Personnel Security, program management, and Graded Security Protection (GSP) Implementation Plan.

Completion Targets:

This target has been achieved when the Contractor has provided the "key" deliverables (jointly agreed upon and documented between LASO/SM and ADSS) identified in the FY 2009 AIP, according to the delivery schedule.

Fee Schedule:

Essential: **\$600,000** (Fee will be paid equally per milestone.)

80% of milestones must be completed before any fee can be earned.

Assumptions Specific to This Measure:

- Status of the deliverables will be reported quarterly to LASO.

Measure 8.2 Execute the MASS Replacement Project Plan (Objective/Stretch)

Expectation Statement:

Execute the Materials Accountability Safeguards System (MASS) Replacement Project Plan.

Completion Target:

This measure has been achieved when the Contractor has completed at least 90% of the Project Plan milestones as scheduled for FY 2009, and has implemented "beta" testing.

Fee Schedule:

Stretch: **\$300,000**

**Measure 8.3 Eliminate Non-Standard Storage of Classified Parts
(Objective/Stretch)**

Expectation Statement:

Eliminate the use of non-standard storage of classified parts throughout the Laboratory.

Completion Target:

This measure has been achieved when the Contractor has eliminated all non standard storage.

Fee Schedule:

Stretch: **\$200,000**

Assumptions Specific to This Measure:

- Non-standard locations are those identified/documented on October 1, 2008

**Measure 8.4 Materials Control & Accountability
(Objective/Essential)**

Expectation Statement:

Provide key MC&A program deliverables on schedule, and demonstrate effective MC&A program performance during the FY 2009 DOE or NNSA Survey.

Completion Target:

This measure has been achieved when the contractor has:

1. Delivered a DOE compliant FY 2009 LANL MC&A Plan to LASO according to schedule
2. Achieved 90% of milestones outlined in the LANL MC&A Performance Improvement Plan according to plan schedule.
3. Achieve an "effective performance" MC&A topical area rating on the FY 2009 DOE or NNSA Security and Safeguards Survey and close HSS CAPs according to schedule.

Fee Schedule:

Essential: **\$387,100**

- Target 1 must be completed to earn fee
- 50% fee for completion of Target 2
- 50% fee for completion of Target 3

Assumptions Specific to This Measure:

- LASO and LANS reach agreed to measured objectives and milestones by November 1, 2008.

**Measure 8.5 Emergency Planning Hazards Assessments (EPHAs) Completion
(Objective/Essential)**

Expectation Statement:

Complete approved Emergency Planning Hazards Assessments for required Los Alamos National Laboratory facilities, activities, and environmental sites.

Completion Target:

This measure has been achieved when the Contractor has:

1. A. By October 17, 2008, LANL and LASO shall have an agreement for the schedule of EPHA submittals to the Site Office for approval. This agreement will denote all buildings, activities, or locations requiring an EPHA (tracked per this measure) and the dates that the EPHAs will be submitted.
B. By September 30, 2009, LANL shall submit EPHAs for all required hazardous material facilities at LANL (as indicated per the schedule). Inadequate and egregious EPHAs, as determined by LASO, will result in zero associated fee payment on a pro rata basis.
2. A. By January 31, 2009, LANL shall have implemented an **interim method** for tracking changes in operations, processes, or accident analyses that involve hazardous materials for LANL facilities and activities. This method must allow sufficient time for LANL to review the EPHA and modify plans and procedures, as necessary.
B. By June 1, 2009, LANL shall have fully implemented process, including at-time-of-order hazardous material notification that will assure timeliness and accuracy of the Hazards Surveys / Hazards Assessments in compliance with DOE O 151.1C by June 1, 2009.

Fee Schedule:

Essential: **\$125,000**

- 80% of fee will be awarded for submittal of EPHAs according to schedule on a pro rata basis
- 20% of fee will be awarded upon timely submittal of Target #2

Assumptions Specific to This Measure:

- The basis for the future agreement regarding which building requires an EPHA shall be based on required as follows:
 - As indicated in LASO approved Hazard Surveys
 - For all nuclear (DOE STD 1027-92 Hazard Category 2 and 3) facilities and environmental sites,
 - For facilities that LASO/LANL believes may require further analysis.
- Additions and subtractions to the EPHA building lists will be justified and negotiated with LASO.
- Any updates required to previously submitted and accepted EPHAs, as indicated by the process established in Completion Target 2 above, are to be managed outside of this PBI measure.
- Hazard material facilities are defined consistent with the DOE Order 151.1C.
- EPHAs are to be written and consistent with Technical Planning Basis, Emergency Management Guide, DOE Guide 151.1-2.
- A process to track changes of hazard material activities that could require EPHA revisions shall be consistent with DOE Order 151.1C requirements.

**Measure 8.6 Demonstrate LANL Emergency Response Capability
(Objective/Essential)**

Expectation Statement:

Implement a LANL exercise program that demonstrates effective Emergency Operations Center (EOC) responses.

Completion Target:

This measure has been achieved when the contractor has demonstrated implementation consistent with DOE Guidance for:

1. Field Monitoring Teams, Radiological and Chemical: implementation of LANL Field Monitoring Teams for both radiological and chemical releases, evidenced by a LANL procedure, independent evaluation with an After Action Report with all significant deficiencies entered into the Laboratory's Issues Management System.
2. Shelter-in-Place and Evacuation of agreed upon key facilities: implementation of shelter-in-place and evacuation procedures for agreed-upon facilities as evidenced by a LANL procedure, independent evaluation with an After Action Report with all significant deficiencies entered into the Laboratory's Issues Management System.
3. Milestones associated with the establishment of an Alternate EOC: completion of milestones associated with the establishment for an alternate EOC.
4. EOC Callout (full contingent): implementation of an EOC callout capability validated during a no-notice exercise evaluation with all significant deficiencies entered in the Laboratory's Issues Management System.
5. An Alternate Joint Information Center (JIC): implementation of an Alternate Joint Information Center (JIC) as evidenced by independent evaluation that includes an After Action Report documenting adequate performance.

Fee Schedule:

Essential: **\$125,000**

- 30% of the fee for Target 1.
- 25% of the fee for Target 2.
- 20% of the fee for Target 3.
- 15% of the fee for Target 4.
- 10% of the fee for Target 5.

Assumptions Specific to This Measure:

- Protective Actions, Field Monitoring Teams, EOC callout, alternate EOC and JIC capabilities and performance are to be consistent with the 2007 DOE Order 151.1C Emergency Management Guides.
- The key facility list will be developed and agreed upon by LASO and LANL by November 14, 2008.
- The alternate EOC milestone list will be developed and agreed upon by LASO and LANL by December 5, 2008.

**Measure 8.7 24/7 Operations Management Center
(Objective/Essential)**

Expectation Statement:

The purpose of this measure is to incentivize the establishment of a 24/7 Operations Management Center. The purpose of the Operations Management Center is to ensure 24-hours-a-day, seven-days-a-week contact for the laboratory facilities and operations. The Center will provide for a central contact for all lab personnel and services and ensure response to abnormal and emergency situations.

Completion Target:

This measure has been achieved when the Contractor has:

1. Implemented an interim system to provide 24/7 centralized contact capability by December 31, 2008.
2. Establishment of a permanent Operations Management Center by September 30, 2009.

Fee Schedule:

Essential: **\$125,000**

Assumptions Specific to This Measure:

- LANL will provide Quarterly reports to LASO.
- The permanent Operations Management Center establishment will include completion of activities related to recruitment, hiring, training, and initial timely actions (i.e. categorization and classification, notification, protective action elements).
- Actions are to be consistent with DOE Order 151.1C and related Emergency Management Guides.

**Measure 8.8 LANL Wildland Fire Management
(Objective/Essential)**

Expectation Statement:

Improve implementation of the LANL wildland fire management plan consistent with DOE Guide 450-1.4 and risk-based principles.

Completion Target:

This measure will be achieved when the contractor has:

On-time completion of key milestone deliverables as cited in Annual Operations Plan for FY 2009 unless conditions or events outside of LANL control affect this schedule.

Fee Schedule:

Essential: **\$100,000**

- Fee will be earned equally per key milestone delivered on time.

Assumptions Specific to This Measure:

- Actions are to be consistent with the approved Laboratory Wildland Fire Management Plan.
- Annual Operations Plan will denote 15-20 mutually agreed key milestone deliverables.
- If weather and fire conditions occur which limit the ability to meet milestones (even with appropriate planning), the milestones may be adjusted accordingly.
- LANL shall maintain a closure file of key milestone deliverables cited in the Annual Operations Plan for ready inspection by the LASO personnel.
- An approved FY 2009 Wildland Fire Management Annual Operations Plan with LASO by October 31, 2008.
- Agreement between LASO and LANL on key milestone deliverables contained within the Annual Operations Plan by December 15, 2008.

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be adjusted.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 9
Information Systems and Cyber Security

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 9

Objective: **Information Systems and Cyber Security**

Objective Statement: Establish an Integrated IT Program Framework that includes governance, systems development, operations, and cyber security.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$1,400,000 Essential**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: T. Harper, S. Gibbs (9.6)
 Principal LASO Owner: H. Brockelsby

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E or S
Measure 9.1	Deployment of IT Governance Program	\$100,000	E
Measure 9.2	Efficient and Effective Portfolio Management	\$200,000	E
Measure 9.3	Cyber Security AOP Execution	\$600,000	E
Measure 9.4	Development of a FY 2010 Cyber Security Program	\$100,000	E
Measure 9.5	LASO Annual Assessment	\$300,000	E
Measure 9.6	Computer Equipment Accountability, Cyber Health, and Cyber Incident Management	\$100,000	E

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 9.1 **Deployment of the IT Governance Program (Objective/Essential)**

Expectation Statement:

Execute the FY 2009 milestones for implementing the IT Governance Program at LANL.

Completion Target: An agreed to set of FY 2009 milestones of the scheduled PD1000 deliverables will be met or proper change control will be invoked prior to missing agreed upon milestones.

Fee Schedule:

Essential: \$100,000

Assumptions Specific to This Measure:

- LANL will develop and publish an IT Roadmap during the 2009 fiscal year. The roadmap will be cross walked with the Federal Enterprise Architecture for completeness and consistency. IT Governance and Portfolio Management are the primary F09 steps of implementation of the roadmap.
- LANL will develop a schedule for the remaining procedures to be developed and implemented as described in PD1000.

**Measure 9.2 Establish an Effective and Efficient Portfolio Management Program
(Objective/Essential)**

Expectation Statement:

The Laboratory shall establish an effective and efficient IT portfolio management program.

Completion Target:

This measure shall be achieved when:

1. The LANL Office of the Chief Information Officer can demonstrate that >80% of the IT indirect portfolio(G&A, IS, and Recharge) (as measured in dollars) is under configuration management (formality of operations)
2. The IT Project Prioritization process is well defined, executed, and defensible as evidenced by monthly reporting and quarterly reviews.
3. Two IT operational projects proposed by LANL and approved by LASO are reviewed and assessed for adherence to the portfolio management program, IT published procedures, and consistency with overall business objectives.
4. Lessons learned for FY 2009 are documented and incorporated into ground rules for FY 2010

Fee Schedule:

Essential: \$200,000 allocated 25% to each of the four (4) targets.

**Measure 9.3 Cyber Security AOP Execution
(Objective/Essential)**

Expectation Statement:

Execute the Work break down milestones identified in the AOP.

Completion Target:

This measure shall be achieved when:

1. This target has been achieved when twenty clearly defined, objectively measurable milestones that represent important accomplishments proposed by LANL and approved by LASO are completed on time or appropriate change control has been invoked.
2. Monthly reporting and quarterly reviews shall be conducted and <10% variance at 3rd level WBS with an exception for conditions beyond LANL control

Fee Schedule:

Essential: \$600,000 allocated 4% to each of the 20 milestones in #1 and 5% to each of the quarterly reviews in #2.

Assumptions Specific to This Measure:

- LANL will provide an Annual Operating Plan following the NNSA CIO Cyber Security Work breakdown structure.
- Quarterly reports reflect a new, improved capability that the government specifically wants to incentivize in FY 2009.

**Measure 9.4. Development of a FY2010 Cyber Security Program
(Objective/Essential)**

Expectation Statement:

The Laboratory shall develop a quality, risk based plan and presentation for the FY2010 NNSA CIO Cyber Security Program Review.

Completion Target:

This measure shall be achieved when:

1. A draft plan has been developed that meets the following criteria: clarity of scope definition and deliverables, basis of estimate is reasonable and understandable, and schedule commitments reflect overall CySec program priorities.
2. LANL incorporates LASO comments and provides an effective presentation of the plan and supporting information to NNSA OCIO and the OCIO determines that the plan is acceptable.

