

FY 2018 Performance Evaluation and Measurement Plan

Document Revision History

Revision	Date	Change Description
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INTRODUCTION

The Pantex Plant (Pantex) and Y-12 National Security Complex (Y-12) are plant sites owned by the U.S. Government, under the custody of the Department of Energy's (DOE) National Nuclear Security Administration (NNSA), herein referenced as "Pantex/Y-12 Plants," and are managed and operated by Consolidated Nuclear Security, LLC (CNS). Pursuant to the terms and conditions of the Contract, this NNSA Performance Evaluation and Measurement Plan (PEMP) sets forth the criteria by which NNSA will evaluate CNS performance and the basis for determining the amount of performance incentive fee (PIF) earned. The available PIF amounts for FY18 are specified in Section B, *Supplies or Services and Prices/Costs*, of the contract. This PEMP promotes a strategic Governance and Oversight framework based on prudent management of risk, accountability, transparency, and renewed trust. It implements the collective governance and oversight reform principles as expressed by NNSA.

PERFORMANCE BASED APPROACH

The performance-based approach evaluates the CNS performance through a set of Goals. Each Goal, and its associated Objectives and, in some cases, Key Outcomes (KOs), will be measured against authorized work in terms of cost, schedule, and technical performance, and the respective outcomes, demonstrated performance, and impact to the DOE/NNSA mission.

MISSION

The Pantex Plant mission supports managing the nation's nuclear stockpile by performing disassembly, inspection and rebuild of weapon evaluations cycle units, assembly of Joint Test Assemblies (JTAs) and JTA post mortem analysis, assembly and disassembly of test bed units, Limited Life Component Exchange, programmatic alterations (usually defined as Alts or Mods), weapon repairs, weapon and component radiography and non-destructive evaluation, High Explosive (HE) testing and explosive component evaluation, pit and non-nuclear evaluations, electrical and mechanical test, and surveillance and evaluation testing in support of Quality Evaluation Reports.

The Y-12 National Security Complex supports national security programs through production of weapons components and parts; stockpile evaluation and maintenance; stockpile surveillance; dismantlement; and nuclear materials management, storage, and disposition. Its primary mission is the manufacturing of modern secondaries and processing and storage of highly enriched uranium.

Additionally, Pantex and Y-12 support several of the other NNSA identified missions, including nuclear non-proliferation, the Naval Reactors Program, emergency response, continuing management reform, and recapitalizing NNSA infrastructure.

MISSION PERFORMANCE

CNS is accountable for and will be evaluated on successfully executing program work in accordance with applicable DOE/NNSA safety and security requirements consistent with the terms and conditions of the Contract. Protection of worker and public safety, the environment, and security are essential and implicit elements of successful mission performance. Accordingly, CNS shall plan safety and security improvements and accomplishments as an integral component of mission performance contributing to meeting the affected programmatic Goals. The model for this PEMP is to rely on CNS leadership to use appropriate DOE contractual requirements and recognized industrial standards based on consideration of assurance systems, and the related measures, metrics, and evidence. **CNS is expected to manage in a safe, secure, efficient,**

effective, results-driven manner, with appropriate risk management and transparency to the government, while taking appropriate measures to minimize costs that do not compromise core objectives and mission performance. Products and services are expected to be delivered on-schedule and within budget.

CONSIDERATION OF CONTEXT IN PERFORMANCE EVALUATION

The evaluation of performance will consider “context” such as unanticipated barriers (e.g., budget restrictions, rule changes, circumstances outside CNS control), degree of difficulty, significant accomplishments, and other events that may occur during the performance period. A significant safety or security event may result in an overall limitation to adjectival ratings. Such impacts may be balanced by the response to the incident, and by other initiatives to improve overall safety or security performance. CNS is encouraged to note significant safety and security continuous improvements.

