



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

CONFORMED

FY 2008 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, 2007 THROUGH SEPTEMBER 30, 2008

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2008 PERFORMANCE EVALUATION PLAN

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DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2008 PERFORMANCE EVALUATION PLAN

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DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2008 PERFORMANCE EVALUATION PLAN

I. APPROVAL PAGE

Approval Page

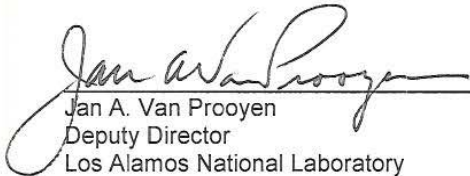
The FY 2008 Performance Evaluation Plan (PEP) for Los Alamos National Laboratory Contract No. DE-AC52-06NA25396 has been coordinated and reviewed by the Los Alamos Site Office and Los Alamos National Security, LLC. The following individuals approve the contents of this PEP.



Roger E. Snyder
Acting Deputy Manager
for Business, Environmental, and Security
Los Alamos Site Office
National Nuclear Security Administration

December 21, 2007

Date



Jan A. Van Prooyen
Deputy Director
Los Alamos National Laboratory

21 December 2007

Date



Cheryl A. Thompson
Contracting Officer
Los Alamos Site Office
National Nuclear Security Administration

12/21/07

Date

II. PREFACE

The Performance Evaluation Plan (PEP) for the period of October 1, 2007 through September 30, 2008 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 provision, H-12, "Performance Based Management" and H-13, "Award Term". Further, the PEP is consistent with contract provision, B-2, "Contract Type and Value." B-2 states that for FY 2007 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 2008.

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 2008 PEP:

The Los Alamos FY 2008 PEP is populated by five (5) distinct types of measures. These include Fixed Fee measures, Performance Based Incentive (PBI) base measures, PBI stretch measures, a Subjective Measure, 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, and whether or not LANS may be considered for an "Award Term" extension of the Prime Contract.

Fixed Fee Measures:

The Fixed Fee measures are not a determinant regarding the contractor's claim to the Fixed Fee specified in the contract. The Fixed Fee amount is only subject to reduction in the event the Government exercises the Conditional Payment of Fee clause, or in the event of 10 CFR 851 action stemming from an egregious lapse in the contractor's performance.

The Fixed Fee measures are, however, a determinant in how much fee the contractor is eligible to compete for in the PBIs, and is a determinant in the contractor's eligibility for Award Term.

The Fixed Fee measures are divided approximately into three (3) nominally equal groups, relating to Mission, Operations, and Business/Institutional Management. These measures are selected to provide an indication of the contractor's performance in maintaining the basic, fundamental operation of the Laboratory.

Measures that are "enablers" of the operation of a first-class laboratory make up the Fixed Fee measures. Examples include measures regarding maintenance of certifications, completion of regulatory mandates and delivery of basic contractual requirements. They are "pass/fail" measures, with clearly demonstrable, objective targets. It is not expected that the Fixed Fee measures will change significantly from year to year.

Performance Based Incentive Measures:

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

The PBI measures are subdivided according to the risk of success: i.e. the “Base” 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 65/35%, with 65% assigned to Base Measures and 35% 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 cost/fee ratio of at least 5/1. Exceptions are extremely limited and justified.

Performance fee may be earned by the contractor on a sliding scale or schedule if stated in the initial PBI if the benefit is advantageous to the Government.

Subjective Measure (PBI 15):

20% of the fee-at-risk is identified to one Subjective Measure. This measure will enable the Government to subjectively measure the contractor’s performance in overall management of the institution. 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 17) Measures are a suite of five (5) individual measures selected to determine if the contractor is performing at such a high level that the Prime Contract should be extended for an additional year. Three (3) of the five (5) measures are strategic (future-centric) in nature, and 2 measure specific tactical (near term) efforts.

Interrelationship of Measures:

The different types of measures interrelate in a system wherein successful performance in Fixed Fee measures enables the contractor to compete for PBI fee, and performance in Fixed Fee, PBI measures and Award Term measures earns the contractor the right to be considered for Award Term. The inter-reaction is described below:

Fixed Fee (PBI 16) to Performance Fee:

Performance within each Fixed Fee group (Mission, Ops, Bus/IM) will qualify the contractor to compete for the Performance Based fee in the corresponding group of PBIs. If 70% or more of the Fixed Fee measures in a Fixed Fee group are completed successfully, the contractor may compete for 100% of the PBI fee in the corresponding PBI grouping. If the contractor completes 60% to 69% of the measures in the group successfully, then 50% of the corresponding PBI group’s fee is available to be earned. If the contractor succeeds at less than 60% of the Fixed Fee measures in a group, then none of the PBI fee in the corresponding PBI group is available to be earned.

Performance “Base” to Performance “Stretch”:

If the contractor achieves 80% of the fee (in dollars) associated with the Base target measures in a particular PBI, then the Stretch target measures for that particular PBI are available to be earned. As such, there are 14 discrete, individual 80% “gateways” in the PBIs. If the contractor fails to win 80% of the Base fee in a particular PBI, the percentage of Base fee will be earned, but no Stretch fee can be earned for that particular PBI only.

Fee Spread

During the discussions, it was determined that of the Fee at Risk, the split would be 10% for the Multi-site measure and 20% for the Subjective measure. Of the remaining fee at risk, nominally 50% will go to Mission related PBIs, 40% to Ops related PBIs, and 10% will go to Bus/IM PBIs.

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:

- Fixed Fee Measures – Achieve at least 90% of the measures in one of the Fixed Fee subgroups, and achieve at least 80% in the other two groups.
- PBI Base Measures – earn 80% of the PBI Base fee, as an aggregate measure of all 14 PBIs. Stretch measures are not considered for purposes of eligibility for Award Term.
- Award Term Measures – Achieve success in any four (4) of the five (5) Award Term Measures.

If the contractor achieves each of these pre-requisites, the contractor will have earned the opportunity for a one-year extension of the Prime Contract (in accordance with contract clause).

Performance related to each PBI 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 resolutions. The results of these discussions will be documented and shared between the parties to ensure consensus.

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 target) used to evaluate Contractor performance. A PBI Change Control Board (CCB) will be review possible changes or other issues that are identified related to the PBIs. The Board will consist of the NNSA Contracting Officer, 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. 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.

III. 2008 LANL PERFORMANCE EVALUATION PLAN

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

| FY 2008 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>10</u> | Date: <u>December 21, 2007</u> | |
| Maximum Available Incentive Fee: | \$5,129,600 (Base) | Date: April, 9, 2008 | |
| Duration: | Annual | | |
| Fee Payment Type: | Completion | | |
| Principle LANS Owner: | G. Mara | | |
| Principle COR: | R. Snyder | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | | |
| <p>GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i></p> <p>None</p> | | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | | |
| Measure | | Allocated Fee | Type |
| Measure 1.1 | Down-Select W76 LEP CSA Material | \$674,947 | B |
| Measure 1.2 | Deliver B61-7/11 LEP Quantities to DoD On Time | \$539,958 | B |
| Measure 1.3 | Approve W88 SS-21 HAR | \$134,989 | B |
| Measure 1.4 | Complete Complex Transformation NEPA Process | \$67,495 | B |
| Measure 1.5 | Deleted | | |
| Measure 1.6 | Match 2007 Dismantlements | \$269,979 | B |
| Measure 1.7 | Deliver Products for DoD On Time | \$674,947 | B |
| Measure 1.8 | Implement NNSA Supply Chain Management Center | \$202,485 | B |

| | | | |
|---------------------|---|--------------------|----------|
| Measure 1.9 | Implement Gas Sampling Activities using PPM | \$134,989 | B |
| Measure 1.10 | Implement Elements from Enterprise IT Plan | \$202,485 | B |
| Measure 1.11 | Implement RMI Phase II Implementation | \$202,485 | B |
| Measure 1.12 | Implement ASC TriPoD Initiative | \$269,979 | B |
| Measure 1.13 | Build Six New W88 Pits and Install Equipment | \$1,079,915 | B |
| Measure 1.14 | Reduce Uncertainty in Warhead Performance | \$269,979 | B |
| Measure 1.15 | Remove 11 metric tons of SNM from NNSA Sites | \$404,968 | B |