Fee Schedule:

Essential: \$100,000 allocated 50% to target #1 and 50% to target #2.

Assumptions Specific to This Measure:

- Submission schedule will be based on LASO execution guidance.

**Measure 9.5 LASO Annual Assessment of LANL Cyber Security Program
(Objective/Essential)**

Expectation Statement:

LANL shall achieve no less than a "satisfactory" on the LASO annual assessment of the Laboratory's Cyber Security Program.

Completion Target:

This measure has been achieved when the Contractor has achieved a rating of "satisfactory" or above on the LASO Annual Assessment of the Laboratory's Cyber Security Program

Fee Schedule:

Essential: \$300,000

Assumptions Specific to This Measure:

- This will be a full scope Cyber Security Assessment.
- A "satisfactory" rating will be achieved if: 1) there are no findings, 2) any findings related to policy or procedure are corrected within 30 days of the assessment or 3) any technical findings requiring additions or changes to the information system architecture are adequately addressed in a corrective action plan provided within 30 days of the assessment.

**Measure 9.6 Establish Effective and Efficient Computer Equipment Accountability, Cyber Health, and Cyber Incident Management.
(Objective/Essential)**

Expectation Statement:

The Laboratory shall establish effective and efficient computer equipment accountability, including the development and use of tools to track location, mobility, protection of SUI, security health, and cyber incident management for computer equipment that has the capability to store information.

Completion Target:

This measure has been achieved when the Contractor has completed and submitted the following deliverables to LASO:

1. Development of a system to effectively and efficiently provide computer equipment accountability and facilitate quarterly reports summarizing status of computer equipment, including location, mobility, and cyber health metrics.
2. OCIO to define and publish exception process to purchase non-standard computing equipment, per P1011. (This ties to item #3 in the milestones.)
3. Cyber incident management standard operating procedures, including decision authorities, notification and communication plans.

Fee Schedule:

Essential: \$100,000

\$50K for improvement in health check statistics
\$25K for the baseline report of health check on systems
\$25K for quarterly reports in Q2, Q3, and Q4.

Assumptions Specific to This Measure:

Milestones:

1. 3-31-2009:
 - a. Health check report to LASO to include:
 - i. Number and Percent of active hosts scanned by CPAT (classified and unclassified networks)
 - ii. Number of SANS Top 20 vulnerabilities found (unclassified network)
 - iii. Number and Percent of systems blocked (classified and unclassified networks)
 - iv. Number and Percent of systems blocked because of incorrect Hostmaster registration or lack thereof
 - v. Number and Percent of SMS clients active on Windows systems
 - vi. Number and Percent of Mac systems using ASUS
 - vii. Number and Percent of RH linux systems using RHUS
 - viii. Number of Windows systems that have been locked down with STOW
2. Q3:
 - a. Summary report to LASO on systems registered as mobile (laptops) in Hostmaster, and number in Sunflower with off-site PTRs.
 - b. Implementation of P1011 Section 3.2 including documented configuration management exception process
 - c. Standard operating procedures for Incident Management, including decision authorities, notification processes, and communication plan.
 - d. Summary report to LASO on systems registered as standalone in Hostmaster, and number of in Sunflower with off-site PTRs.
 - e. Health check report, as described in Milestone 1.
3. Q4:
 - a. Quarterly report of systems approved for exception
 - b. Quarterly report of incidents, outcomes, and lessons learned.
 - c. Summary report to LASO on systems registered as standalone in Hostmaster, and number of in Sunflower with off-site PTRs.
 - d. Health check report, as described in Milestone 1.
 - e. Requirements document for a system to effectively and efficiently provide computer equipment accountability and facilitate quarterly reports summarizing status of computer equipment, including location, mobility, and cyber health metrics. Determine how tools such as those used for patching, scanning, blocking, forensics, and related tools can be managed as a single package.

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- An implementation plan is the culmination of associated studies.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

**PBI No. 10
 Environmental Operations and Waste**

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 10

Objective: **Environmental Operations and Waste**

Objective Statement: Establish Excellence in Environmental Stewardship

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$1,820,000(Essential)+\$850,000(Stretch)= \$2,670,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: M. Graham, C. Cantwell (10.5, 10.6, 10.7)
 Principal LASO Owner: G. Rael

**SECTION 2
 PERFORMANCE REQUIREMENTS**

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

Measure 10.1.2 is contingent on Measure 10.1.1 completion
 Measure 10.2.2 is contingent on Measure 10.2.1 completion

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

		Allocated Fee	Fee Type E or S
Measure 10.1	Legacy TRU Waste	\$630,000	E
		\$850,000	S
Measure 10.2	Newly Generated Waste	\$200,000	E
Measure 10.3	Mixed Low Level Waste and Reclassified TRU Waste	\$360,000	E
Measure 10.4	Storm Water Individual Permit Implementation	\$100,000	E
Measure 10.5	RCRA Compliance	\$180,000	E
Measure 10.6	Construction Storm Water Compliance	\$100,000	E
Measure 10.7	NPDES Permit Implementation	\$250,000	E

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 10.1	Legacy TRU Waste
Measure 10.1.1	Reduce Volume of Legacy TRU Waste (Objective/Essential)

Expectation Statement:

Reduce Volume of Legacy TRU Waste.

Completion Target:

This measure has been achieved when the Contractor has:

Remediated/Repackaged 1350 drums of legacy TRU waste and submitted the remediated drums to the CBFO Central Characterization Project for characterization for shipment to WIPP.

Fee Schedule:

Essential: \$630,000

- 1200 drums = 50% fee
- Next 100 drums = 25% fee
- Last 50 drums = 25% fee

Assumptions Specific to This Measure:

- The final drum inventory for FY 2008 will be provided to LASO on or before October 1, 2008.
- The actual shipment of waste is not addressed in this PBI.
- WIPP approves AK groups within six (6) weeks of LANL request or these waste categories renegotiated in the PBI objectives.
- The FY 2008 drums of legacy TRU already approved in WWIS or in the process of being approved in WWIS will not be considered part of measure.
- The drum count will be based on the number of parent drums repackaged, not the number of daughter and empty drums resulting from repackaging operations.

Measure 10.1.2 Reduce Additional Waste Volume of Legacy TRU Waste (Objective/Stretch)

Expectation Statement:

Reduce Additional Volume of Legacy TRU Waste.

Completion Target:

This measure has been achieved when the Contractor has:

- Remediation/repackaging of additional TRU waste drums during FY-2009.

Fee Schedule:

Stretch: \$550,000

- Fee is earned at a rate of \$12,500 per twenty-five drums not to exceed the fee schedule for this measure (above the total planned base quantity identified in Measure 10.1.1)

Assumptions Specific to This Measure:

- The actual shipment of waste is not addressed in this PBI.
- WIPP approves AK groups within six (6) weeks of LANL request or these waste categories are removed from the PBI objectives.
- The drum count will be based on the number of parent drums repackaged, not the number of daughter and empty drums resulting from repackaging operations.

Measure 10.1.3 Dispose of 16 Canisters of Legacy, Remote-Handled TRU Waste (Objective/Stretch)

Expectation Statement:

Dispose of 16 canisters of legacy, remote-handled TRU waste to WIPP.

Completion Target:

This measure has been achieved when the Contractor has:
Shipped 16 canisters of remote-handled TRU waste to WIPP by September 30, 2009.

Fee Schedule:

Stretch: \$300,000

- Fee will be earned in equal increments for each of 16 remote-handled TRU waste canisters shipped to WIPP

Assumptions Specific to This Measure:

- All regulatory approvals (including NMED AK approval) are received to support the approved shipping schedule.
- WIPP provides 72B Cask and transports to LANL.
- Operations at Area G are not suspended for more than 30 days for causes outside LANL's control.
- CCP and WIPP provide supporting resources and approvals when required by LANL per the FY 2009 Work Plan.

Measure 10.2 Newly Generated Waste

**Measure 10.2.1 Newly Generated Waste Reduction
(Objective/Essential)**

Expectation Statement:

Reduce Inventory of Newly Generated TRU Waste (TRU waste generated after October 1, 1998).

Completion Target:

This measure has been achieved when the Contractor has:

- Prepared 750 Newly Generated TRU waste drums for CCP characterization for shipment to WIPP.

Fee Schedule:

Essential: \$200,000

- 50% of the target = 25% fee
- 80% of the target = a total of 60% fee
- 81% to 100% of the target = a total of 60% fee + up to an additional 40% of the fee (earned per drum)

Assumptions Specific to This Measure:

- The actual shipment of waste is not addressed in this PBI.
- WIPP approves AK groups within six (6) weeks of LANL request or these waste categories are removed from the PBI objectives.
- For those drums that required repackaging, the drum count will be based on the number of parent drums repackaged, not the number of daughter and empty drums resulting from repackaging operations.

**Measure 10.2.2 Additional Newly Generated Waste Reduction
(Objective/Stretch)**

Measure Deleted by approved Change Control

Measure 10.3 Mixed Low Level Waste and Reclassified TRU Waste

**Measure 10.3.1 Dispose of Stored Mixed Low Level Waste (MLLW) and
Reclassified TRU Waste
(Objective/Essential)**

Expectation Statement:

Disposition of Mixed Low Level Waste while ensuring only waste without a disposition path gets added to the Site Treatment Plan (STP).

Completion Target:

This measure has been achieved when the Contractor has:

- Disposed of 600 m³ of legacy MLLW (greater than 10 but less than 100 nCi/g) inventory as part of multi-year goal to disposition 1040 m³ by November 30, 2010 when the NTS permit for MLLW expires.
- MLLW generated in FY 2009 is disposed on a schedule such that it does not become "covered waste" under the STP during FY 2009, unless LASO concurs otherwise.

Fee Schedule:

Essential: \$360,000

- 300 m³ disposed at NTS disposal facility = 40% fee
- 500 m³ disposed at NTS disposal facility = a total of 80% fee
- 600 m³ disposed at NTS disposal facility = a total of 100% fee
- Fee will be earned incrementally between 500 m³ and 600 m³

Assumptions Specific to This Measure:

- Legacy TRU waste reclassified as MLLW and disposed will count toward the completion target.
- MLLW that became "covered waste" under the STP before October 1, 2008 and is included in the FY 2008 STP update (due to NMED on March 31, 2009) is not part of this PBI and will not reduce the fee allocated to this measure.
- LASO obtains off site disposal exemption approval(s) per DOE M 435.1-1 if necessary.
- NTS facility certificate of disposal or equivalent acceptance documentation from authorized facility for treatment of subsequent disposal is the verification used for this PBI.
- LASO agrees to take action within 30 days of receiving a request for approval of MLLW items without a disposition path.

**Measure 10.4 Storm Water Individual Permit Implementation
(Objective/Essential)**

Expectation Statement:

Maintain an effective program for the implementation of the new Storm Water Individual Permit

Completion Target:

This measure has been achieved when the Contractor has:

Maintained an effective program for the implementation of the new Storm Water Individual Permit by:

1. Submitting (on time) semi-annual reporting of permit compliance (9/01/09).
2. Submittal of Site Discharge Pollution Prevention Plan as required by Individual Permit for DOE review two (2) weeks prior to deadline specified in permit (9/15/09).
3. Submittal of annual storm water monitoring plan as required by Individual Permit for DOE review two (2) weeks prior to deadline specified in permit (9/15/09).
4. Install 52 storm water sampling systems per the individual permit by June 30, 2009.
5. Assess 406 sites for compliance with Stage 0 Best Management Practices as outlined in the Storm Water Individual Permit. Include results of the assessments, in the Site Discharge Pollution

Prevention Plan required in item 2 of this PBI.

6. Submit Strategy for 2009 Triennial Review for DOE approval 30 days after NMED issuance of the proposal for new state water quality standards
7. Submit results of DQO and SAP Addendum for PCB Background Study for DOE approval by June 1, 2009.

Fee Schedule:

Essential: \$100,000

\$50,000 for completion of Targets 1-5.

\$50,000 for completion of Targets 6-7.

Assumptions Specific to This Measure:

- Completion targets for this measure are based on language in the Storm Water Individual Permit. Completion targets for this measure are subject to the final permit and may be re-negotiated.

**Measure 10.5 RCRA Compliance
(Objective/Essential)**

Expectation Statement:

Enhance the Resource Conservation and Recovery Act (RCRA) assessment program

Completion Target:

This measure has been achieved when the Contractor has:

Achieved a success rate of 97% on contractor-conducted RCRA self-assessments;

Fee Schedule:

Essential: \$180,000

- 100% fee for reaching a 97% success rate.
- 50% fee for reaching a 96.5% success rate.
- 30% fee for reaching a 96% success rate.