PERFORMANCE RATING PROCESS

DOE/NNSA will review performance throughout the performance evaluation period, and provide tri-annual feedback to CNS highlighting successes and/or needed improvement. At the end of the performance evaluation period, an evaluation of CNS performance will be completed. This evaluation will be documented in a Performance Evaluation Report (PER), and will include the performance ratings and PIF earned for the subject performance evaluation period. Objectives and, in some cases, KOs will be assessed in the aggregate to determine an adjectival performance rating for each Goal. DOE/NNSA will consider the CNS end of year self-assessment report in the performance evaluation. The performance ratings will be determined in accordance with FAR 16.401(e) (3) yielding ratings of Excellent, Very Good, Good, Satisfactory or Unsatisfactory. The Goals will then be considered in the aggregate to provide an overall rating and percentage of PIF earned for the contract. Notwithstanding the overall strategic framework, any significant failure may impact the overall rating and the PIF earned. The Fee Determining Official’s (FDO) PIF determination is a unilateral decision made solely at the discretion of NNSA.

CNS may request a face-to-face meeting with the FDO to highlight their site’s strategic performance at the end of the performance evaluation period. This meeting should occur within the first two weeks after the end of the period.

PEMP CHANGE CONTROL

It is essential that a baseline of performance expectations be established at the beginning of the performance period to equitably measure performance, and that changes to that baseline are carefully managed. Any change to the PEMP requires concurrence by the appropriate program office and the NNSA Senior Procurement Executive prior to the Field Office Manager and Contracting Officer signatures. While recognizing the unilateral rights of DOE/NNSA as expressed in the contract terms and conditions, bilateral changes are the preferred method of change whenever possible.

TOTAL AVAILABLE PERFORMANCE INCENTIVE FEE ALLOCATION

Goal	% At-Risk Fee Allocation
Goal-1: Manage the Nuclear Weapons Mission	35%
Goal-2: Reduce Nuclear Security Threats	10%
Goal-3: DOE and Strategic Partnership Project Mission Objectives	5%
Goal-4: Science, Technology, and Engineering (ST&E)	5%
Goal-5: Operations and Infrastructure	30%
Goal-6: Leadership	15%

UNEARNED FEE

DOE/NNSA reserves the right to withdraw and redistribute DOE/NNSA unearned fees.

AWARD TERM INCENTIVE

This Contract includes several options: three options (Option Terms 1-3) extend the term of this Contract and an option to include SRTO within the scope of this Contract.

(a) Option Exercise for Additional Term: Gateway Decision: The Gateway Decision is a unilateral decision of the FDO based on the Contractor's performance rating under this Contract in accordance with the Performance Evaluation Measurement Plan, and the Contractor's delivery of cost savings reflected in the cost savings profile in Section J, Appendix D, Merger Transformation Plan. The standard of performance is such that the score in the annual PER must be "very good" or above (or achieve 80% or better) under the Performance Evaluation Plan for the performance years evaluated under the Base Term and Option Terms, if exercised, evaluated below. The Contractor must also meet a minimum of 80% of the total projected cost savings within the cost savings profile in Section J, Appendix D, Merger Transformation Plan for the combined performance years evaluated for each gateway decision point, as reflected in the table below. If the FDO's decision is to award additional term, the Contract will be modified unilaterally by the Contracting Officer to extend the term of the Contract, after considering NNSA requirements, in accordance with the Contract's Section I Clause entitled "FAR 52.217-9, Option to Extend the Term of the Contract".

Option Term 1: Commencing in Government Fiscal Year (GFY) 2018 of the Contract, the Contract's period of performance may be extended for two additional years (July 1, 2019 through June 30, 2021) based on the standard of performance (score) and cost savings noted above.

Option Term 2: Commencing in Government Fiscal Year 2020 of the Contract, the Contract's period of performance may be extended for two additional years (July 1, 2021 through June 30, 2023) based on the standard of performance (score) and cost savings noted above.