**SECTION 4
 PERFORMANCE MEASURES**
List associated performance measures, expectations, targets, and fee schedules for FY 2008.

| | |
|---|---|
| Measure 1.1 | Down-Select W76 Life Extension Program (LEP) Canned Sub-Assembly (CSA) Material (Incentive/Base) |
| Expectation Statement: Down-select W76 Life Extension Program (LEP) Canned Sub-Assembly (CSA) material. | |
| Completion Target: This Measure has been achieved when the contractor has: Down select CSA material by the end of June 2008. (As updated and specified in Milestone 2768.) | |
| Fee Schedule: Base: \$674,947 | |

| | |
|---|---|
| Measure 1.2 | Deliver B61-7/11 LEP Quantities to DoD On Time per P&PD (Incentive/Base) |
| Expectation Statement: Deliver B61-7/11 LEP quantities to DoD on time per P&PD. | |
| Completion Target: This Measure has been achieved when the contractor has: Deliver, between October 1, 2007, and September 30, 2008, all B61 LEP quantities to the DoD on time, per the approved Program Control Documents (PCDs). (As updated and specified in Milestone 2769.) | |
| Fee Schedule: Base: \$539,958 | |

| | |
|---|---|
| Measure 1.3 | Approve W88 SS-21 HAR (Incentive/Base) |
| Expectation Statement: Approve W88 SS-21 HAR. | |

| |
|---|
| <p>Completion Target: This Measure has been achieved when the contractor has: Submit the W88 SS-21 Hazard Analysis Report for final approval by August 31, 2008. (As updated and specified Milestone 2770).</p> <p>Fee Schedule: Base: \$134,989</p> |
| <p>Measure 1.4 Complete Complex Transformation NEPA Process by August 2008 (Incentive/Base)</p> <p>Expectation Statement: Complete Complex Transformation NEPA Process by August 2008.</p> <p>Completion Target: This Measure has been achieved when the contractor has: Complete site input and reviews to support the completion of the Final Complex Transformation Supplemental Programmatic Environmental Impact Statement (SPEIS) by August 31, 2008. (As updated and specified in Milestone 2771).</p> <p>Fee Schedule: Base: \$67,495</p> |
| <p>Measure 1.5 Deleted</p> |
| <p>Measure 1.6 Match 2007 Dismantlements (Incentive/Base)</p> <p>Expectation Statement: Match 2007 dismantlements.</p> <p>Completion Target: This Measure has been achieved when the contractor has: Continue to dismantle weapons at the Pantex Plant and secondaries at the Y-12 Plant at the 2007 rates. (As updated and specified in Milestone 2773).</p> <p>Fee Schedule: Base: \$269,979</p> |
| <p>Measure 1.7 Deliver Products for DoD On Time Per P&PD (Incentive/Base)</p> <p>Expectation Statement: Deliver products for DoD on time per P&PD.</p> <p>Completion Target: This Measure has been achieved when the contractor has: Deliver all limited life components and alteration kits to the DoD on time per authorized program management documents, i.e., PCDs and LLC Volume III. (As updated and specified in Milestone 2774.)</p> <p>Fee Schedule: Base: \$674,947</p> |

**Measure 1.8 Implement a NNSA Supply Chain Management Center (SCMC)
(Incentive/Base)**

Expectation Statement:

Implement a NNSA Supply Chain Management Center (SCMC).

Completion Target:

This Measure has been achieved when the contractor has:

- 1) Each site shall support the SCMC commodity teams by providing team member(s) for at least three multi-site teams which will follow the strategic sourcing process similar to that identified at the DEC06 "Supply Chain Conference." Fee will be earned based on each team documenting the process actions and completing all process tasks of the SCMC commodity management process through completion of the step "Develop Sourcing Strategies." Documentation will include identification and utilization strategy for realizing the estimated savings for the commodity.
- 2) Each site will contribute towards accomplishing \$80M of Procurement-spend through e-sourcing with sustained savings rates comparable to those achieved in FY 2007.
- 3) Sites shall continue to collaborate with the ICPT by participating on at least one ICPT commodity team that delivers a completed strategic sourcing agreement by the end of FY 2008. (As updated and specified in Milestone 2775.)

Fee Schedule:

Base: \$202,485

**Measure 1.9 Implement Gas Sampling Activities using Powerless Pump Module
(Incentive/Base)**

Expectation Statement:

Implement Gas Sampling activities using Powerless Pump Module.

Completion Target:

This Measure has been achieved when the contractor has:

Implementation of PPM with Frost Point Measurement capability on the B61 stockpile system by September 30, 2008. (As updated and specified in Milestone 2776.)

Fee Schedule:

Base: \$134,989

**Measure 1.10 Implement Elements from FY 2007 Developed Multi-Site Enterprise IT Plan
(Incentive/Base)**

Expectation Statement:

Implement elements from FY 2007 developed Multi-Site Enterprise IT Plan.

Completion Target:

This Measure has been achieved when the contractor has:

Achieve FY 2008 Milestones in each of the following focus areas:

- 1) Leadership and Governance Framework;
- 2) Interoperability and Information/Data Sharing Activities;
- 3) Strategic Acquisitions; and
- 4) Improved Cyber Security Practices and Infrastructure.

Note: Details are in M&O CIO Multi-Site Management Plan, August 7, 2007, and Appendix 1. (As updated and specified in Milestone 2777.)

Fee Schedule:

Base: \$202,485

Measure 1.11 Implement Requirements Modernization Initiative (RMI) Phase II Implementation (Incentive/Base)

Expectation Statement:

Implement Requirements Modernization Initiative (RMI) Phase II implementation.

Completion Target:

This Measure has been achieved when the contractor has:

Per RMI Project Execution Plan, Rev. 2, dated July 13, 2007:

- 1) Document Integrated Phase Gate process supporting the product realization process by September 30, 2008.
- 2) Document definition of technology and manufacturing readiness levels by September 30, 2008. (As updated and specified in Milestone 2778.)

Fee Schedule:

Base: \$202,485

Measure 1.12 Implement Advanced Simulation and Computing (ASC) Tri-Lab Productivity on Demand (TriPoD) Initiative by September 30, 2008 (Incentive/Base)

Expectation Statement:

Implement Advanced Simulation and Computing (ASC) Tri-Lab Productivity on Demand (TriPoD) Initiative by September 30, 2008.