Assumptions Specific to This Measure:

- To assure Laboratory performance on RCRA regulatory requirements, the ENV-RCRA group conducts regular inspections of waste storage and management sites. Internal self-inspection determines where problems exist and corrective actions can prevent violations and fines during external inspections.
- Performance is based on a minimum of 1250 inspections during the Fiscal Year.
- The change control will reflect the entire FY09 performance period.

**Measure 10.6 Construction Storm Water Compliance
(Objective/Essential)**

Expectation Statement:

Enhance the effective Construction Storm Water Compliance Self Inspection Program

Completion Target:

This measure has been achieved when the Contractor has:

- Achieved a success rate of 98% on contractor-conducted Storm Water construction general permit self-assessments despite a changing construction environment.

Fee Schedule:

Essential \$100,000

- 100% fee for reaching a 98% success rate

- 75% fee for reaching a 97% success rate

Assumptions Specific to This Measure:

- To assure Laboratory performance on Clean Water Act (CWA) regulatory requirements, the ENV-RCRA group conducts regular inspections of construction and storm water sites. These inspections are conducted on a schedule dictated by CWA requirements. Internal self-inspection determines where problems exist and corrective actions can prevent violations and fines during external inspections.

**Measure 10.7 NPDES Permit Implementation
(Objective/Essential)**

Expectation Statement:

Effectively implement the new NPDES Outfall Permit

Completion Target:

This measure has been achieved when the Contractor has:

Effectively implemented the new NPDES Outfall permit by:

1. Submitting the CD-0 package to LASO for Group 1 as a result of DOE classification of funding for project as part of NNSA Stewardship Program by December 15, 2008.
2. Deleted.
3. Preparing Group 2, Group 3, Group 4, and Group 5 Architectural/Engineering procurement documents (Exhibits D, F, and G) by December 15, 2008.
4. Updating the US EPA regarding permit implementation strategy and progress by October 28, 2008.

Fee Schedule:

Essential \$ 250,000

- 45% fee for completion of Target 1
- 45% fee for completion of Target 3
- 10% fee for completion of Target 4

Assumptions Specific to This Measure:

- Funding determinations for NPDES Outfall closures are still being negotiated between subprojects within LANL and with DOE HQ. Upon resolution of specific funding commitments the completion targets for this measure may be re-negotiated.

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- m³ represents container volume as packaged
- CCP will provide required characterization and certification capabilities through the year, per the FY 2009 Work Plan.
- Certified waste inventory in WWIS is ready for CCP to prepare payloads for shipment to WIPP.

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- LANS will maximize shipments in coordination with the Carlsbad Field Office (CBFO).
- NTS is the disposal facility for 10 to 100 nCi/g transuranic MLLW and economic evaluations are conducted and approved for offsite disposal at a facility requiring an exemption per DOE O 435.1 for other MLLW.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 11
Safety and Health Performance

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 11

Objective: Safety and Health Performance

Objective Statement: Enhance systems and processes that enable LANL to protect its workers, the public, and the environment while accomplishing LANL's mission.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$900,000 (Essential)+\$638,000 (Stretch) = \$1,538,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: C. Cantwell
 Principal LASO Owner: J. Vozella

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E or S
Measure 11.1	Voluntary Protection Program	\$350,000	S
Measure 11.2	Electrical Safety	\$150,000	E
Measure 11.3	Exposure Assessment	\$100,000	E
		\$150,000	S
Measure 11.4	Integrated Work Management	\$300,000	E
Measure 11.5	Radiation Protection	\$100,000	E
		\$138,000	S
Measure 11.6	Explosive Safety	\$250,000	E

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 11.1 **Execute Voluntary Protection Program
 (Objective/Stretch)**

Expectation Statement:
 Meet FY 2009 VPP milestones, as agreed to by LANS and LASO.

Completion Target:
 This measure has been achieved when the Contractor has:
 1. Completed the FY 2009 VPP elements.
 2. Submitted the VPP Application to LASO.

Fee Schedule:

Stretch: \$350,000

70% of allocated fee for 100% of the elements completed in Target #1, or
60% of allocated fee for 95% of the elements completed in Target #1, or
50% of allocated fee for 90% of the elements completed in Target #1.
30% of allocated fee for completion of Target #2.

Assumptions Specific to This Measure:

- Agreed-to elements and VPP application will be formally documented per the DOE-VPP application guidance.
- VPP application criteria and completion elements are based on the LANS organization as it exists beginning October 1, 2008.
- Submittal of the VPP Application element is excluded from the elements in Target #1.
- An element is defined as completed when it is at least >90% complete.

**Measure 11.2 Improve Electrical Safety
(Objective/Essential)**

Expectation Statement:

Demonstrate improvement of electrical safety through independent assessment.

Completion Target:

This measure has been achieved when the Contractor has:
Completed independent assessment(s) of electrical safety for remaining facilities not assessed in FY08 according to the P101-13 Electrical Safety Program and ISD 322-1.0 Management Assessment.

Fee Schedule:

Essential: \$150,000

100% of allocated fee for completion of Target by July 31, 2009
75% of allocated fee for completion of Target by August 15, 2009
50% of allocated fee for completion of Target by September 30, 2009

Assumptions Specific to This Measure:

- Four Facility Operations Directorates will be assessed during FY 2009.
- Independent assessment means that the assessment is conducted by Electrical Program knowledgeable personnel outside the chain of command of the facility being assessed.
- Any issues identified during the assessment will be entered into the institutional corrective action management (ICAM) system in accordance with LANL requirements.

**Measure 11.3 Complete and Accelerate Baseline Exposure Assessments
(Objective/Essential and Stretch)**

Expectation Statement:

Meet and accelerate FY 2009 milestones in the Baseline Exposure Assessment Project Execution Plan as agreed to by LANS, LLC, and LASO.

Completion Target:

This measure has been achieved when the Contractor has completed Phase 1 of the Baseline Exposure Assessment Project Execution Plan on time and completed more assessments than planned for Phase 2 in FY 2009.

Fee Schedule:

Essential: \$100,000

- On-time completion of March 31, 2009, Phase 1 milestone

Stretch: \$150,000

- \$75,000 for completion of 25% more assessments than planned for Phase 2 in FY 2009;
- \$75,000 for completion of 40% more assessments than planned for Phase 2 in FY 2009.

Assumptions Specific to This Measure:

- LASO concurs with Baseline Exposure Assessment Project Execution Plan submitted to LASO on July 15, 2008.

**Measure 11.4 Improve Integrated Work Management
(Objective/Essential)**

Expectation Statement:

Improvements in Integrated Work Management (IWM) will be demonstrated in LANL operations based on improved use of post-job feedback, improved work planning tools, and continued emphasis of human error prevention.

Completion Target:

This measure has been achieved when the Contractor has:

1. Improved the use of MSS work package review program as part of the IWM feedback improvement process.

LANL will extend implementation of the MSS Work Package Review Program with resulting analysis and trending of Work Package performance codes as part of the IWM feedback improvement process. Based on the pilot Work Package Review program conducted in FOD 3, the program will be expanded to include phased participation by all FOD organizations.

- a. LANL will demonstrate that participation in the Work Package Review, incorporating post-job feedback, has been expanded to include participation by all FOD organizations. Expansion to all FODs will be completed by July 17, 2009.
 - b. LANL will start conducting analysis and trending of the IWM performance data obtained from the Work Package Review Program. Analysis and trending roll-up will be completed monthly with the first roll-up completed by July 17, 2009.
 - c. A formal self-assessment of the MSS Maintenance Work Package Review Program will be conducted by MSS and completed by September 15, 2009. Management related issues and corresponding actions identified in the self-assessment will be managed and tracked through ICAM/LIMTS process.
2. Improved worker understanding and effective use of IWM through the development and deployment of an IWM Tool Kit which includes focused guidance on successful implementation of IWM and appropriate tools for managers and workers to use during work planning and execution.
 - a. LANL will develop and deploy an IWM Tool Kit by March 31, 2009.
 3. Continued to improve the knowledge base of LANL workers by providing training in HPI in multiple IWM related courses (HPI Fundamentals, HPI for Managers, HPI Based Accident Investigation, etc.)
 - a. LANL will provide HPI based training to 800 workers and Managers in FY 2009.

Fee Schedule:

Essential: \$300,000

Based on distribution scale for each target the total fee will be allocated as follows:

1. 40% of allocated fee to Target 1 as follows:
 - a. Gateway for earning fee in 1.b. and 1.c.

- b. Analysis and trending conducted by all FODs and MSS = 75%
- c. Self-assessment completed = 25%

2. 30% of allocated fee to Target 2 as follows:

- i. Deployed by March 31, 2009 = 100%
- ii. By April 30, 2009 = 80%
- iii. By May 31, 2009 = 60%
- iv. After June 1, 2009 = 0%

3. 30% of allocated fee to Target 3 as follows:

- i. 800 + trained = 100%
- ii. 700 – 799 = 90%
- iii. 600 – 699 = 80%
- iv. 500 – 599 = 70%
- v. < 500 = 0%

Assumptions Specific to This Measure:

- All FODs will participate. This is inclusive of FODs 1- 8 as organizationally defined May 1, 2009.
- Assumption is that this data can be derived from the MSS Work Package Review program that has been piloted in FOD 3. The evidence of use of feedback from work package reviews will be demonstrated through the monthly MSS Work Package Review roll-up process.
- Analysis and lessons learned will be incorporated into the monthly MSS Program Review.
- Verification of training will be based on LANL EDS training records.

Measure 11.5 Improve Radiation Protection Program Implementation

Measure 11.5.1 10CFR835 Radiation Protection Plan Implementation (Objective/Essential)

Expectation Statement:

Complete FY 2009 actions for 10CFR835 Implementation Plan on schedule.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed 10CFR835 Radiation Protection Program Implementation Plan Milestones that are due during FY 2009.
2. Documented independent verification of closure of these milestones.

Fee Schedule:

Essential: \$100,000

- 100% fee paid for completion of all (17) milestones independently verified as completed by September 30, 2009,
- 50% of fee paid for completion of (13) milestones independently verified as completed by September 30, 2009
- Fee paid linearly between 13 and 17 milestones.

Assumptions Specific to This Measure:

- Milestones will be tracked and documented through the LANL ICAM process using LIMITS.
- Independent verification will be performed through a formal peer review process.

**Measure 11.5.2 Institutional Radiation Safety Committee (IRSC)
(Objective/Stretch)**

Expectation Statement:

Demonstrate effectiveness of the Institutional Radiation Safety Committee

Completion Target:

This measure has been achieved when the Contractor has:

1. Conducted IRSC meetings on a regular schedule (nominally monthly) during the FY 2009 performance period.
2. Reviewed at least six work projects involving Radiation Protection in the IRSC during the FY 2009 performance period.
3. Tracked IRSC actions to closure.
4. Requested, received, and approved ALARA dose goals from applicable organizations by the end of the second quarter of the calendar year, and updated goals as necessary during the calendar year.

Fee Schedule:

Stretch: \$138,000

Assumptions Specific to This Measure:

- Target #4 above is managed on a calendar year basis, and performance will be evaluated accordingly.
- The IRSC will determine when ALARA goal updates are necessary.

**Measure 11.6 Improve Explosives Safety Program
(Objective/Essential)**

Expectation Statement:

Implement Explosives Safety Program improvements in training and site plans.

Completion Target:

This measure has been achieved when the Contractor has

1. Completed the implementation of the Explosives Safety Training Program by March 1, 2009;
2. Completed a Quality Review of the explosives facilities site plans and resubmitted the plans to LASO by **March 31, 2009**.
3. Updated Facility Safety Plans to ensure consistency with limits in the revised site plans by September 30, 2009.

Fee Schedule:

Essential: \$250,000

1. 30% of fee for on-time completion of Target #1.
2. 40% of fee for on-time completion of Target #2.
3. 30% of fee for on-time completion of Target #3.

Assumptions Specific to This Measure:

- Implementation for Target #1 includes publication of the revised Explosives Safety Training Program and completion of interim qualifications for current explosives workers.