Option Term 3: Commencing in Government Fiscal Year 2022 of the Contract, the Contract's period of performance may be extended for one additional year (July 1, 2023 through June 30, 2024) based on the standard of performance (score) and cost savings noted above.

The table below reflects Option Terms 1, 2, & 3.

	Gateway Decision Point	Performance Years Evaluated	Option Years Available
Option Term 1	2 nd Quarter of GFY 2018	1 Jul 2014 – 30 Sep 2017	6-7
Option Term 2	2 nd Quarter of GFY 2020	1 Oct 2017 – 30 Sep 2019	8-9
Option Term 3	2 nd Quarter of GFY 2022	1 Oct 2019 – 30 Sep 2021	10

NOTE: Evaluation of Performance is aligned with the CPEP and the GFY. There is no change in contract period of performance dates as a result of this alignment.

NNSA will evaluate contract performance years 1-3 (July 1, 2014-Sep 30, 2017) to award Option Term 1 - contract years 6-7 (July 1, 2019-June 30, 2021)

NNSA will evaluate contract performance for years 4-5 (Oct 1, 2017-Sep 30, 2019) to award Option Term 2 - contract years 8-9 (July 1, 2021-June 30, 2023)

NNSA will evaluate contract performance years 6-7 (Oct 1, 2019-Sep 30, 2021) to award Option Term 3 - contract year 10 (July 1, 2023-June 30, 2024)

(b) Option Exercise to add SRTO: This option allows for adding the SRTO scope of work to the Contract. If the NNSA determines it is in the best interest of the Government to exercise this option, the Contract will be modified unilaterally by the Contracting Officer to add the SRTO effort. Immediately upon option exercise, the Contractor will be required to provide a Transition Plan including the same elements as noted in Section F, F-7(a) and (b). The Contractor shall also update applicable Contract requirements, as directed by the Contracting Officer, including, but not limited to, the Performance Guarantee(s) and Subcontracting Plan, at the time of option exercise. NNSA may exercise the SRTO option at the end of the first year; however the determination will be based on NNSA mission requirements and other factors.

INNOVATIVE SOLUTIONS

CNS will recommend innovative, technology/science-based, systems-engineering solutions to the most challenging problems that face the nation and the globe. CNS will also provide evidence to support programmatic needs and operational goals tempered by risk. DOE/NNSA will take into consideration all major functions, including safety and security, contributing to mission success. In addition, DOE expects CNS to recommend and implement innovative business and management improvement solutions that enhance efficiencies.

Goal-1: Manage the Nuclear Weapons Mission

Successfully execute Nuclear Weapons mission work in a safe and secure manner in accordance with DOE/NNSA Priorities, Program Control Document and Deliverables, and Program Implementation Plans, and Weapon Quality Assurance Requirements. Integrate across the Pantex/Y-12 Plants, while maintaining a DOE/NNSA enterprise-wide focus, in order to achieve greater impact on a focused set of strategic national security priorities.

Objectives:

- Objective-1.1 Accomplish work as negotiated with program sponsors and partners integrating quality requirements into an effective Quality and Nuclear Enterprise Assurance program at their sites and through their suppliers that results in the design, production, and delivery of safe, secure, and reliable weapon products meeting performance, transportation, and cost effective operations.
- Objective-1.2 Maintain knowledge of the state of the stockpile, resulting from successful execution of the stockpile surveillance program and a robust scientific and engineering understanding for the delivery of the annual stockpile assessment.
- Objective-1.3 Execute stockpile work to deliver stockpile system maintenance, production, limited-life component exchanges, weapon containers and dismantlements.
- Objective-1.4 Apply innovative strategies and technologies, and sustain science and engineering capabilities, facilities and skills to support existing and future nuclear security enterprise requirements.
- Objective 1.5 Execute Phase 6.X, product realization processes and activities in support of nuclear weapon life extension programs, modification and alterations in accordance with NNSA requirements, Nuclear Weapons Council guidance, and NNSA project control processes to 1) integrate schedules; 2) lower risks; 3) control costs; and 4) control change.