Completion Target:

This Measure has been achieved when the contractor has:

By December 31, 2007, implement the TriPoD configuration management structure, including establishment of TriPoD common operating system (TriPoD-OS) Executive and Steering Committees. By March 31, 2008, demonstrate the TriPoD-OS stack on the initial hardware of the ASC-funded Tri-lab Linux Capacity Clusters (TLCCs). By September 30, 2008, deploy and operate all ASC TLCC platforms that will be delivered before mid-August under the generally available (GA) release of TriPoD-OS. Furthermore, position TriPoD-OS for future deployment on all ASC Linux capacity platforms delivered in FY 2009 and beyond. (As updated and specified in Milestone 2779)

Fee Schedule:

Base: \$269,979

Measure 1.13 Build Six New W88 Pits & Install Equipment in FY 2008 to increase Pit Capacity to 80 Pits per Year by the Operational Date of a CMRR-Nuclear Facility (Incentive/Base)

Expectation Statement:

Build six new W88 pits and install equipment in FY 2008 to increase pit capacity to 80 pits per year by the operational date of a CMRR-Nuclear facility

Completion Target:

This Measure has been achieved when the contractor has:

Manufacture six pits and quality accept 6 pits for LASO Quality Office acceptance and that meet identified W88 intended use requirements during FY 2008. Install equipment per LANL Capacity Increase Plan for FY 2008. (As updated and specified in Milestone 2780.)

Fee Schedule:

Base: \$1,079,915

**Measure 1.14 Reduce Uncertainty in Warhead Performance
(Incentive/Base)**

Expectation Statement:

Reduce Uncertainty in warhead performance.

Completion Target:

This Measure has been achieved when the contractor has:

Realign science priorities to reduce uncertainty in warhead certification by incorporating a new physics-based model in FY 2008 weapon assessment simulations. (As updated and specified in Milestone 2781.)

Fee Schedule:

Base: \$269,979

**Measure 1.15 Remove 11 Metric Tons of SNM from NNSA Sites by September 30, 2008
(Incentive/Base)**

Expectation Statement:

Remove 11 metric tons of SNM from NNSA sites by September 30, 2008.

Completion Target:

This Measure has been achieved when the contractor has:

Remove 11 metric tons of SNM from NNSA sites between October 1, 2007, and September 30, 2008, to proper storage facilities for non-weapons use. (As updated and specified in Milestone 2782.)

Fee Schedule:

Base: \$404,968

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The Multi-Site program entries in the Milestone Reporting Tool indicate the complex-wide agreed upon scope and expectations. Changes which might occur during the year are subject to DOE/NNSA Headquarters change control processes, and should be appropriately reflected in these elements.
- Each of these measures has a corresponding entry in the "Multi-Site" program element within the Milestone Reporting Tool. Successful completion will be determined collectively for the complex by the respective DOE/NNSA HQ Multi-Site Milestone Champion, with final status entered in preparation for the Quarterly Program Review (Q4).

PEP CC-08-015 A final version of the FY 2008 Multi-Site Targets and Success Criteria was issued by Robert Smolen, Deputy Administrator for Defense Programs, on April 2, 2008. These revised targets are to be incorporated into the FY08 Performance Evaluation Plan for LANS.

Of the original PBIs, PBI 1.5 was cancelled in the MRT ~January 8, 2008. This measure was not included in the set issued on April 2 and has been deleted from the Multi-Site PBIs. The fee originally allocated to it has been redistributed proportionally among the rest of the PBI 1 measures.

PBI No. 2
Weapons Program Execution

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 2

Objective

Weapons Program Execution

Objective Statement: Develop and apply science and technology to ensure the safety, security, and reliability of the U.S. nuclear deterrent.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
PEP CC-08-026 Date: July 24, 2008
 Maximum Available Incentive Fee: **\$4,539,840 (Base) + \$3,000,000 (Stretch) = \$7,539,840**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: G. Mara
 Principle COR: R Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet $\geq 70\%$ of Mission Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Mission PBIs.
- Meet $\geq 60\%$ and $< 70\%$ Mission Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Mission PBIs.
- No Incentive Objective Base Fee is available in Mission PBIs if $< 60\%$ of Mission Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | | Allocated Fee | Fee Type |
|-------------|---|--------------------------|----------|
| Measure 2.1 | Weapons Complex Milestones/Tasks | \$4,000,000 | B |
| Measure 2.2 | Establishment of LANL Weapons Program WBS | \$139,840 | B |
| Measure 2.3 | Integrated Nuclear Planning | \$400,000 \$3,000,000 | B S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 2.1 Weapons Complex Milestones/Tasks. Complete programmatic deliverables as specifically described in the Defense Program Milestone Reporting Tool. (Incentive/Base)

Expectation Statement:

Completion of 85% of LANL contributions to Milestones due within FY 2008, or renegotiation of baseline before Fiscal Year end. The 85% threshold will be determined upon review of the Headquarters Program Managers and reporting within the Quarterly Program Review process.

Completion Target:

This Measure has been achieved when the contractor has:

Met 85% or greater of LANL FY 2008 Milestones. (LANL contributions to Milestones for which LANL is listed as a participating site, and which have completion dates within the FY 2008 Fiscal Year)

Fee Schedule:

Base: \$4,000,000

- 100% fee = completion of 95% or more of the milestones.
- 95% fee = completion of $\geq 90\%$ to $< 95\%$ of the milestones
- 80% fee = completion of $\geq 85\%$ to $< 90\%$ of the milestones
- 0 fee = completion of $< 85\%$ of the milestones

Assumptions Specific to This Measure:

- Program Milestones are entered in the Milestone Reporting Tool, and are subject to DOE/NNSA HQ change control processes. LANL personnel will engage HQ Program managers and LASO personnel in utilization of the HQ change control process.
- Assumes mutual (NNSA & LANS) agreement on L1 and L2 Milestones
- Assumes Baseline Change Requests on Milestones are approved.
- The intent of this PBI is to measure LANL-specific performance; multi-site cooperation is measured in PBI 1.

Measure 2.2 Establishment of comprehensive LANL Weapons Program Work Breakdown Structure (WBS) (Incentive/Base)

Expectation Statement:

Establish a WBS for LANL elements of the Weapons Program which is consistent with program guidance and overall program intent as communicated by DOE/NNSA Headquarters. Revise LANL components of WBS through a formal change control process, as needed.

Completion Target:

This Measure has been achieved when the contractor has:

- Establish and deliver to LASO a LANL Weapons Program WBS structure by July 1, 2008.
- Identify and implement a LANL change control process by a date agreed to with the LASO COR.

Fee Schedule:

Base: \$139,840

Measure 2.3 Integrated Nuclear Planning (INP)

**Measure 2.3.1 Implement INP Program Management Plan
(Incentive/Base)**

Expectation Statement:

Demonstrate INP integration at the Laboratory through the implementation of the LANL INP Program Management Plan (PMP).

Completion Target:

This Measure has been achieved when the contractor has:

- Establish LANL implementation requirements for funding, staffing, organizational structure, meetings, communications, and reporting as documented in the INP Program Management Plan (by February 19, 2008).
- Establish appropriate funding base, fulfilling the documented staffing plan, holding regular planning meetings, and implementing routine reporting.
 - Document funding program for INP activities within 30 days of budget receipt.
 - Staff INP Office in accordance with the staffing plan documented in the PMP. (by June 30, 2008)
 - Conduct regular INP planning team meetings, issue meeting agendas, meeting minutes, and implement formal issues management tool. (by June 30, 2008)
 - Document INP PMP implementation status through quarterly reports issued to LASO. (by March 31, June 30 and September 30, 2008)
 - Conduct core team Integrated Nuclear Planning Workshop (by February 28, 2008) Objective: How the Laboratory is organizing and staffing this function as represented in the Program Management Plan, to also include interfaces between the Laboratory, LASO, NNSA and other sites within the Complex. Deliverable: Documented minutes and action plan.

Fee Schedule:

Base: \$200,000

**Measure 2.3.2 Integrated Nuclear Planning (INP) for Critical
Infrastructure/Facilities
(Incentive/Stretch)**

Expectation Statement:

Utilize the INP process to demonstrate management, integration, issue resolution and/or customer interface/support for critical infrastructure/facilities at LANL.