SECTION 5

ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the

President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 12
Facilities, Infrastructure and Site Services

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 12

Objective: **Facilities, Infrastructure, and Site Services**

Objective Statement: Provide Facilities and Infrastructure planning, maintenance and services to provide a responsive, efficient infrastructure that supports the Laboratory's evolving mission and its workforce.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$1,700,000(Essential)+ \$940,000 (Stretch)= \$2,640,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: T. McKinney, R. McQuinn (12.2)
 Principal LASO Owner: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

	Allocated Fee	Fee Type E or S
<u>Measure 12.1 Improve Site Facilities & Infrastructure Stewardship</u>		
Measure 12.1.1 Facilities Data and Information	\$300,000	E
Measure 12.1.2 Space Utilization and Allocation	\$240,000	S
Measure 12.1.3 Site Transformation & Disposition	\$250,000	S
Measure 12.1.4 Maintenance of LANL Facilities	\$400,000	E
Measure 12.1.5 Process Improvement KSL Phase III	\$150,000	S
Measure 12.1.6 Fire Protection Facilities & Infrastructure	\$300,000	E
<u>Measure 12.2 Energy and Utilities Management</u>		
Measure 12.2.1 DOE TEAM Initiative Implementation	\$500,000	E
Measure 12.2.2 Develop Energy Flow and Energy Cost Models	\$300,000	S
Measure 12.2.3 Implement WECC/NERC Requirements	\$200,000	E

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 12.1 Improve Site Facilities and Infrastructure Stewardship

**Measure 12.1.1 Facilities Data and Information
(Objective/Essential)**

Expectation Statement:

Make significant improvement to the LANL facilities database in response to the Deferred Maintenance Assessment completed in August 2008 by defining the overall scope in a comprehensive manner. Prior to allocating resources to pursue condition assessments and addressing deferred maintenance in an integrated and prioritized manner, a comprehensive list of the overall scope must be developed.

Completion Target:

This measure has been achieved when the Contractor has:

- 1) Completed a benchmark of the facilities database and information system at three (3) other sites and developed a list of potential corrective actions by December 2008.
- 2) Defined a comprehensive pilot approach/plan to get systems engineer, FOD, and maintenance information/data into the database to properly reflect current situation for the development of a prioritized maintenance list by November 2008.
- 3) Developed an integrated prioritization list by January 31, 2009, based on what is in the database in November 2008 to more effectively focus efforts/funding on critical items established through an integrated effort (includes safety, programmatic, and maintenance database feedback).
- 4) Defined/refined the roles & responsibilities, and process plan and subsequent implementation schedule agreed to LASO by June 30, 2009, to establish a sustainable maintenance data processes.
- 5) Completed Master Equipment List (MEL) for safety class and safety significant components in nuclear facilities in three (3) (TA-55, Weapons, CMR) out of the four (4) FOD areas that cover nuclear and 75% complete for the last area by September 30, 2009. These scope items can be used to schedule Preventive Maintenance (PM), Corrective Maintenance (CM), and Predictive Maintenance (PdM).

Deliverables:

- 1) Site visits have been completed and the results documented in a summary report while identifying key items for potential incorporation at LANL.
- 2) Establish a documented plan including milestones with a two pronged approach (short term plan including milestones focused on improvements by January 31, 2009, and an outline of a longer term plan and schedule focused on improvements through FY 2011) to substantially improve the current database with buy in from maintenance, the FOD, and systems engineers.
- 3) An integrated prioritization list that presents the results of the effort to properly focus priorities for the remainder of FY 2009 (e.g. new items that were added, and the basis for prioritization for the remainder of FY 2009) will be complete by January 2009. Objective evidence that the maintenance database captures all the new and existing data will be available in February 2009. This will be used as input to the Infrastructure Validation Team to support funding decisions and prioritization.
- 4) A documented plan with an implementation schedule to incorporate the refined roles and responsibilities and processes into existing procedures and other relevant documents.
- 5) The results will be submitted in a report and subsequently loaded into the database.

Fee Schedule:

Essential: \$300,000

- 10% of the fee will be allocated to completion of deliverable 1
- 15% of the fee will be allocated to completion of deliverable 2
- 55% of the fee will be allocated to completion of deliverable 3
- 15% of the fee will be allocated to completion of deliverable 4

- 5% of the fee will be allocated to completion of deliverable 5

Assumptions:

1. Changes in safety basis documentation that impact these items will be reevaluated to address the feasibility of inclusion in item 5 above.
2. Completed transition of credited Safety Class (SC) and Safety Significant (SS) System, Structures and Components (SSCs) into PassPort MEL for Item 5 above and completed formal PM determination documents for the transitioned SSCs (Refer to Conduct of Maintenance PBI 7.1).

**Measure 12.1.2 Space Utilization and Allocation
(Objective/Stretch)**

Expectation Statement:

The purpose of this measure is to document and improve data associated with the management of facilities and space as well as improve the utilization of space, specifically office space, at the Laboratory. A subset of data related to the management of facilities and space will be identified and prioritized and processes will be established to ensure that this data is owned and updated appropriately. This measure drives improvement in both internal allocation practices and the leased space program.

Completion Target:

This measure has been achieved when the Contractor has:

- A. Modeled LANL owned space
 1. Developed and formalized the space allocation model for offices.
 2. Analyzed and base-lined all office allocation data for each directorate by the end of the 3rd quarter of FY 2009.
 3. Developed an implementation plan to address issues identified in the analysis by the close of FY 2009.
- B. Improved the LANL leased space program
 1. Established a new lease process and implement concurrent with a joint LASO / LANL Lease Review Board.
 2. Implemented the new LANL lease template consistent with all FY 2009 lease actions,
 3. Eliminated the use of holdover clauses in all LANL leases.
 4. Maximized lease space utilization while managing LANL reliance upon leased space.

C. Part C deleted

Deliverables:

- A.
 1. Provide a description and presentation of the allocation model to LASO by the end of the second quarter of FY 2009.
 2. Provide a report outlining the results and the gaps between the allocation model and the actual allocations by July 31, 2009.
 3. Provide a Phase I strategic implementation plan (high level) to eliminate the gap between the allocation model and the actual allocation of office space.
- B.
 1. Provide a LANL procedure that reflects the Lease Space process and initiated the Lease Review Board by the close of the 1st quarter of FY 2009
 2. Implement the DOE approved lease template on October 1, 2008 for all renewals and new lease actions.
 3. Conform all existing leases as "current" contracts:
 - a. Submit all lease actions for approval to LASO and the Service Center by July 15, 2009, to conform 100% of existing leases currently utilizing holdover clauses to "current" contract status as of this date.
 - b. Provide by September 15, 2009, all documentation as requested by the Service Center on or before August 15, 2009, necessary for approval of these lease actions.
 4. Provide a draft FY 2009 tactical plan relative to commercial leased space for FY 2009 by November 15, 2008 with milestones / targets. Provide an assessment of lease space utilization, safety and security compliance, conditions, and suitability by September 15, 2009.

C. Part C Deleted

Fee Schedule:

Stretch: \$240,000

- 50% of the fee will be allocated to completion of deliverable A
- 50% of the fee will be allocated to completion of deliverable B

Assumptions Specific to This Measure:

For A and B:

- All lease program goals and objectives will comply with NNSA Lease Policy including the 1 up to 1.5 footprint reduction.
- Lease program goals, objectives, and milestones must be mutually agreed upon and resolved by the close of the 1st quarter of FY 2009.
- LASO will identify participants and ensure participation in the Lease Review Board.
- LASO, Service Center, and DOE HQ will process lease approvals in a timely manner (<\$20k in 30 days; >\$20K in 60 days)
- No net increase in lease space will occur.
- LANS shall assume IGPPs and GPPs are subject to a \$10M TEC limitation for planning purposes.
- Individual leases may be considered for exclusion from this measure if jointly agreed between LASO and LANS that:
 - a. Required actions/decisions that are beyond LANS/LASO control prevent completion of the negotiation process within the prescribed timeframe
 - b. A landlord is not negotiating in good faith, or has set unreasonable expectations that prevent timely completion of the negotiation process

**Measure 12.1.3 Site Transformation and Disposition
(Objective/Stretch)**

Expectation Statement:

LANS execution of TA-3 SM-43 demolition and the Transformation Disposition (TD) program are critical to meet expectations relative to support of the DOE Complex Transformation and to reduce operational burdens as well as properly and sustainably size the LANL footprint.

Completion Targets:

This measure has been achieved when the Contractor has:

- A. Developed and submitted a five-year TD program / plan consistent with LASO and DOE/HQ guidance outlining LANL's long-term approach to meeting facilities TD Program expectations, and including specific FY 2009 milestones.
- B. Deleted
- C. Developed and submitted the three year demolition plan for TA-3 SM-43.
- D. Attained the key FY 2009 milestones contained within C.

Deliverables:

- A. A five-year TD program / plan outlining LANS's long-term approach to meeting site needs and facilities transformation goals/commitments by March 31, 2009.
- B. Deleted
- C. A three year demolition plan for TA-3 SM-43 by January 15, 2009.
- D. Certification / documentation relative to having achieved key milestones in Target C above.

Fee Schedule:

Stretch: \$250,000

Assumptions Specific to This Measure:

- The five-year TD program / plan will be submitted to LASO and reflect current LASO and DOE guidance relative to specific TD plan / program development; it will also be reflected (at least in part) in the FY 2009 TYSP. Given that DOE guidance on TYSP content / format often evolves, as does the funding situation, the final TYSP component may vary and does not constitute a failure on the part of LANL to have provided

the March 31, 2009 plan.

- The FY 2009 milestones will reflect assumed funding and presumes LANL funding allocations to support the FY 2009 excessing process and DOE funding relative to demolition are not delayed or withheld. Should this occur LANL will notify LASO of changes in the scope and timing of the FY 2009 milestones and secure concurrence with those changes to ensure the effort is commensurate with the timing and magnitude of the funding allocation.
- LANS's will meet NNSA TD spend guidance which will be adjusted based on the timing of funding allocation.

Measure 12.1.4 Maintenance Stewardship of LANL Facilities (Objective/Essential)

Expectation Statement:

- A. A longer term strategy establishing a Maintenance Program Improvement Plan will be developed to make significant progress in our stewardship. This will be initiated with a benchmarking effort looking at work performed at other sites and identifying feedback/improvements that could be utilized by LANL. A comprehensive LANL maintenance assessment including deferred maintenance will be completed and integrated with the benchmarking improvements strategies to make improvements structured against the 18 criteria of DOE O 433.1A (i.e. 1-Maintenance Organization and Administration, 2-Training and Qualification for Maintenance Personnel, 3-Maintenance Facilities/Equipment/ and Tools, 4-Types of Maintenance, 5-Maintenance Procedures, 6-Planning/Scheduling/and Coordination of Maintenance, 7-Control of Maintenance Activities, 8-Post-maintenance Testing, 9-Procurement of Parts/Materials/Services, 10-Receipt/Inspection/Handling/Storage/Retrieval/Issuance/and Disposal Turn-In of Personal Property, 11-Control and Calibration of Measuring and Test Equipment, 12-Maintenance Tools and Equipment Control, 13-Facility Condition Inspection, 14-Management Involvement, 15-Maintenance History, 16-Analysis of Maintenance Problems, 17-Modification Work, 18-Seasonal Facility Preservation.) A plan will be finalized and work will be initiated in FY 2009 on a consolidated list of actions to make a step change in our performance.
- B. Ongoing progress on regular activities/efforts will be maintained in FY 2009.

Completion Target:

- A. Maintenance Planning & Management Execution Plan:
- 1) Completed a benchmark of maintenance based on the elements of DOE O 433.1A at three (3) other sites and develop a list of potential corrective actions by December 2008.
 - 2) Include Lines of Inquiry (LOI) to the current Conduct of Maintenance (CoM) Criteria Review and Approach Documents (CRADs) and include CoM facility assessments scheduled for completion by September 2009 (in association with PBI 7.1.1 Conduct of Operations).
 - 3) Finalize a long term recovery plan based on the assessment results by September 30, 2009.
 - 4) Performance on a select group of key FY 2009 corrective actions including DM RPV corrective actions and review of LOI on completed assessments of CMR and Utilities FODs by September 2009.
- B. Ongoing progress:
- 1) Conducted monthly Maintenance Program reviews with LANL/LASO on data and defined data improvements which includes "health of the program" parameters.
 - 2) Completed periodic surveillance reports in FY 2009 against all 18 criteria in DOE O 433.1A.
 - 3) Achieve a completion rate of greater than or equal to 98% for PMs, PdMs on credited Safety Classes (SCs) and Structures, Systems and Components (SSCs) listed on the approved Vital Safety Systems (VSS) (reported as a part of item B 4) below.
 - 4) Completed monthly status of PMs, CMs, and PdMs accomplished by FOD and overall

Deliverables:

- A. Longer term strategy:
- 1) Site visits have been completed and the results documented in a summary report while highlighting key items for potential incorporation at LANL.