Goal-2: Reduce Nuclear Security Threats

Successfully execute authorized global nuclear security mission work in a safe and secure manner to include the Defense Nuclear Nonproliferation, Nuclear Counterterrorism, and Counter Proliferation and Incident Response missions. Integrate across the NNSA enterprise to achieve greater impact on a focused set of strategic national security priorities.

Objectives:

- Objective-2.1 Support efforts to secure, account for, and interdict the illicit movement of nuclear weapons, weapons-useable nuclear materials and radiological materials.
- Objective-2.2 Support U.S. national and nuclear security objectives in reducing global nuclear security threats through the innovation of unilateral and multi-lateral technical capabilities to detect, identify, and characterize: 1) foreign nuclear weapons programs, 2) illicit diversion of special nuclear materials, and 3) global nuclear detonations.
- Objective-2.3 Support efforts to achieve permanent threat reduction by managing and minimizing excess weapons-useable nuclear materials and providing nuclear materials for peaceful uses.
- Objective-2.4 Support efforts to prevent proliferation, ensure peaceful nuclear uses, and enable verifiable nuclear reductions in order to strengthen the nonproliferation and arms control regimes.
- Objective-2.5 Sustain and improve nuclear counterterrorism and counterproliferation science, technology, and expertise; execute unique emergency response missions, implement policy in support of incident response and nuclear forensics missions, and assist international partners/ organizations.

Key Outcome(s):

- KO-2.1: Produce the approved amount of low enriched uranium castings for the U.S. High Performance Research Reactor (USHPRR) program.
- KO-2.2 Facilitate the timely removal of excess, unirradiated HEU from foreign civilian nuclear facilities, including removals from Europe in support of the U.S./Euratom HEU Exchange Memorandum of Understanding.
- KO-2.3: Support Mobile Uranium Facility (MUF) management transition by completing required actions in MUF Management Transition Plan.

Goal-3: DOE and Strategic Partnership Projects Mission Objectives

Successfully execute high-impact work for DOE and Strategic Partnership Project Mission Objectives safely and securely. Demonstrate the value of the work in addressing the strategic national security needs of the U.S. Government.

Objectives:

- Objective-3.1 Pursue and perform high-impact work for DOE that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills.
- Objective-3.2 Pursue and perform high-impact Strategic Partnership Projects that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills in support of national security mission requirements.

Goal-4: Science, Technology, and Engineering (ST&E)

Successfully advance national security missions and advance the frontiers of ST&E. Effectively manage Pantex/Y-12 Plants Directed Research and Development (PDRD) and Technology Transfer programs to advance the frontiers of ST&E.

Objectives:

- Objective-4.1 Execute a research strategy that is clear and aligns discretionary investments (e.g., PDRD) with Pantex/Y-12 Plants strategies and supports DOE/NNSA priorities.
- Objective-4.2 Ensure that research is relevant, enables the national security missions, and benefits DOE/NNSA and the nation.
- Objective-4.3 Maintain a healthy and vibrant research environment that enhances technical workforce competencies and research capabilities.
- Objective-4.4 Research and develop high-impact technologies through effective partnerships and technology transfer mechanisms that support the Pantex/Y-12 Plants strategies, DOE/NNSA priorities and impact the public good; ensure that reporting and publishing (via DOE's Public Access Plan) requirements for broad availability of federally funded scientific research are implemented.

Goal-5: Operations and Infrastructure

Effectively and efficiently manage the safe and secure operations of the Pantex/Y-12 Plants while maintaining an NNSA enterprise-wide focus; demonstrating accountability for mission performance and management controls; and assure mission commitments are met with high-quality products and services while partnering to improve the site infrastructure.