Completion Target:

This Measure has been achieved when the contractor has:

- Issue LANL recommendation on CMRR funding priorities 30 days after FY 2008 budget guidance is received.
- Provide a path forward on the Integrated Priority List for TA-55 infrastructure investments. (by July 31, 2008)
- Develop a Transition Plan for Pu238 Operations outlining the conceptual approach for the immediate, short-term and long-term plan for transition of personnel, disposition of material, project close out and concepts regarding reuse of the space. (by February 29, 2008)
- Plan and conduct an INP workshop (by April 18, 2008) on the RLW treatment facility projects. Objective: Review progress against plans (under development) for the Waste Management Risk Mitigation project, development of the RLWTF project baseline and readiness for the associated CD-2 request. Deliverable: Documented minutes and action plan.
- Plan and conduct an INP workshop (by September 30, 2008) to bring together LANL, LASO and NNSA to validate the base program associated with plutonium activities at LANL and review a proposed path forward to implement the SPEIS Plutonium Preferred Alternative. Deliverable:

Documented minutes and action plan.

Fee Schedule:

Stretch: \$1,700,000

**Measure 2.3.3 Cost Recovery Model Process
(Incentive/Base)**

Expectation Statement:

Establish the framework, infrastructure and supporting processes to facilitate implementation of the Cost Recovery process for key nuclear facilities and operations at LANL

Completion Target:

This Measure has been achieved when the contractor has:

- Establish LANL Cost Recovery implementation requirements for organizational structure, meetings, communication, change control, reporting, documented in a LANL Cost Recovery Program Management Plan (by February 29, 2008)
- Demonstrate implementation of Cost Recovery through establishing appropriate organizational structure, exercising change control, and providing routine reporting:
 - Identify and establish formal organizational structure in accordance with the PMP. (by April 30, 2008)
 - Establish formal change control board and procedures. (by April 30, 2008)
 - Establish monthly reporting against FY 2008 baseline. (by April 30, 2008)
 - Document Cost Recovery PMP implementation progress through quarterly reports issued to LASO. (by March 31, June 30, and September 30, 2008)

Fee Schedule:

Base: \$200,000.00

**Measure 2.3.4 Cost Recovery Model Implementation Readiness
(Incentive/Stretch)**

Expectation Statement:

Demonstrate readiness for FY 2009 implementation of Cost Recovery Initiatives for key nuclear facilities and operations.

Completion Target:

This Measure has been achieved when the contractor has:

- Final business model complete for CMR. (by May 30, 2008)
- Process improvement and business model team chartered for waste processing. (by January 31, 2008)
- Process improvement and business model team submits report and recommendations for waste processing. (by May 15, 2008)
- Final business model complete for waste processing. (by June 15, 2008)
- Submit proposal on CMR and waste processing cost recovery to OFFM. (by July 1, 2008)
- FY 2009 funding target baselines established for TA-55, CMR, and waste processing. (by May 31, 2008)
- Infrastructure baselines established for FY 2009 cost recovery funds to meet requirements and outstanding issues within both facilities and waste processing. (by September 30, 2008)
- Submit LANL proposal for additional cost sharing and/or cost recovery opportunities to NNSA/DOE in support of Transformation objectives. (by March 15, 2008)

Fee Schedule:

Stretch: \$500,000

**Measure 2.3.5 CMR Facility Consolidation/Life Extension
(Incentive/Stretch)**

Expectation Statement:

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:

- Identify facility ongoing, planned or proposed consolidation, hazard reduction and life extension projects, nuclear material disposition, potential capability relocation, DSA development and implementation activities in an integrated Program Execution Plan. (by April 30, 2008)
- Conduct INP Workshop on CMR Consolidation/Life Extension. (by May 30, 2008) Objective: Discuss and enable decisions on capabilities to be included in the programmatic baseline, operational location and durations, risk mitigation and acceptance and required resources. Deliverable: Documented minutes and action plan.
- Terminate programmatic operations in Wing 3. (by September 30, 2008)

Fee Schedule:

Stretch: \$800,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 business days of receipt of final appropriations on sufficiency of funding to accomplish these measures.
- 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, 2008.

PEP CC-08-026 Effective 7/24/2008. This change control for PBI 2.3.2 eliminated the requirement for further developing a plan with regard to Pu238. On February 22, 2008, the final Pu238 Transition Plan was presented by PADWP and the Pu238 Program Manager to the Laboratory Director for final release to NNSA/DOE. However, later that day, LANL received verbal direction from NNSA to discontinue any PU238 transition activities. On February 26, PADWP informed LASO and NNSA HQs (NA-10) of the NA-2 direction. Based on resolution between NNSA and DOE no further action is required with the plan.

PBI No. 3
Quality Assurance Program

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 3

Objective

Quality Assurance Program

Objective Statement: Enhance the quality assurance program implementation to include improved quality engineering and quality control services throughout LANL in both Institutional and weapons areas.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
PEP CC-08-019 Date: May 27, 2008
 Maximum Available Incentive Fee: **\$1,800,000 (Base)**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: G. Mara
 Principle COR: A. Leivo

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet $\geq 70\%$ of Mission Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Mission PBIs.
- Meet $\geq 60\%$ and $< 70\%$ Mission Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Mission PBIs.
- No Incentive Objective Base Fee is available in Mission PBIs if $< 60\%$ of Mission Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | | Allocated Fee | Fee Type |
|-------------|---|------------------|----------|
| Measure 3.1 | Improve Quality Assurance Program Performance | \$400,000 | B |
| Measure 3.2 | Submittal of Error Free Products | \$500,000 | B |
| Measure 3.3 | Effective Control of Weapon/Weapon-Related Material | \$300,000 | B |
| Measure 3.4 | Demonstrate a Reduction in Deficiencies | \$300,000 | B |
| Measure 3.5 | Timeliness of Acceptance, Stamping, or Shipment | \$300,000 | B |

SECTION 4

PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 3.1 Improve Quality Assurance Program Performance

**Measure 3.1.1 Quality Implementation Plan Milestones
(Incentive/Base)**

Expectation Statement:

LANL Quality Assurance Implementation Plan Milestones are achieved.

Completion Target:

This Measure has been achieved when the contractor has:

Demonstrated achievement at the 90% level of each of the following:

1. Completed verification and validation of QA Implementation Plan Directorate Gap Analyses
2. Completed milestones for training of institutional processes as specified by Implementation Plans for institutional procedures identified in the Institutional QA Implementation Plan.

Fee Schedule:

Base: \$200,000

Assumptions Specific to This Measure:

- LANL obtains LASO concurrence with the milestones associated with these actions. QA Implementation Plans include the LANL Institutional Quality Assurance Implementation Plan, LANL Production Agency Quality Assurance Implementation Plan, and LANL Design Agency Quality Assurance Implementation Plan.

**Measure 3.1.2 Software Quality Assurance Program
(Incentive/Base)**

Expectation Statement:

LANL demonstrates that the Software Quality Assurance program is being administered and implemented in accordance with the Software Quality Assurance Implementation Plan.

Completion Target:

This Measure has been achieved when the contractor has:

Achieved 80% of the Software Quality Assurance Implementation Plan milestones.

Fee Schedule:

Base: \$100,000

Assumptions Specific to This Measure:

- LANL obtains LASO concurrence with the milestones associated with this plan.

**Measure 3.1.3 Design Controls, W-76-1 and Detonator Products
(Incentive/Base)**

Expectation Statement:

LANL Design Agency demonstrates that design controls have been implemented for the following weapon programs by September 2008: W-76-1 (full system), and detonator products required to support the active stockpile weapon systems work within the Nuclear Weapons Complex

Completion Target:

This Measure has been achieved when the contractor has:

Implementation of design controls for the W76-1 (full system) and detonator products required to support the active stockpile weapon systems work within the Nuclear Weapons Complex.