- 2) A report summarizing the results of our assessment will be issued and corrective actions entered and tracked until completion in LIMITS for the following FODs: LANSCE, TA-55, WCRR, and RANT.
- 3) A long term recovery plan that addresses 18 elements of DOE O 433.1A will be submitted to LASO.
- 4) Closure packages for corrective actions.

B. Ongoing progress:

- 1) Maintenance Program reviews will be distributed electronically.
- 2) Periodic surveillance reports that cover 18 criteria will be submitted to LASO.
- 3) Document status of completion rate for PMs, and PdMs by FOD and overall (a component of the program review) will be issued.
- 4) Document status of progress against PMs, CMs, and PdMs on the approved list.

Fee Schedule:

Essential: \$400,000

- 40% of the fee will be allocated to completion of deliverable A
- 60% of the fee will be allocated to completion of deliverable B

Assumptions:

- The institutional average will be an average of all PMs, CMs, and PdMs for each FODs percent accomplishment.

**Measure 12.1.5 Process Improvement KSL Phase III
(Objective/Stretch)**

Expectation Statement:

Make significant improvement of systems and process integration of the SSS In-Sourcing Project.

Completion Target:

This measure has been achieved when the Contractor has:

- 1) Developed a comprehensive master list of systems and processes targeted for improvement or elimination by November 21, 2008.
- 2) Performed assessments on 50% of the items and developed an action plan (i.e. make improvements or eliminate) by March 31, 2009.
- 3) Performed assessments on the remaining 50% of the items and developed an action plan (i.e. make improvements or eliminate) by September 30, 2009.
- 4) Completed 3 lean six sigma reviews by September 30, 2009.

Deliverables:

- 1) Provide a excel summary with a comprehensive list of systems and processes.
- 2) A report that identifies the path forward actions (i.e. eliminate or improve) and a corresponding schedule.
- 3) A report that identifies the path forward actions (i.e. eliminate or improve) and a corresponding schedule.
- 4) A summary lean six sigma review report for each review that was completed.

Fee Schedule:

Stretch: \$150,000

Assumptions Specific to This Measure:

- The six sigma reviews completed in this measure are exclusive of those identified and completed in any other areas of the PEP.

**Measure 12.1.6 Fire Protection Facilities and Infrastructure
(Objective/Essential)**

Expectation Statement:

As Fire Protection is a critical component of safety and risk mitigation, the facilities and infrastructure that provide and house this critical capability must be assured.

Completion Target:

This measure has been achieved when the Contractor has:

- A. Performed a complete Condition Assessment of Fire Stations on LANL property
- B. Develop a business case to address Fire Station deficiencies and operational needs

Deliverables:

- A. Submission of a complete Condition Assessment for Fire Stations on LANL property by November 15, 2008
- B. Develop a lifecycle cost based business case to address Fire Station deficiencies and operational needs considering consolidation, partial or full development as part of the Science Complex, a new location, renovation in place, or a combination of the above by November 30, 2008

Fee Schedule:

Essential: \$300,000

Assumptions Specific to This Measure:

- LANS shall assume IGPPs and GPPs are subject to a \$10M TEC limitation for planning purposes

Measure 12.2 Energy and Utilities Management

**Measure 12.2.1 DOE TEAM Initiative Implementation
(Objective/Essential)**

Expectation Statement:

LANL will demonstrate implementation of the FY 2009 Action Plans specified in the LANL's Energy Management Program document and evaluate energy management progress toward meeting the DOE O 430.2B requirements. LANL will develop FY 2010 Action Plans to further progress toward meeting the goals for energy management defined in DOE O 430.2B. LANL will also develop a long range energy management and infrastructure reinvestment project portfolio to ensure that LANL's utilities are sustained consistent with the Ten Year Site Plan (TYSP) that LANL's energy usage meets the 2015 goals, and infrastructure is adequate to support future mission.

Completion Target:

This measure has been achieved when the Contractor has:

- A. Established and documented to NNSA/LASO an implementations schedule for the FY 2009 Energy Management Program – Action Plans (due November 15, 2008)
- B. Established a mutually agreed upon energy scorecard to track LANL progress toward meeting the overall energy management goals.
- C. Implemented the approved FY 2009 actions plans per the documented schedule. (due September 15, 2009)
- D. Developed the FY 2010 Energy Management Program - Action Plans.
- E. Developed a long range energy management and reinvestment project portfolio that supports the TYSP and LANL long range planning efforts and integrates funding from internal reinvestment, Energy Savings Performance Contract (ESPC)/3rd party funding, utility line item funding, and project funding for execution.

Deliverables:

- A. A milestone completion schedule for FY 2009 Energy Management Program – Action Plans.
- B. Provided an energy scorecard initial draft by November 15, 2008. Revise consistent with LASO comments.
- C. Quarterly and year-end status report on implementation progress.
- D. Delivery of the Energy Management Program – FY 2010 Action Plans (draft provided by August 31, 2009 for LASO review)
- E. Provide a long range energy management and reinvestment project plan draft by June 30, 2009.

Fee Schedule:

Essential: \$500,000

- 10% of the fee will be paid for establishment of the implementation schedule and the development of an energy scorecard (A & B).
- 70% of allocated fee will be paid for successful implementation of 85% or more of the milestones per the implementation schedule (C).
- 20% of the allocated fee will be paid for the establishment of the FY 2010 Energy Management Program - action plans (D).and the long range energy management and reinvestment project portfolio plan (E).

Assumptions Specific to This Measure:

- Successful implementation of the FY 2009 action plans will be when 85% of the milestones in the implementation schedule have been completed or if energy and water conservation goals for FY 2009 are met as defined by the energy scorecard.
- The body of the Energy Management Program document will remain unchanged from the original issue; only the action plans will change for FY 2010.
- The long range plan is assumed to be a document which is updated annually consistent with the TYSP.
- ESPC DO2 is approved and executed per current schedule.
- Targets A & B are precursors to Target C attainment

**Measure 12.2.2 Develop Energy Flow and Energy Cost Models
(Objective/Stretch)**

Expectation Statement:

Fully functional energy flow and energy cost models will bring an improved level of sophistication to the interpretation of energy related information essential to optimize (i.e. minimize) operational costs associated with energy use patterns, processing/evaluation of energy cost information and ensure appropriate cost allocation to tie energy usage with cost. These models will provide an accurate context for evaluating the energy settlement statements from LANL's energy partners, ensure appropriate cost accounting for energy and demand charges to programs, and inform operational decisions about power generation, energy systems development, ESPC contracting, and energy purchasing.

Completion Target:

This measure has been achieved when the Contractor has developed and validated energy flow and cost models.

Deliverables:

1. Provide a white paper with associated spreadsheets and parameters outlining the energy flow and cost models by May 31, 2009.
2. LANS documented recommendations with regards to a 2010 implementation will be presented to LASO. Presentation will include pros and cons associated with implementing the cost model changes as well as the pros and cons of not implementing the cost model changes.

Fee Schedule:

Stretch: \$300,000

70% fee = Completion of Deliverable #1
30% fee = Completion of Deliverable #2

Assumptions Specific to This Measure:

- Energy flow and cost models that can validate the Los Alamos Power Pool (LAPP) settlement report, water settlement report, and gas settlement report meet the requirements for completion of this PBI.
- Models will be available to support a user energy charge for implementation in FY 2010
- Metering program implementation is conducted per approved metering plan; if funding does not support metering the contractor may develop assumptions or other means of profiling the data.

**Measure 12.2.3 Implement WECC/NERC Requirements
(Objective/Essential)**

Expectation Statement:

Operate and maintain the LANL transmission, distribution, and generation assets in accordance with the applicable Western Electric Coordinating Council (WECC)/ North American Electrical Reliability Corporation (NERC) requirements in accordance with the Energy Act of 2005.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed FY 2009 self-certification assessments. Developed mitigation plans for areas of self-identified noncompliance.
2. Implemented FY 2009 milestones for approved mitigation actions plans in accordance with the schedule.

Deliverables:

1. Completed FY09 self-certification assessments for Critical Infrastructure Protection (CIP), Distribution Provider (DP), Generator Owner (GO), Generator Operator (GOP), Load Serving Entity (LSE), Transmission Owner (TO), and Transmission Operator (TOP).
2. Developed mitigation plans for areas of self-identified noncompliance.
3. Implemented FY 2009 milestones for approved mitigation actions plans in accordance with the schedule.

Fee Schedule:

Essential: \$200,000

- 30% of the fee will be paid for conduct of WECC self-certification assessments in accordance with the WECC schedule for compliance.
- 70% of the allocated fee will be paid for successful implementation of WECC mitigation plans to address non compliant issues within the approved schedule.

Assumptions Specific to This Measure:

- Submission date requirements are set and published by WECC with an acceptable timeframe for accomplishment.
- LANL transmission, distribution, and generation systems are registered as WECC entities DP, GO, GOP, LSE, TO, and TOP.
- NNSA will provide timely reviews and approval of WECC documents to support mutually agreed upon schedules.
- Successful implementation of the mitigation plans is defined as meeting at least 85% of the scheduled commitments within FY 2009. LANL may submit a revised mitigation plan and re-baseline the approved schedule per the WECC regulations with approval from NNSA.
- Active mitigation plans: IRO-005-1, PER-002-0, PER-003-0, FAC-001-0, FAC-002-0, FAC-008-1, FAC-009-0, PRC-005-1, PRC-007-0, PRC-008-0
- Remaining standards to be reviewed as part of TOP and GO/GOP self-certification activities: TOP-001-1, TOP-002-2, TOP-003-0, TOP-004-1, TOP-005-1, TOP-007-0, VAR-001-1, VAR-002-1, CIP-002 and CIP-003 thru CIP-009 as applicable.
- All assessments and mitigation plans shall be managed in the CAS

- Target 1 is a precursor to Attainment of Target 2

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 13
Business Operations

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 13	Objective:	Business Operations	
Objective Statement: Significantly improve Business and Management integration to accomplish Laboratory mission and operations.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$792,000 (Essential) + \$395,000 (Stretch) = \$1,187,000		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	D. Heim		
Principal LASO Owner:	R. Snyder		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
Measure 13.1 has a gateway defined within the measure.			
Measure 13.3 has a gateway defined within the measure.			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E or S
Measure 13.1	Business Systems Improvements	\$100,000	E
		\$140,000	S
Measure 13.2	Procurement Processes	\$592,000	E
Measure 13.3	Lean Six Sigma Program Implementation	\$100,000	E
		\$255,000	S
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 13.1	Business Systems Improvements (Objective/Essential)		
Expectation Statement:			
LANL will achieve successful performance in the following three (3) areas:			
13.1.1 Implement New Time Entry System			
13.1.2 Implement Plateau Training System			
13.1.3 Implement Site-Wide EDMS for three projects			

Completion Target:

This measure has been achieved when the Contractor has:
Successfully completed the completion targets as per the following fee schedule.

Fee Schedule:

Essential: \$100,000 (Achievement of 2 of 3 areas listed above)

Stretch: \$140,000 (Achievement of 3 of 3 areas listed above)

Measure 13.1.1 Implement New Time Entry System

Expectation Statement:

Implement new time entry system for the Laboratory by March 31, 2009.

Completion Target:

This measure has been achieved when the Contractor has submitted the following:

- Submitted completed project documentation, including the business case, risk analysis, priority matrix, requirements analysis, and project management plan with project scope, resource-loaded schedule, and cost estimate
- LANL Functional User Manager acceptance certificate
- Evidence of disuse of legacy system

Assumptions Specific to This Measure:

- Existing KSL time management system will be phased out on a different schedule and is excluded from the PBI measure.

Measure 13.1.2 Implement Plateau Training System

Expectation Statement: Begin implementation of the Plateau Learning Management System in FY 2009.

Completion Target:

This measure has been achieved when the Contractor has:

- Submitted completed project documentation, including the business case, risk analysis, priority matrix, requirements analysis, and project management plan with project scope, resource-loaded schedule, and cost estimate by June 30, 2009.
- Plateau installed on sandbox instance in default configuration by April 30, 2009.
- Submitted Plateau Solution Design Document for configuration of the Plateau LMS by June 30, 2009.
- Installed and configured Plateau on the development server by September 30, 2009.
- Begin programming of Application Program Interfaces (APIs)/connector with LANL Enterprise Oracle HR system and develop schedule for remaining APIs by August 1, 2009. Validate integrity of the schedule by September 30, 2009.