Objectives:

- Objective-5.1 Deliver effective, efficient, and responsive environment, safety, health and quality (ESH&Q) management and processes.
- Objective-5.2 Accomplish capital projects in accordance with scope, cost, and schedule baselines.
- Objective-5.3 Deliver effective, efficient, and responsive safeguards and security. Deliver effective site emergency management programs in support of the DOE/NNSA Emergency Management Enterprise.
- Objective-5.4 Manage NNSA infrastructure to maintain, operate and modernize DOE/NNSA facilities, infrastructure, and equipment in an effective, energy efficient manner that minimizes operational, security, and safety risks.
- Objective-5.5 Deliver efficient, effective, and responsible business operations, systems and financial management, including financial transparency; budget formulation and execution; and, internal controls.
- Objective-5.6 Deliver efficient and effective management of legal risk and incorporation of best legal practices.
- Objective-5.7 Deliver effective, efficient, and responsive information technology systems and cyber security.

Goal-6: Leadership

Successfully demonstrate leadership in supporting the direction of the overall DOE/NNSA mission, cultivating a Performance Excellence Culture that encompasses all aspects of operations and continues to emphasize safety and security, improving the responsiveness of the CNS leadership team to issues and opportunities for continuous improvement internally and across the Enterprise, and parent company involvement/commitment to the overall success of the Pantex/Y-12 Plants and the Enterprise.

Objectives:

- Objective-6.1 Define and implement a realistic strategic vision for the Pantex/Y-12 Plants, in alignment with the NNSA Strategic Vision, which demonstrates enterprise leadership and effective collaborations across the NNSA enterprise to ensure DOE/NNSA success.
- Objective-6.2 Demonstrate performance results through the institutional utilization of a Contractor Assurance System and promoting a culture of critical self-assessment, timely corrective action, transparency, and accountability through the entire organization, while also leveraging parent company resources and expertise.
- Objective-6.3 Work selflessly within the DOE/NNSA complex to develop, integrate, and implement enterprise solutions that maximize program outputs at best value to the government; identify innovative business and management solutions that greatly improve enterprise-wide efficiencies.
- Objective-6.4 Exhibit professional excellence in performing roles/responsibilities while pursuing opportunities for continuous learning.

FAR 16.401 (e) (3) AWARD FEE ADJECTIVAL RATINGS AND SUPPLEMENTAL DEFINITIONS

<p>Excellent</p>	<p>91%-100%</p>	<p>Contractor has exceeded almost all of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.</p> <p><i>This performance level is evidenced by at least one significant accomplishment, or a combination of accomplishments that significantly outweigh very minor issues, if any. No significant issues in performance exist.</i></p>
<p>Very Good</p>	<p>76% - 90%</p>	<p>Contractor has exceeded many of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.</p> <p><i>This performance level is evidenced by accomplishments that greatly outweigh issues. No significant issues in performance exist.</i></p>
<p>Good</p>	<p>51% - 75%</p>	<p>Contractor has exceeded some of the significant award-fee criteria and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.</p> <p><i>This performance level is evidenced by accomplishments that slightly outweigh issues. No significant issues in performance exist.</i></p>
<p>Satisfactory</p>	<p>No greater than 50%</p>	<p>Contractor has met overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.</p> <p><i>This performance level is evidenced by issues that slightly outweigh accomplishments.</i></p>

Unsatisfactory	0%	<p>Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract in the aggregate as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.</p> <p><i>This performance level is evidenced by issues that significantly outweigh accomplishments, if any.</i></p>
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Definitions:

An **Accomplishment** is an achievement or success in the performance of contract requirements that exceeds standards or expectations. Examples might be performing full contract requirements under budget while meeting or beating schedule baselines or performing additional scope within the initial cost targets with no negative effect on requirements or other programs, indicating continued performance improvement.

An **Issue** is a point in question or a matter that raises concerns regarding successful performance of contract requirements within scope, cost (budget), and schedule baselines or concern of negative effect on requirements or other programs, indicating a decline in performance that needs attention and improvement.