Fee Schedule:

Base: \$100,000

Measure 3.2. Reduction of Errors in Submitted Products using a Formal Certificate of Inspection

Measure 3.2.1 Increase In Error-Free Product Submittals (Incentive/Base)

Expectation Statement:

LANL Production Agency to demonstrate a FY 2008 year end improved average of error-free product submittals on the COI. Error-free is defined as no QADRs, no Incidental Defects or Findings

Completion Target:

This Measure has been achieved when:

LANL has demonstrated achievement of error-free product submittals in accordance with the itemized fee schedule below.

Fee Schedule:

Base: \$500,000

- 100% of fee: Submittal of 70% average of a level of error free product submittals at end of fiscal year
- 75% of fee: Submittal of 65% average of PATF at end of fiscal year.
- 50% of fee: Submittal of $\geq 60\%$ average of PATF at end of fiscal year.
- 0 fee: Submittal of $< 60\%$ average of PATF at end of fiscal year

Measure 3.3 Ensure Effective Control of Identification, Storage and Off-Site Shipment of Weapon and Weapon Related Material

Measure 3.3.1 Ensure Effective Control of Identification, Storage and Off-Site Shipment of Weapon and Weapon Related Material (Incentive/Base)

Expectation Statement:

LANL to demonstrate implementation in accordance with a mutually agreed upon implementation plan that controls on-site identification, storage and off-site shipment of weapon and weapon related material.

Completion Target:

This Measure has been achieved when:

LANL has achieved 80% of the milestones associated with this Implementation Plan

Fee Schedule:

Base: \$300,000

Assumptions Specific to This Measure:

- LANL obtains LASO concurrence with the milestones associated with these actions.

Measure 3.4 Demonstrate a Reduction in Deficiencies as Compared to FY 2007 Year End Numbers.

Measure 3.4.1 Reduction in Cost of NonConformance (Incentive/Base)

Expectation Statement:

LANL Production Agency to demonstrate a FY 2008 year end reduction in Cost of NonConformance (CONC) as compared to FY 2007 year end figures per the formal LANL guidance procedures.

Completion Target:

This Measure has been achieved when:

LANL has demonstrated achievement of a reduction on the cost of non conformance in accordance with the itemized fee schedule below.

Fee Schedule:

Base: \$300,000

100% of fee: Reduction of $\geq 70\%$ of CONC

75% of fee: Reduction of $\geq 65\%$ of CONC

50% of fee: Reduction of $\geq 60\%$ of CONC

Measure 3.5 Submit to LASO Products for Acceptance, Stamping, or Shipment in a Timely Manner.

Measure 3.5.1 Timely Acceptance, Stamping, and Shipment of PCD Items (Incentive/Base)

Expectation Statement:

LANL Weapons Quality Production Agency to submit to LASO 90% of all products for acceptance, stamping, or shipment of PCD items no later than two days following the scheduled date per the LANL product submittal schedule and at least ten working days prior to the required shipping date.

Completion Target:

This Measure has been achieved when:

LANL has submitted to LASO 90% of all products for acceptance, stamping, or shipment of PCD items no later than two (2) days following the scheduled date per the LANL product submittal schedule and at least ten (10) working days prior to the required shipping date.

Fee Schedule:

Base: \$150,000

Measure 3.5.2 Timely Submittal of Non-PCD Material to LASO (Incentive/Base)

Expectation Statement:

85% of non-PCD material will be submitted to LASO at least ten (10) working days in advance of the required need date or deliverable date to LANL according to the LANL product submittal schedule.

Completion Target:

This Measure has been achieved when:

LANL has demonstrated that 85% of non-PCD material has been submitted to LASO at least ten (10) working days in advance of the required need date or deliverable date to LANL according to the LANL product submittal schedule.

Fee Schedule:

Base: \$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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PEP CC-08-019

An administrative error was found on this PBI. The error developed when the original PEP was modified to accommodate changes after the Continuing Resolution, in December 2007. The original PEP had a base goal of 80% and a stretch goal of 90%. The new PEP had a single base goal, but it was defined as 80% in the Completion Target and 90% in the Expectation Statement. This appears to be a translation error. After a meeting between LASO and LANS representatives, it was agreed that the single base goal should be 85%.

PBI No. 4
Threat Reduction

| FY 2008 PERFORMANCE BASED INCENTIVE | | |
|---|--|-----------------------------|
| PBI No. 4 | Objective: | Threat Reduction |
| Objective Statement: Leverage our science and technology advantage to anticipate, counter, and defeat global threats and meet national priorities, including energy security. | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | |
| Revision Number and Date: | Revision No.: <u>10</u> Date: <u>December 21, 2007</u> | |
| | PEP CC-08-002 | Date: <u>March 12, 2008</u> |
| | PEP CC-08-014 | Date: <u>April 8, 2008</u> |
| | PEP CC-08-022 | Date: <u>July 14, 2008</u> |
| Maximum Available Incentive Fee: | \$ 2,430,000 (Base) + 500,000 (Stretch) = \$2,930,000 | |
| Duration: | Annual | |
| Fee Payment Type: | Completion | |
| Principle LANS Owner: | J. D. Beason | |
| Principle COR: | R. Snyder | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | |
| <ul style="list-style-type: none"> Meet ≥70% of <u>Missions</u> Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all <u>Missions</u> PBIs. Meet ≥60% and <70% <u>Missions</u> Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all <u>Missions</u> PBIs. No Incentive Objective Base Fee is available in <u>Missions</u> PBIs if <60% of <u>Missions</u> Fixed Fee measures are met. 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI. | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| | Allocated Fee | Fee Type |
| <i>Nonproliferation and International Security</i> | | |
| Measure 4.1 | International Export Control Program | \$162,000 |
| | | B |
| <i>Nonproliferation Research and Development</i> | | |
| Measure 4.2 | Mixed Actinide Assay | \$216,000 |
| | | B |
| Measure 4.3 | SABRS Qualification Unit | \$648,000 |
| | | B |
| Measure 4.4 | BDV and CXD Instruments | \$324,000 |
| | | B |
| <i>Global Threat Reduction</i> | | |
| Measure 4.5 | Disposition 2,250 Rad Sources | \$648,000 |
| | | B |
| <i>International Material Protection and Cooperation</i> | | |
| Measure 4.6 | Mayak Project | \$216,000 |
| | | B |

| | | | |
|--|--|------------------|----------|
| <i>Fissile Materials Disposition</i> | | | |
| Measure 4.7 | Deleted | | |
| Measure 4.8 | Deleted | | |
| <i>Radioisotope Power Systems</i> | | | |
| Measure 4.9 | ALTB Units 1 and 2 | \$500,000 | S |
| <i>Defense Nuclear Nonproliferation</i> | | | |
| Measure 4.10 | Non-Proliferation Rapid Response Capability | \$216,000 | B |
| SECTION 4 PERFORMANCE MEASURES | | | |
| <i>List associated performance measures, expectations, targets, and fee schedules for FY 2008.</i> | | | |
| Measure 4.1 | International Export Control Program Nonproliferation and International Security (NA-24) (Incentive/Base) | | |
| Expectation Statement: Complete International Nonproliferation Export Control Program (INECP) Country Plans consisting of Threat/Vulnerability and Export Control Gap Analyses for each of the following five (5) countries: China, Turkey, Malaysia, Thailand, and Indonesia. | | | |
| Completion Target: Demonstration of completion is submittal of Country Plans that include evaluation of the country's licensing, enforcement, and industry outreach efforts and are deemed to be of high-quality by NA-24 for the five (5) countries listed. Completion must be demonstrated no later than June 30, 2008 | | | |
| Fee Schedule: Base: \$162,000 | | | |
| Measure 4.2 | Mixed Actinide Assay Nonproliferation Research and Development (NA-22) (Incentive/Base) | | |
| Expectation Statement: Demonstration of mixed actinide assay using micro-calorimetry by measuring a spectrum that clearly resolves Am-241 and Pu-238 peaks. | | | |
| Completion Target: Demonstration of completion is a draft research paper deemed by NA-22 to be worthy of submittal to a peer reviewed technical journal by September 30, 2008. | | | |
| Fee Schedule: Base: \$216,000 | | | |
| Assumptions Specific to This Measure: • Performance is subject to available funding as described in relevant NA-22 Lifecycle Plans. | | | |
| Measure 4.3 | SABRS Qualification Unit Nonproliferation Research and Development (NA-22) (Incentive/Base) | | |
| Expectation Statement: | | | |