Measure 13.1.3 Implement Site-Wide EDMS

Expectation Statement:

Establish Document Control Service Centers with processes, procedures, and tools to support three projects.

Completion Target:

Continued implementation of the Site-Wide Implementation Plan for the EDMS, evidenced by completion of the following for three projects by September 30, 2009:

- Submitted completed project documentation, including the business case, risk analysis, priority matrix, requirements analysis, and project management plan with project scope, resource-loaded schedule, and cost estimate as completed by Document Control.
- LANL Functional User Manager acceptance certificate stating the completion of the Service Center was accepted.

Additionally, the following will be submitted for one project by September 30, 2009:

- Evidence of decommissioning of legacy system

Assumptions Specific to This Measure:

- The three projects will be selected from the following areas: Stockpile Management and Support Directorate, CMRR Project, Project Management Directorate, Engineering Directorate, or Environmental Programs Directorate.
- LASO approves the site-wide plan.

Measure 13.2 Procurement Processes

Measure 13.2.1 Apply a Site-Wide Acquisition Planning Process (Objective/Essential)

Expectation Statement:

In order to ensure appropriate resources are dedicated to procuring mission-essential products and services, acquisition planning within each directorate/program must occur. To enable success, a process for generating, aggregating, and maintaining a lab-wide acquisition plan (list of priority procurements required for mission execution) is needed. LANS will create the process and generate the FY 2009 acquisition plan that will be utilized throughout the year to manage the procurement of goods and services. Additionally, LANS will define the process to generate spend analytics for FY 2008 by organization (Associate Directorate level). In conjunction with the FY 2009 acquisition plan, the spend analytics results will be utilized throughout the year to manage the procurement of goods and services.

Completion Target:

This measure has been achieved when the Contractor has:

- Generated FY 2008 spend analytics (all Laboratory procurement spend) by November 30, 2008.
- Generated FY 2009 spend projection and initial acquisition plan for FY 2009 (major procurement awards and modifications valued at greater than \$100,000.00) by AD by January 31, 2009.
- Established metrics in PBViews to measure the monthly procurement amount and accuracy of acquisition plan (i.e., whether a purchase request was forecasted or not) beginning in 2nd Quarter, FY 2009. Monthly procurement amount will be reported in PBViews monthly, and accuracy of acquisition plan will be based on monthly actuals but reported quarterly in PBViews.
- Utilized data in PBViews to establish FY 2009 accuracy benchmark and set accuracy target for FY 2010 by September 30, 2009.

Assumptions:

- The initial acquisition plan will be revised on a regular basis over the course of the FY (e.g., at least quarterly) to incorporate change control.
- The procurements included in the acquisition plan will be defined based on mutual agreement between line organizations (i.e., AD-level) and ASM, as part of the plan design.

Fee Schedule:

Essential: \$492,000

**Measure 13.2.2 Implement PIP Recommendations in Procurement
(Objective/Essential)**

Expectation Statement:

The Supply Chain Improvement Project (SCIP) was initiated to (1) improve the procurement spend rate (throughput of Purchase Requisitions) at LANL to enable appropriate FY 2008 procurements to support the mission and (2) to improve the customer interface processes to ensure adequate spend rates in subsequent years. Sustainable throughput is imperative; therefore the identified changes will be necessary for continued, long-term success. The SCIP Report (to be issued by September 30, 2008) will include all of the identified improvement actions in an Implementation Plan.

Completion Target:

This measure has been achieved when the Contractor has:

- Completed all actions listed in the Implementation Plan by September 30, 2009

Fee Schedule:

Essential: \$100,000

Measure 13.3 Lean Six Sigma Program Implementation

**Measure 13.3.1 Complete Lean Six Sigma PIPs
(Objective/Essential)**

Expectation Statement:

Complete three (3) Lean Six Sigma Process Improvement Projects in areas pre-approved by the COR.

Completion Target:

This measure has been achieved when the Contractor has:

- Completed the PIPs (evidenced by completion of the PIP report including the implementation/control plan).
- Management Authorization has been received from the affected Associate Directors on the 3 PIPs (as evidenced by their signatures on the report authorizing execution of the implementation/control plan)
- Metrics are tracked on the status of the implementation of the three (3) PIPs (as evidenced by metrics in PBViews).

Fee Schedule:

Essential: \$100,000

Assumptions Specific to This Measure:

- LANL and LASO will agree which Lean Six Sigma PIPs will be completed for this measure.

**Measure 13.3.2 Complete Additional Lean Six Sigma PIPs
(Objective/Stretch)**

Expectation Statement:

Complete two (2) additional LSS PIPs, also in areas pre-approved by the COR.

Completion Target:

This measure has been achieved when the Contractor has:

- Completed the PIPs (evidenced by completion of the PIP report including the

implementation/control plan).

Fee Schedule:

Stretch: \$255,000

Fee will be divided equally between the two additional PIPs.

Measure 13.3.1 must be successfully achieved prior to Measure 13.3.2 eligibility.

Assumptions Specific to This Measure:

- LANL and LASO will agree which Lean Six Sigma PIPs will be completed for this measure.

SECTION 5

ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 14
Contractor Assurance

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 14	Objective:	Contractor Assurance	
Objective Statement: Improve the management and performance of the Laboratory through execution of the Contractor Assurance System.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.:	Date: <u>August 31, 2009</u>	
Maximum Available Incentive Fee:	\$400,000 (Essential) + \$0 (Stretch) = \$400,000		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	R. Knapp		
Principal LASO Owner:	J. Vozella		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
Measure 14.1	Contractor Assurance System Performance Index	Allocated Fee \$400,000	Fee Type E or S E
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2009.</i>			
Measure 14.1	Contractor Assurance System Performance Index (Objective/Essential)		
Expectation Statement:			
The Laboratory Contractor Assurance System (CAS) should yield improved reliability and responsiveness in institutional performance as well as improved ability to anticipate and avoid problems through self-identification of issues and effective corrective action. The effectiveness of CAS is captured at a summary level in a CAS Performance Index that covers: reliable and responsive performance (weight = 20%) as well as the ability to anticipate issues (weight = 35%), mitigate risk (weight = 25%), and fix issues (weight = 20%). The Contractor is expected to achieve the targeted levels of performance against this index measure			
Completion Target:			
This Measure has been achieved when the contractor has:			
<ul style="list-style-type: none"> • Demonstrated a rating of 85% or higher on the CAS Performance Index cumulative over FY09. 			
Fee Schedule:			
Essential: \$400,000			

85% or greater = 100% of the fee
85% to 70% = linear gradient between 100% and 50% of the fee
70% = 50% of the fee
Less than 70% = 0% of the fee

Assumptions Specific to This Measure:

- The CAS Performance Index is defined as follows:
 - Reliable & responsive performance (weight = 20%)
 - Reliable performance: mean time between significant events (sub-weight = 50%)
 - 15% or greater improvement over FY08 average performance – green
 - 5% or greater improvement – yellow
 - Responsive performance: performance against PBIs (period of performance ends August 31, 2009) (sub-weight = 50%)
 - 80% greens or blues in LASO monthly comments – green
 - 60% greens or blues in LASO monthly comments – yellow
 - Anticipate issues (weight = 35%)
 - Quality red metric commentary on Dashboard (sub-weight = 30%)
 - 90% quality red commentary – green
 - 80% quality red commentary – yellow
 - Quality yellow metric commentary on Dashboard (sub-weight = 15%)
 - 90% quality yellow commentary – green
 - 80% quality yellow commentary – yellow
 - Anticipate issues before events (sub-weight = 55%)
 - 75% of issues (1-4) are not event driven (Occurrence Reporting and Processing System (ORPS), Computerized Accident and Incident Reporting System (CAIRS), Impact Measurement Indices (IMIs), etc.) or from external assessments – green (include security data through Integrated Security Issues Tracking System (ISITS) and IMIs)
 - 60% of issues (1-4) are not event driven (ORPS, CAIRS, IMIs, etc.) or from external assessments (include security data through ISITS and IMIs) – yellow
 - Mitigate risk (25%)
 - On-time closure (within 30 days of due date) of Cat-1 and 2 corrective actions (sub-weight = 70%)
 - 90% on-time closure – green
 - 70% on-time closure – yellow
 - On-time closure (within 30 days of due date) of Cat-3 corrective actions (sub-weight = 30%)
 - 90% on-time closure – green
 - 70% on-time closure – yellow
 - Fix issues (20%)
 - Effectiveness evaluation quality (sub-weight = 50%)
 - 85% of report conclusions accepted by responsible Management Review Board (MRB) – green
 - 70% of report conclusions accepted by responsible MRB – yellow
 - Outcome of effectiveness evaluations (sub-weight = 50%)
 - 70% of issues evaluated for effectiveness of resolution are deemed fully or partially resolved – green
 - 50% of issues evaluated for effectiveness of resolution are deemed fully or partially resolved – yellow
- The threshold for green levels of performance on the CAS Performance Index is set at 85%.
- The threshold for yellow levels of performance on the CAS Performance Index is set at 70%.
- Issues are defined in P 322-4. LANL Issues Management Tracking System (LIMTS) and ISITS are the primary repositories for issues. Issues that may be captured in other systems (e.g. Corrective Action Management System (CAMS), Project Review Action Issues Log (PRAIL), CAIRS, etc.) will be included if they have not been transferred to LIMTS or ISITS.
- Red levels of performance on the CAS Performance Index correspond to less than 70%.

- The standard for determining quality red or yellow metric is defined to be:
 1. A description of the problem.
 2. A description of the analysis of a negative trend or consistent negative performance. A period for a negative trend or consistent negative performance is defined as three or more consecutive measurement periods.
 3. Action(s) planned, in progress, or completed to address the performance problem.
 4. The time-frame when actions are to be completed and when the effect of completed actions are expected.
 5. Considerations for security concerns accepted
- Significant events are defined as ORPS Category 1 and 2, IMI-1 and IMI-2 security incidents, and Medium and High Financial Reporting Non-Compliances (>\$35M). The measure is calculated by Current Quarter MTSE (days)/Previous FY Same Quarter MTSE (days), thus providing an integrated change indicator that reflects quarterly workload variability. This provides a more sensitive and accurate measure (+/-) of performance and predicted customer perception than simply counting events during a quarter by integrating major ES&H, security, and financial incidents in one measure comparable to a standard Mean Time To Failure (MTTF) system performance measurement.
- Percentage of issues that are not driven by events or external assessments is calculated by calculating on a quarterly basis the number of issues in LIMITS driven by ORPS events or from external assessments (LASO, DNFSB, EPA, GAO, NMED, HSS, OIG, and other external) as a percentage of the total number of Category 1-4 issues entered. Note: the external assessments include observations in addition to findings. Observations are included since they have some analogy to Category 3 or 4 issues identified internally.
- Maintain the transparency of the performance measures and the raw data to LASO. The CAS Performance Index will be put on the CAS Dashboard which is part of the LANL Dashboard.

SECTION 5 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 15
Science and Mission Excellence

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 15

Objective: **Science and Mission Excellence**

Objective Statement: Ensure highly effective leadership, integration, and excellence in performance and planning of science and mission at the Los Alamos National Laboratory.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$8,230,100**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: G. Mara (15.2, 15.5, 15.6, 15.7)
 T. Wallace (15.1, 15.4), M. Burns (15.3)
 Principal LASO Owner: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

Measure	Description	Allocated Fee	Fee Type
Measure 15	Science & Mission Excellence,	\$8,230,100	Subjective
	15.1 Science Programs & Objectives		
	15.2 Nuclear Weapons Program & Objectives		
	15.3 Threat Reduction Program & Objectives		
	15.4 Work for Others Management and Technology Transfer Programs		
	15.5 Integration of Secure Transportation Assets		
	15.6 Mission Execution, Leadership & Management		
	15.7 Management of Emergent Science and Mission Issues		

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 15 **Science & Mission Excellence**
(Subjective)

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in science and mission areas that distinguish the Laboratory as a premier national security research and development institution.

Completion Target:

Criteria	Target
<p>15.1 Science Programs & Objectives:</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Overall performance of the Science, Technology, and Engineering Programs apart from performance covered under objective Incentive At-Risk Fee or Award Term Incentives. • Tailored Office of Science based scoring results as designed in the FY 2008 Performance Evaluation Plan. • Use of FY 2008 Baseline for STE workforce to demonstrate that STE and Defense Program (DP) workforce functional areas targets are being achieved within bounds that are set by budgets and workforce constraints from FY 2008 Workforce restructuring. • User Facility Utilization Performance. • Performance on FY 2009 Commitments under Laboratory Goal related to science.
<p>15.2 Nuclear Weapons Program & Objectives</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Overall performance of the Weapons Programs apart from performance covered under objective Incentive At-Risk Fee or Award Term Incentives. • The Director's Red Team will deliver the results of an independent assessment through a briefing and report provided to the LANL Director • Annual Assessment Report • Technical Support on Code Blue Needs • Weapons Program Strategic Review • Utilization of DARHT 2nd axis capabilities to meet requirements of the National Hydrotest Plan • Level 1 and Level 2 MRT Milestone achievement • Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory. • Performance on FY 2009 Commitments under Laboratory Goal related to Defense Programs. • Complex Transformation related activities.

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<p>15.3 Threat Reduction Program/Objectives</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Overall performance of the Threat Reduction Programs apart from performance covered under objective Incentive At-Risk Fee or Award Term Incentives • Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory. • Performance on FY 2009 Commitments under Laboratory Goal related to Threat Reduction. • Provide effective and rapid response to nonproliferation and international security requirements stemming from surprising events, high-level initiatives or agreements, or from unanticipated technological or political opportunities.
<p>15.4 Work for Others Management and Technology Transfer Programs</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Improvement in the effectiveness and efficiency of the management of work for others (WFO) and technology transfer and in the benefits to the Laboratory's mission performance. • Leveraging WFO to maintain critical NNSA capabilities • Implementation of corrective actions from FY 2008 management assessments, audits, and capability reviews.
<p>15.5 Integration of Secure Transportation Assets</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Accurately forecasted future shipping requirements using the Transportation Resource Integrated Planning System (TRIPS). • Submittal of Transportation Shipping Requests (TSR) to the Office of Secure Transportation (OST) according to the time and data requirements on OST TSR Form 1540.5 (NA-15 PIP, Appendix P). Exceptions to the time standards are identified in the NA-15 PIP Appendix O. • Provided loading/off-loading support to OST according to schedule. • Packaged and prepared shipments according to submitted TSRs.

<p>15.6 Mission Execution, Leadership, and Management</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Integration, alignment, and balancing of institutional resources to deliver on mission commitments. • Integration in and proactive resolution of performance and management concerns. • Integration and synergy across the institution. • Preparation for and management of the continuing resolution. • Management of institutional resources to position Laboratory for FY 2010 and beyond • Risk to DOE/NNSA and laboratory continuity by LANS action or inaction • LANS management and mitigation of site risks • Consideration of any increases or decreases in site risks • Effective leveraging of WFO to offset and/or leverage landlord costs.
<p>15.7 Management of Emergent Science and Mission Issues</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements • Other Items, concerns, and missions

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- PBI 15, 16, and 17 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.

PBI No. 16
Operational Excellence

FY 2009 PERFORMANCE BASED INCENTIVE			
PBI No. 16	Objective: Operational Excellence		
Objective Statement: Ensure highly effective integration and excellence in operational aspects of the Los Alamos National Laboratory			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>		
Maximum Available Incentive Fee:	\$4,593,900		
Duration:	Annual		
Fee Payment Type:	Completion		
Principal LANS Owner:	M. Mallory (16.8, 16.9), T. McKinney (16.1, 16.6) M. Lansing (16.2), T. Harper (16.3), M. Graham/R. Watkins (16.4), R. Watkins (16.5), R. McQuinn (16.7)		
Principal LASO Owner:	R. Snyder		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
Measure 16	Operational Excellence	Allocated Fee \$4,593,900	Fee Type Subjective
<ul style="list-style-type: none"> 16.1 Project Management 16.2 Safeguards and Security Programs 16.3 Cyber & Information Security Programs 16.4 Environmental Stewardship 16.5 Safety and Health 16.6 Site, Infrastructure, and Facilities Stewardship 16.7 Nuclear & High Hazard Operations 16.8 Operations Execution, Leadership & Management 16.9 Management of Emergent Operations Issues 			

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 16 **Operational Excellence**
(Subjective)

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in operations areas that enable it to meet mission and distinguish the Laboratory as a premier research and development institution.

Completion Target:

Criteria	Target
16.1 Project Management	Focused on: <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to project management and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures. • Structured project performance • Portfolio EVMS Metrics • Adherence to internal and external processes in a proactive and responsible manner • Reduction in repeated findings from internal and external reviews • Sufficiency of internal LANS surveillances • Innovative approaches and risk management
16.2 Safeguards and Security Program	Focused on: <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to safeguards and security and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures. • Timeliness of response to security systems issues • Timeliness and effectiveness of response to LASO/SM security issues

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<p>16.3 Cyber & Information Security Program</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to cyber security and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures. • Pursuit toward integration of information security operations center (iSOC) with our physical-security reporting assets. • Performance against the Security Compliance Order
<p>16.4 Environmental Stewardship</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to environmental stewardship and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures • Progress on innovative strategies • Offsite waste disposal • ISO 14001 registration of Environmental Management System • Regulatory compliance. • Regulatory relationships (including leadership, integration across LANL and responsive participation in the LANL Hazardous Waste Facility Permit renewal negotiations). • Pollution Prevention Compliance
<p>16.5 Safety & Health</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to safety and health and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures.

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<p>16.6 Site, Infrastructure, and Facilities Stewardship</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to facilities and infrastructure and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee • Management of KSL transition • Progress toward a single integrated planning organization and/or process that drives Lab infrastructure and facility planning and provides a single interface for communication and coordination. • Implement an aggressive continuous improvement program for Facilities Maintenance.
<p>16.7 Nuclear & High Hazard Operations</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to nuclear and high hazard operations and sustainment of improvement efforts from past two years apart from performance covered under objective Incentive At-Risk Fee measures • Safety Basis Document Quality • DSA Annual Updates • USQD Quality assessment • Submittal of CMR DSA Upgrades • Readiness Review Planning • Quarterly submittals of SNR • Maintenance of Web access to Readiness Review quality documents • Operational/ Nuclear Safety risk • Operational Lessons Learned/Extent of Condition • Integration of operations, engineering, safety basis and projects • Demonstrate continuous Fire Protection Program improvements • Fire Marshal Function

<p>16.8 Operations Execution, Leadership, and Management</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Integration, alignment, and balancing of institutional resources to deliver on operational commitments. • Integration in and proactive resolution of performance and management concerns. • Integration and synergy across the institution. • Preparation for and management of the continuing resolution. • Management of institutional resources to position Laboratory for FY 2010 and beyond • Risk to DOE/NNSA and laboratory continuity by LANS action or inaction • LANS management and mitigation of site risks • Consideration of any increases or decreases in site risks • Effective leveraging of WFO to offset and/or minimize landlord costs.
<p>16.9 Management of Emergent Operations Issues</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements • Other items, concerns, and operational issues

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- PBI 15, 16, and 17 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.

PBI No. 17
Operational Excellence

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 17

Objective: **Business Excellence**

Objective Statement: Ensure highly effective leadership, integration, and excellence in management at the Los Alamos National Laboratory, a premier scientific institution.

SECTION 1
GENERAL INFORMATION

Revision Number and Date:	Revision No.: <u>Final</u> Date: <u>August 31, 2009</u>
Maximum Available Incentive Fee:	\$5,129,600
Duration:	Annual
Fee Payment Type:	Completion
Principal LANS Owner:	J. Van Prooyen (17.8), G. Kizer (17.1), L. Rosendorf (17.2) R. Madison (17.3), D. Heim (17.4), K Steinhaus (17.5) M. Rafferty (17.6), R. Knapp (17.7)
Principal LASO Owner:	R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

Measure		Allocated Fee	Fee Type
17	Business Excellence	\$5,129,600	Subjective
17.1	Business Metrics & Performance Initiatives		
17.2	Communications and Government Affairs		
17.3	Parent Organization Governance and Reachback		
17.4	Business Systems, Success, Efficiency, and Excellence		
17.5	Community Programs		
17.6	Management of the LANS/NNSA Contractual Interface		
17.7	CAS Management and Performance Based Management Principles		
17.8	Management of Emergent Business Issues		

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

**Measure 17 Business Excellence
 (Subjective)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's leadership and management of LANL, in particular, its effectiveness, initiative, and responsiveness in accomplishing assigned work and improving overall performance.

Completion Target:

Criteria	Target
17.1 Business Metrics & Performance Initiatives	Focused on: <ul style="list-style-type: none"> • Number and severity of accounting corrections. • OFFM Performance Metrics • Continued improvement of financial processes and sustainment of improvement efforts from past two years.
17.2 Communications and Government Affairs	Focused on: <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to communication. • Sustain improvement efforts from past two years. • Interfaces with Federal agencies, and Federal Tribal, State, and Community leaders • Management of internal and external communications including the interface with NNSA
17.3 Parent Organization Governance and Reachback	Focused on: <ul style="list-style-type: none"> • Effective and efficient use of Parent Organization resources and verification that Parent assessment issues are entered into ICAM process and corrective action plans are appropriately defined. • Execute the Parent Organization Oversight Plan.

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<p>17.4 Business Systems, Success, Efficiency, & Excellence</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Performance on FY 2009 Commitments under Laboratory Goal related to business processes. • Sustainment of improvement efforts from past two years. • Performance against small business goals • Mentor-Protégé relationships • Management of major subcontract actions including security and maintenance. • Improvements realized from the FY 2008 Lean Six Sigma PIPs 	
<p>17.5 Community Programs</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Execution of a regional approach to fulfill community commitments and strategically connect LANL with its diverse northern New Mexico constituencies. • Expand economic development in northern New Mexico • Coordinate LANL-wide education initiatives • Stimulate and track LANL/LANS community-giving investments in northern New Mexico • Improve and evaluate the effectiveness of LANL communications with community stakeholders • Partner with key LANL organizations such as the Tribal Relations Team to ensure effective integration of community programs 	
<p>17.6 Management of the LANS/NNSA Contractual Interface</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Sustained management of prior year contractual deliverables and achieved improvements. • Ongoing management of the Performance Evaluation Process • Management of emergent Contract issues • Contract communications • Management of performance direction channels 	

<p>17.7 Contractor Assurance System Management and Performance Based Management Principles</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Multi-Year Strategy for Performance Improvement to LASO. • Execution of FY 2009 management assessments. • Robustness and timely entry of issues from management assessments into LIMITS. • Timely and appropriate adjudication of issues, assignment of issue responsible managers, and development of corrective actions. • Timely closure of actions in the DOE Corrective Action Tracking System. • Development of institutional leading indicators including nuclear safety
<p>17.8 Management of Emergent Business Issues</p>	<p>Focused on:</p> <ul style="list-style-type: none"> • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements • Other Items and concerns.

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.
- PBI 15, 16, and 17 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.

PBI No. 18
Award Term Incentives

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 18

Objective: **Award Term Incentives**

Objective Statement: Strategic and tactical measures indicative of a well performing laboratory.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Incentive Fee: **\$0**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: I. Richardson, T. Wallace (18.1, 18.3),
 C. McMillan (18.2, 18.4A) T. McKinney (18.4B),
 R. McQuinn (18.5)
 Principal LASO Owner: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

Must achieve 4 of 5 measures in order for term year to be awarded.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Fee Type
<i>Strategic</i>		
Measure 18.1	Energy Security	Award Term
Measure 18.2	Support to the National Security Enterprise	Award Term
<i>Tactical</i>		
Measure 18.3	Implementation of a Site Risk Identification Process	Award Term
Measure 18.4	Demonstration of Nuclear Facility Maintenance	Award Term
Measure 18.5	Formality of Operations Implementation	Award Term

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 18.1 **Energy Security**
(Award Term)

Expectation Statement:

Develop an integrated energy security science strategy and implementation plan, including creating an external energy review team that validates the plan. Identify energy security growth areas and program opportunities, including new external project funding and alignment of the LDRD selection process to facilitate strategic investment in LANL capabilities.

Completion Target:

1. Energy security science strategy and implementation plan by December 19, 2008.
2. Energy security as a LDRD strategic area for the FY 2010 proposal cycle (February 28, 2009).
3. At least five newly-funded external projects (funding commitments during FY 2009) within the three strategic areas for energy security:
 - a. Sustainable nuclear energy: new technologies and methodologies supporting a closed nuclear fuels cycle.
 - b. Materials for clean energy: new materials and concepts for energy generation, transmission, and storage
 - c. Climate/Energy Impacts: predictive tools to mitigate impacts of energy demand growth and climate change
4. At least three newly-funded LDRD projects in energy security, aligned with science strategy, by September 30, 2009.
5. External energy security review team report on science strategy, implementation plan, and internal resource allocation by September 30 2009.