Deliver Space and Atmospheric Burst Reporting System (SABRS) Qualification Unit to the spacecraft integrating contractor.

Completion Target:

Demonstration of completion is delivery and acceptance of the SABRS Qualification Unit by the spacecraft integrating contractor as evidenced by a "Consent-to-ship Memo" accepted by NA-22. Completion must be demonstrated by the delivery date established by the satellite host as reflected in the Life Cycle Plan approved by NA-22, but no later than September 30, 2008.

Fee Schedule:

Base: \$648,000

Assumptions Specific to This Measure:

- Performance is subject to available funding as described in relevant NA-22 Lifecycle Plans.

**Measure 4.4 BDV and CXD Instruments
Nonproliferation Research and Development (NA-22)
(Incentive/Base)**

Expectation Statement:

Have available five (5) each fully functional Burst Detector Verification (BDV) electromagnetic pulse sensor and Combined X-Ray Spectrometer Particle Dosimeter (CXD) instruments, [i.e. five (5) BDVs and five (5) CXDs].

Completion Target:

Demonstration of completion is notification to 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 September 30, 2008.

Fee Schedule:

Base: \$324,000

Assumptions Specific to This Measure:

- Performance is subject to available funding as described in relevant NA-22 Lifecycle Plans.
- This measure may involve refurbishing or building two (2) to four (4) instruments in order to have the required number of instruments available.

**Measure 4.5 Disposition 2,250 Excess Radioactive Sources
Global Threat Reduction (NA-21)
(Incentive/Base)**

Expectation Statement:

Recover an additional 2,250 excess orphan radiological sources of U.S. origin.

Completion Target:

Demonstration of completion **will include:**

- Recovery of 2,250 new sources **in FY 2008** by September 30, 2008.
- **Sources recovered to the Los Alamos Site** 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, 2008. The program may choose to substitute **legacy sources recovered in prior years for up to 25% of the new sources recovered to Los Alamos during FY 2008** in order to meet the **packaging and ready-for-disposition requirement** by September 30, 2008.
- Recovery and disposition must be performed in accordance with applicable permits, laws and regulations.

Fee Schedule:

Base: \$648,000

Assumptions Specific to This Measure:

- Performance is subject to available funding as described in the NA-21 United States Portfolio Work Plan (PWP 21.1.1) and could be impacted by funding delays caused by the continuing resolution.

**Measure 4.6 Mayak Project
Weapons Material Protection (NA-25)
(Incentive/Base)**

Expectation Statement:

Place the contract to purchase and install special nuclear material (SNM) portal monitors in Buildings 1A and 190 at Plant 20, Mayak Production Association.

Completion Target:

Demonstration of completion is **contracts are in place by September 30, 2008, that will allow for the purchase and installation of** SNM portal monitors in the **specified** locations.

Fee Schedule:

Base: \$216,000

Assumptions Specific to This Measure:

- The October and November 2007 Record of Meetings and the finalized Statement of Work for Task Order 6 detail the specific actions required to meet this goal.
- Performance is subject to available funding as described in relevant NA-25 Project Work Plans.
- **Approval is gained from the Russian Federal Government for Basic Ordering Agreement.**

**Measure 4.7 Deleted
MOX Supplier Status
Fissile Materials Disposition (NA-26)
(Incentive/Base)**

**Measure 4.8 Deleted
ARIES Integrated Third Demonstration
Fissile Materials Disposition (NA-26)
(Incentive/Base)**

**Measure 4.9 ALTB Units 1 and 2
Radioisotope Power Systems (NE-34)
(Incentive/Stretch)**

Expectation Statement:

Complete production of Advanced Long-Term Battery (ALTB) Units 1 and 2.

Completion Target:

Demonstration of completion is to produce ALTB Units 1 and 2 in accordance with program requirements and for them to be packaged and ready to ship by May 31, 2008.

Fee Schedule:

Stretch: \$500,000

Assumptions Specific to This Measure:

- FY 2008 funding is available and issues associated with funding during the continuing resolution do not impact schedule or program execution.
- Ready-to-ship dates will be identified in the Project Management Plan (PMP) and schedule for Pu-238 Operations. The completion dates for this measure will be adjusted to those identified in the PMP if necessary, once it is approved by LASO and NE-34.

**Measure 4.10 Non-Proliferation Rapid Response Capability
Defense Nuclear Nonproliferation (NA-20)
(Incentive/Base)**

Expectation Statement:

Provide effective and rapid response to emergent nonproliferation and international security requirements stemming from surprising events, high-level initiatives or agreements, or from unanticipated technological or political opportunities.

Completion Target:

Demonstration of completion is to respond at least once to such an event as agreed to by NA-20 senior management.

Fee Schedule:

If no event occurs, fee will be redistributed evenly across other elements in Section 4 Performance Measures.

Base: \$216,000

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PEP CC-08-002

Effective 3/12/08. This change control modified PBI 4.5 to reflect the intent that all sources recovered to LANL in FY08 be packaged and ready for disposition by the end of the fiscal year. Because the packaging and ready-for-disposition process takes considerable time to complete, LANL may substitute legacy sources recovered in prior years for up to 25% of the sources recovered in FY08 to Los Alamos. Thus, the net number of sources at Los Alamos not ready to ship will not increase between EOY FY07 and EOY FY08.

It also deleted PBI 4.7 because the NNSA sponsor for this measure, NA-26, requested that LANL stop work on this measure and close-out the program. This direction is documented in a letter from Joe Olencz, Office of Fissile Materials Disposition, to Don Winchell, LASO Site Manager. Additionally, Caroline Crooks, LASO Contracting Officer, has written to Rueben Rafferty, LANL PCO directing that this PBI be closed.

PEP CC-08-014

Effective 4/8/08. The Change Control for PBI 4.6 establishes a new expectation and deliverable by 9/30/08 for placing contracts that will allow for

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2008 PERFORMANCE EVALUATION PLAN

the purchasing and installation of SNM portal monitors for the Mayak Project. Negotiation with the Russians is taking much longer than anticipated, and totally dependent upon actions of the Russian Federal Government. Completed installation is not longer possible this fiscal year.

PEP CC-08-022

Effective 6/14/08. The Change Control cancelled PBI 4.8 because the scope of work necessary to meet the milestone defined by the PBI was not funded. LASO had requested clear and written direction from NNSA on guidance for FY2008. At this point, even if guidance from NNSA was in the form of funding, there is insufficient time and resources to meet the milestone.