Assumptions Specific to This Measure:

- External projects include DOE, Other Federal Agencies, and Technology Transfer projects.

**Measure 18.2 Support to the National Security Enterprise
(Award Term)**

Expectation Statement:

Lead by example in Strategic Initiatives through execution of LANL activities in support of the national security enterprise.

Completion Target:

- 1) Perform an external macro-baseline review of the Laboratory by June 30, 2009, in support of the Complex-wide Strategic Initiative Path Forward. Conduct weapons complex baseline/benchmarking activities in at least three (3) of the twelve (12) functional areas and use the data to demonstrate improvement in FY 2009.
- 2) Participate in complex planning and execution.
 - Accept and store 13 containers of Special Nuclear Material from LLNL in FY09 supporting the deinventory of Superblock, contingent on LLNL's ability to ship.
 - Establish a multi year plan for combined LLNL/LANL Pu and National Hydrotest Plan activities and accomplish the identified FY 2009 R&D objectives.
 - Establish LANL design agency requirements for a Pantex Engineering test facility by June 30, 2009.
 - Develop a process at LANL to conduct robust peer review of a specific physics issue on the B83.
 - Include QMU into the annual stockpile assessment process including joint independent core punch hydrotest predictions with LLNL.
 - Develop a formal process for WETF to achieve compliance with 10CFR851 Pressure Safety Requirements, with specific required actions and associated timelines, and including explicit mechanisms for resolution of deficiencies with regard to pressure safety requirements. This objective has been achieved when the Contractor has:
 1. Established an Integrated Project Team with responsibility for implementation of the Pressure Safety Program.
 2. Developed a resource-loaded schedule for execution of the Pressure Safety Program.
 3. Issued a new chapter in the Engineering Standards Manual which provides requirements for design, fabrication, inspection, testing, and maintenance of pressure systems.
 4. Developed and issued institutional guidance for disposition of pressure system deficiencies found in existing pressure systems, including identification of the formal process required for approval of variances from institutional requirements.
 5. LANL will submit (by September 15, 2009) for LASO approval a Readiness Assessment Plan of Action for WETF.
 6. Complete final Engineering Design and Procurement Package for Mercury Molecular Trap by September 30, 2009.

**Measure 18.3 Implementation of a Site Risk Identification Process
(Award Term)**

Expectation Statement:

LANS will establish a process by which risks related to safety, security, environmental and potential future liabilities are evaluated and identified to LASO:

1. Development with LASO of a process to identify individual and collateral aspects of risk for non-NNSA work.
2. Pilot implementation by second quarter for work from a single customer, mutually chosen by LASO and LANL.
3. Streamlining and process improvement based on pilot implementation, with implementation for agreed-upon non-NNSA work by September 30, 2009.

Completion Target:

1. Draft risk screening process by December 31, 2008
2. Draft portfolio risk analysis process by March 30, 2009
3. Process improvement based on data from the pilot project by September 1, 2009.
4. Implementation schedule provided to LASO by September 15, 2009

Assumptions Specific to This Measure:

- LASO will identify major categories of risk that are not captured by the current IWM process by November 1, 2008.
- Implementing a lab-wide process should be done on a pilot basis initially because simply adapting the process currently used for LDRD is not possible (resources not available either at LANS or LASO) for the entire portfolio of work at the Laboratory.
- Schedule must incorporate time to improve the pilot based on data.
- Implementation schedule will address non-NNSA work (excluding DOE-EM) and will define full implementation of the risk identification process by the end of FY 2010.

**Measure 18.4 Demonstration of Nuclear Facility Maintenance
(Award Term)**

Expectation Statement:

- A. Develop budgetary and execution guidance to assure nuclear facilities (specifically identified as TA-55, WETF, CMR, Area G, WCCR, RANT and TA-50) are operated in a manner in which safety, security and all environmental permits requirements are met. Provide a detailed and operational definition by facility that will define and establish a base-level of facility funding by facility and be integrated with all programmatic efforts (for use by appropriate Nuclear Facility RADs/FODs).
- B. Demonstrate implementation of the Maintenance Program at the nuclear facilities (specifically identified as TA-55, WETF, CMR, Area G, WCCR, RANT and TA-50) in FY 2009.

Completion Target for Expectation A:

1. Provided Budget and associated definitional detail by nuclear facility for FY 2009 through FY 2011 by February 2009
2. Implemented and managed to this base-budget guidance for listed nuclear facilities by the end of the Third Quarter
3. Completed a Fourth Quarter assessment (through September 15, 2009) against baseline

Completion Target for Expectation B:

1. Submit to LASO the list of required maintenance for credited systems at the aforementioned nuclear facilities upon completion as scheduled
2. Submit the FY 2009 predictive/preventive maintenance for credited safety systems, based on available budget and the best engineering data currently available, by November 15, 2008. Re-submit, on a quarterly

basis, the predictive/preventive maintenance plans for credited systems as new Engineering/technical data is incorporated into the plans.

3. Submit Quarterly Report on completion of FY 2009 planned maintenance (as outlined in #2) and any corrective maintenance required in the period
4. Summarize yearly performance to include and highlight what wasn't accomplished and rationale
5. Summarize required maintenance (as outlined in #1) vs. performed maintenance conducted during the year end (as outlined in #3)

**Measure 18.5 Formality of Operations Implementation
(Award Term)**

Expectation Statement:

LANS will implement FY 2009 Level 1 core requirement milestones for Formality of Operations at the Laboratory Nuclear and High Hazard Facilities in FY 2009. RADs, FODs and supporting functions will certify that implementation to the Core Criteria, scheduled for FY 2009, have been achieved. Implementation will be verified via an independent verification in accordance with P315-2. For the purposes of this performance measure, Formality of Operations encompasses: Conduct of Operations, Conduct of Maintenance and Conduct of Engineering.

Completion Target:

- Before September 30, 2009, completed implementation of 85% of the Formality of Operations, FY 2009 Level 1 core requirement milestones.
- Completed independent verification, in accordance with P315-2, on the implemented core requirements and provided verification reports to LASO for the above facilities; LASO will shadow independent verifications.

Assumptions Specific to This Measure:

- Approved definitions for Core Criteria for Formality of Operations are under LASO change control.
- Level 1 milestones for Formality of Operations are under LASO change control and were approved by LASO on August 18, 2008.
- Specific exceptions, by facility, to the core requirements to be implemented in FY 2009 are to be proposed by LANL before the end of October 2008, approved by LASO, and under LASO change control (e.g., those requirements associated with fully updating TA-55 priority-1 drawings).
- Independent verification of Level 1 milestone completion will be included in completion documentation.

SECTION 5

ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by March 6, 2009 if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2009 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the completion elements, the due date of that element is to be September 30, 2009.

PBI No. 19
Environmental Management Stimulus

FY 2009 PERFORMANCE BASED INCENTIVE

PBI No. 19

Objective: **Environmental Management Stimulus**

Objective Statement: Implement American Recovery and Reinvestment Act (ARRA) Environmental Management (EM) initiatives in an efficient and effective manner such that objectives are met and completion is possible in 2011.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: Final Date: August 31, 2009
 Maximum Available Fee: **\$515,000** (Essential) + **\$250,000** (Stretch)
 + **\$250,000** (Subjective) = **\$1,015,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: M. Graham
 Principal LASO Owner: G. Rael (E. Trollinger)

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*

All fee associated with PBI 19 is allocated as outlined in Section 4.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type
Measure 19.1	MDA-B Remediation	\$220,000	Essential
Measure 19.2	Building(s) Removal	\$175,000	Essential
Measure 19.3	Acquisition Implementation	\$120,000	Essential
Measure 19.4	Well Drilling Program	\$150,000	Stretch
Measure 19.5	Planning, Preparation & Execution	\$250,000	Subjective
Measure 19.6	Establish EM Recovery Act Baseline	\$100,000	Stretch

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2009.

Measure 19.1 MDA-B Remediation
(Objective/Essential)

Expectation Statement:

Execute MDA-B project activities.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2009:

1. Submitted MDA B Geoprobe Investigation Report to New Mexico Environment Department (NMED).
2. Completed Management Self Assessment (MSA) on the Facility Safety Plan (FSP) implementation.
3. Awarded the contract for the excavation enclosures.

Fee Schedule:

Essential: \$220,000

Measure 19.2 Building(s) Removal
(Objective/Essential)

Expectation Statement:

Execute TA-21 Building Decontamination and Demolition

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2009:

1. Disconnected and verified utility disconnects for the following buildings at TA-21:
 - 21-370, 21-166, 21-167, 21-210, 21-155, 21-213, 21-220, 21-388 and 21-420.
2. Completed removal, containerized and ready for disposal of the following TSTA mission equipment systems:
 - Cyropump Vacuum System and Experimental Contamination System.
3. Demolished down to the slab, Building 370 (DP East).

Fee Schedule:

Essential: \$175,000

- 50% fee for completing 2 of 3 elements in target
- 100% fee for completing all 3 elements

Measure 19.3 Acquisition Implementation
(Objective/Essential)

Expectation Statement:

Establish competitively bid contracts to execute ARRA projects using small businesses

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2009:

1. Awarded RA/D&D Master Task Order Agreement (MTOA)
2. Awarded first Task Order using RA/D&D MTOA
3. Received bids to RFP on Waste Transport and Disposal MTOA

Fee Schedule:

Essential: \$120,000

- 50% fee for completing 2 of 3 elements in target
- 100% fee for completing all 3 elements

Assumptions Specific to this Measure:

- NNSA will approve the RA/D&D MTOA by August 15, 2009
- Contractor will submit a high quality package on the Waste Transport & Disposal MTOA by August 15, 2009, and NNSA will grant consent to issue RFP by August 30, 2009

**Measure 19.4 Well Drilling Program
(Objective/Stretch)**

Expectation Statement:

Execute a compliant and cost-effective well drilling program.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2009:

Develop a comprehensive Integrated Drilling Plan which identifies the wells and associated detailed schedules which are to be drilled and completed in FY2010 and FY2011. Associated schedule will be detailed and support the performance evaluation of progress under the ARRA baseline. This plan will be presented and formally transmitted by the co-permittees to NMED by September 30, 2009. LANS shall work with LASO to identify areas of cost efficiencies to be gained in implementing this drilling plan. Areas of cost savings/efficiencies shall also be submitted by September 30, 2009.

Fee Schedule:

Stretch: \$150,000

Assumptions Specific to this Measure:

- NNSA/LASO will support the negotiation of the Integrated Well Drilling Plan with NMED and will work with LANL to obtain NMED concurrence/approval of the document. Concurrence/approval by NMED may be on a well by well basis.
- Wells POP approved by 8-15-09 and Work Authorization (and funding/cost authority) adjusted to support the integrated well drilling plan as appropriate.

**Measure 19.5 Planning, Preparation and Execution
(Subjective)**

Expectation Statement:

Demonstrate excellence and professionalism in the planning, preparation, and execution of EM ARRA programs, projects and activities. The NNSA will subjectively evaluate the contractor's performance in areas that enable it to meet ARRA work objectives.

Completion Target:

The NNSA will subjectively evaluate the contractor's performance in areas that enable it to meet ARRA work objectives, manner of completion and approach to FY 2009 objectives, positioning for future success, mobilization, integrated project team utilization, interfaces, deliverables, etc., including contractor cost and schedule performance according to the DOE red-yellow-green PARS rating scale.

Fee Schedule:

Essential: \$250,000

**Measure 19.6 Establish EM Recovery Act Baseling
(Objective/Stretch)**

Expectation Statement:

Establish EM Recovery Act Baseline to allow EVMS performance measurement.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2009:

1. Baseline Change Proposals and backup documentation for MDA-B, TSTA, D&D, and Well Installation is fully developed which addresses the scope movement from EM base program to Recovery Act baseline by Sept 4, 2009.
2. Presented BCPs and supporting documentation to LASO at an ARRA Project Baseline Review by September 10.
3. Prepared a revised BCP Presentation with supporting documents, based on the review in target 2, in time to support the independent validation review for cost led by EM.

Fee Schedule:

Stretch: \$100,000

30% for Target 1
20% for Target 2
50% for Target 3

Assumptions Specific to this Measure:

- BCP backup information (detailed cost, scope, schedule) will be sufficient to support validation review and enable project to be considered "definitized."

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree to resolve within 20 days of notification by either party of any impact to the execution of this PBI due to an event outside LANS' ability to control. Resolution of the issue may include modification of the PBI.
- This PBI shall be considered an element in the "mission" focus area for rollup and summarization purposes.

~ End of Document ~