PBI No. 5
Science, Technology and Engineering

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 5

Objective

Science, Technology and Engineering

Objective Statement: 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.: <u>10</u> Date: <u>December 21, 2007</u> |
| Maximum Available Incentive Fee: | \$2,000,000 (Base) + \$1,000,000 (Stretch) = \$3,000,000 |
| Duration: | Annual |
| Fee Payment Type: | Completion |
| Principle LANS Owner: | T. Wallace |
| Principle COR: | R. Snyder |

**SECTION 2
 PERFORMANCE REQUIREMENTS**

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet ≥70% of Mission Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Mission PBIs.
- Meet ≥60% and <70% Mission Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Mission PBIs.
- No Incentive Objective Base Fee is available in Mission PBIs if <60% of Mission Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

| | | Allocated Fee | Fee Type |
|--------------------|---------------------------------|--------------------|----------|
| Measure 5.1 | Advance ST&E Mission | \$2,000,000 | B |
| | | \$1,000,000 | S |

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 5.1 **Accomplish mission efficiently and effectively by producing high-quality, original, and creative results that advance science, technology, and engineering (ST&E); demonstrates sustained ST&E progress and impact; receives appropriate external recognition of accomplishments; and contributes to overall research and development (R&D) goals of the DOE, NNSA, and its customers.**

**Measure 5.1.1 Customer Performance Scoring of Key Elements
(Incentive/Base)**

Expectation Statement:

Meet NNSA Headquarters program office and customer expectations based on customer performance scoring of key elements, including:

- a) impact of ST&E results on the field;
- b) quality of leadership in ST&E;
- c) provision and sustainment of outputs that advance program objectives and goals; and
- d) effective delivery of products.

The weight of each element is 25%. LASO COR shall ascertain score as of August 31, 2008. A modified Office of Science methodology for scoring will be used.

The Contractor produces high-quality, original, and creative results that advance science, technology, and engineering (ST&E); demonstrates sustained ST&E progress and impact; receives appropriate external recognition of accomplishments; and contributes to the overall research and development goals of the Department of Energy, National Nuclear Security Administration (NNSA), and its customers.

This PBI measures the overall effectiveness and performance of the Contractor in delivering science, technology, and engineering results which contribute to and enhance the DOE's and NNSA's mission of protecting our national and economic security by providing world-class scientific research capacity and advancing scientific knowledge by supporting world-class, peer-reviewed scientific results, which are recognized by others.

NNSA and Los Alamos National Security, LLC (LANS) have customized a Department of Energy (DOE) Office of Science (SC) process for the purposes of this PBI. NNSA, while getting input from customers such as SC, is the sole owner of the LANS contractor evaluation process. Accordingly, this PBI modifies the generic science and technology Objective 1 from the SC laboratory performance appraisal process. The SC document used to develop this measure is the June 2007 version (SCMS Rev 2.0/PAP_Pro1.pdf). This document can be found on the SC website at (http://scms.sc.doe.gov/orbitsearch/ld/LAP/LAP_pro1.pdf)

Completion Target:

This Measure has been achieved when the contractor has attained the Base goal of B Plus (B+).

This Measure has been achieved when the contractor has met the requirements described below. In the context of this PBI, "customer" refers to the cognizant DOE or NNSA Headquarters (HQ) Program Office or the cognizant Work For Others (WFO) sponsor.

Each element within this Measure is to be assigned the appropriate numerical score by cognizant HQ Program Offices, and other customers as identified below. The overall Measure score from each HQ Program Office and/or customer is computed by multiplying numerical scores earned by the weight of each Element and summing them (**see Table 1**). Weightings for each Customer listed below are based upon LANL FY 2007 Budget Authority.

- Office of Defense Programs (DP) (73%)
- Office of Defense Nuclear Nonproliferation (DNN) (16%)
- Office of Science (SC) (6%)
- Assistant Secretary for Energy Efficiency and Renewable Energy (EERE) (1%)
- Office of Nuclear Energy (NE) (3%)
- Office of Electricity Delivery and Emergency Reliability (OE) (1%)

The overall performance score and grade for this Measure will be determined by multiplying the overall score assigned by each of the offices identified above by the weightings identified for each and then summing them (**see Table 2**). The overall score earned is then compared to Table 3 to determine the overall letter grade for this

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2008 PERFORMANCE EVALUATION PLAN

Measure. The Contractor's success in meeting each Element shall be determined based on the Contractor's performance as viewed by cognizant HQ Program Offices, and other customers for which the Laboratory conducts work. The LASO COR shall ascertain a score for LANL by each HQ Program Office and if necessary other customers at the end of August 2008.

Table 1. Program Office and Customer PBI Measure 5.1 Score Development.

| HQ Program Office | Letter Grade | Numerical Score | Weight | Weighted Score | Overall Score |
|--|--------------|-----------------|--------|----------------|---------------|
| National Nuclear Security Administration Office of Defense Programs | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |
| 5.1d Delivery | | | 25% | | |
| Overall NNSA DP Total | | | | | |
| National Nuclear Security Administration Office of Defense Nuclear Nonproliferation (DNN) | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |
| 5.1d Delivery | | | 25% | | |
| Overall NNSA DNN Total | | | | | |
| DOE Office of Science | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |
| 5.1d Delivery | | | 25% | | |
| Overall Office of Science Total | | | | | |
| Assistant Secretary for Energy Efficiency and Renewable Energy | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |
| 5.1d Delivery | | | 25% | | |
| Overall EERE Total | | | | | |
| Office of Nuclear Energy, Science & Technology | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |
| 5.1d Delivery | | | 25% | | |
| Overall NE Total | | | | | |
| Office of Electricity and Energy Reliability (OE) | | | | | |
| 5.1a Impact | | | 25% | | |
| 5.1b Leadership | | | 25% | | |
| 5.1c Output | | | 25% | | |

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
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| | | | | | |
|-------------------------|--|--|------------|--|--|
| 5.1d Delivery | | | 25% | | |
| Overall OE Total | | | | | |

Table 2. Overall PBI Measure 5.1 Score Development.

| <u>HQ Program Office</u> | <u>Letter Grade</u> | <u>Numerical Score</u> | <u>BA Weight</u> | <u>Weighted Score</u> | <u>Overall Weight</u> |
|---|---------------------|------------------------|------------------|-----------------------|-----------------------|
| <u>National Nuclear Security Administration Defense Programs</u> | | | <u>0.73</u> | | |
| <u>National Nuclear Security Administration Defense Nonproliferation</u> | | | <u>0.16</u> | | |
| <u>Office of Science</u> | | | <u>0.06</u> | | |
| <u>Office of Energy Efficiency and Renewable Energy</u> | | | <u>0.01</u> | | |
| <u>Office of Nuclear Energy, Science & Technology</u> | | | <u>0.03</u> | | |
| <u>Office of Electricity and Energy Reliability</u> | | | <u>0.01</u> | | |
| Measure 5.1 Total | | | | | |

Table 3. Letter and numerical score for PBI 5.1.

| Score | 4.3-4.1 | 4.0-3.8 | 3.7-3.5 | 3.4-3.1 | 3.0-2.8 | 2.7-2.5 | 2.4-2.1 | 2.0-1.8 | 1.7-1.1 | 1.0-0.8 | 0.7-0 |
|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Final Grade | A+ | A | A- | B+ | B | B- | C+ | C | C- | D | F |

Calculating Element Scores and Measure Letter Grade:

Each Element is assigned the earned numerical score by the evaluating office as stated above. The Measure rating is then computed by multiplying the numerical score by the weight of each Sub-measure. These values are then added together to develop an overall score for the Measure. A set of tables will be provided at the end of each Element to assist in the calculation of Measure score.

The raw score (rounded to the nearest hundredth) from each Element calculation shall be carried through to the next stage of the calculation process. The score for the Measure will be rounded to the nearest tenth of a point for purposes of identifying the overall letter grade. A standard rounding convention of x.44 and less rounds down to the nearest tenth (here, x.4), while x.45 and greater rounds up to the nearest tenth (here, x.50).

The following Elements will be considered:

- a. Science, Technology, and Engineering Results Provide Meaningful Impact on the Field.
The weight of this element is 25%.

In determining the performance of the Objective the DOE evaluator(s) shall consider the following as measured by expectations/deliverables defined in Project Execution Plans (PEP), Project Work Plans (PWP), and/or project baselines, progress reports, peer reviews, Field Work Proposals (FWPs), customer reviews and oversight activities, etc.:

- The impact of publications on the field;
- Publication in journals outside the field indicating broad impact;
- Impact on DOE, NNSA and/or other customer mission(s);
- Successful stewardship of mission-relevant research areas;
- Significant awards (R&D 100, FLC, Nobel Prizes, etc.);
- Invited talks, citations, making high-quality data available to the scientific community; and
- Development of tools and techniques that become standards or widely-used in the scientific community.

| | |
|----------------|--|
| A to A+ | Changes the way the research community thinks about a particular field; resolves critical questions and thus moves research areas forward; results generate huge interest/enthusiasm in the field. |
| B+ | Impacts the community as expected. Strong peer review comments in all relevant areas. |
| B | Not strong peer review comments in at least one significant research area. |
| C | One research area just not working out. Peer review reveals that a program isn't going anywhere. |
| D | Failure of multiple program elements. |
| F | Gross scientific incompetence and/or scientific fraud. |

b. Provide Quality Leadership in Science, Technology and Engineering.

The weight of this element is 25%.

In determining the performance of the Objective the DOE evaluator(s) shall consider the following as measured by expectations/deliverables defined in Project Execution Plans (PEP), Project Work Plans (PWP), and/or project baselines, progress reports, peer reviews, Field Work Proposals (FWPs), customer reviews and oversight activities, etc:

- Willingness to pursue novel approaches and/or demonstration of innovative solutions to problems;
- Willingness to take on high-risk/high payoff/long-term research problems, evidence that the Contractor “guessed right” in that previous risky decisions proved to be correct and are paying off;
- The uniqueness and challenge of science pursued, recognition for doing the best work in the field; • Staff members visible in leadership position in the scientific community; and
- Effectiveness in driving the direction and setting the priorities of the community in a research field.

| | |
|----------------|---|
| A to A+ | Laboratory staff lead Academy or equivalent panels; laboratory’s work changes the direction of research fields; world-class scientists are attracted to the laboratory, lab is trend-setter in a field. |
| B+ | Strong research performer in most areas; staff asked to speak to Academy or equivalent panels to discuss further research directions; lab is center for high-quality research and attracts full cadre of researchers; some aspects of programs are world-class. |
| B | Strong research performer in many areas; staff asked to speak to Academy or equivalent panels to discuss further research directions; few aspects of programs are world-class. |
| C | Working on problems no longer at the forefront of science; stale research; evolutionary, not revolutionary. |
| D | Failure of multiple program elements. |
| F | Gross scientific incompetence and/or scientific fraud. |

c. Provide and Sustain Outputs that Advance Program Objectives and Goals.

The weight of this element is 25%.

In determining the performance of the Objective the DOE evaluator(s) shall consider the following as measures expectations/deliverables defined in Project Execution Plans (PEP), Project Work Plans (PWP), and/or project baselines, progress reports, peer reviews, Field Work Proposals (FWPs), customer reviews and oversight activities, etc:

- The quantity and quality of program/project (e.g., technical reports, policy papers, prototype demonstrations, tasks, etc.) output(s) be it policy, R&D, or implementation programs;
- The number of publications in peer-reviewed journals; and
- Demonstrated progress against peer-reviewed recommendations, headquarters guidance, etc.

| | |
|----------------|--|
| A to A+ | Program offices, clients, end-users, independent experts and/or peers laud work results; output(s) exceeds the amount and/or quality typically expected for an excellent body of work. |
| B+ | Program office, client, end-user, independent expert and/or peer reviews are universally positive; output(s) meet the amount and/or quality typically expected for the body of work; work demonstrates progress against review recommendations and/or headquarters guidance. |
| B | Program office, client, end-user, independent expert and/or peer reviews are largely positive, |

| | |
|----------|---|
| | with only a few minor deficiencies and/or slightly negative responses noted; minor deficiencies and/or negative responses have little to no potential to adversely impact the overall program/project. |
| C | A number of outputs have not met the amount and/or quality typically expected for the body of work; program office, client, end-user, independent expert and/or peer reviews identify a number of deficiencies and although they may be somewhat offset by other positive performance, they have the potential to negatively impact the overall program/project if not corrected. |
| D | Most outputs have not met the amount and/or quality typically expected for the body of work; program office, client, end-user, independent expert and/or peer reviews identify significant deficiencies which have negatively impacted the overall program/project. |
| F | All outputs have not met the amount and/or quality typically expected for the body of work; program office, client, end-user, independent expert and/or peer reviews identify significant deficiencies which have significantly impacted and/or damaged the overall program/project. |

d. Provide for Effective Delivery of Products.

The weight of this element is 25%.

In determining the performance of the Objective the DOE evaluator(s) shall consider the following as measures expectations/deliverables defined in Project Execution Plans (PEP), Project Work Plans (PWP), and/or project baselines, progress reports, peer reviews, Field Work Proposals (FWPs), customer reviews and oversight activities, etc.:

- Efficiency and effectiveness in meeting goals/milestones documented within FWPs, PEPs, PWPs, baselines and/or other such documents;
- Efficiency and effectiveness in delivering on promises and/or getting instruments to work as promised; and
- Efficiency and effectiveness in transmitting results to the community and/or responding to DOE or other customer guidance.

| | |
|----------------|--|
| A to A+ | Program/project goals and/or milestones are met well ahead of schedule and/or well under budget; program/project and/or mission objective(s) are fully meet and results anticipate HQ guidance. |
| B+ | Program/project goals and/or milestones are primarily met on schedule and within budget; program/project and/or mission objective(s) are fully meet and are fully responsive to HQ guidance. |
| B | Most program/project goals and/or milestones are met on schedule and within budget; overall program/project and/or mission objective(s) are meet; minor delays, overruns, and/or deficiencies are minimized and/or have little to no adverse impact the overall program/project. |
| C | A number of and/or key program/project goals and/or milestones are not met within the scheduled timeframe(s) (e.g. less than 6 months behind) and/or within the agreed upon budget (e.g., less than 15% over); overall program/project and/or mission objective(s) have not been met or have the potential to be missed; delays, overruns, and/or deficiencies are identified which have the potential to adversely impact the overall program/project is not corrected. |
| D | Most of and/or key program/project goals and/or milestones are not met within the scheduled timeframe(s) (e.g. more than 6 months behind) and/or within the agreed upon budget (e.g., less than 25% over); overall program/project and/or mission objective(s) have not been met or have the potential to be missed; sizeable delays, overruns, and/or deficiencies are identified which have negatively impacted the overall program/project. |
| F | All and/or key program/project goals and/or milestones are not met within the scheduled timeframe(s) (e.g. more than 9 months behind) and/or within the agreed upon budget (e.g., greater than 25% over); overall program/project and/or mission objective(s) have not been met; significant delays, overruns, and/or deficiencies are identified which have negatively impacted the overall program/project. |

Fee Schedule:

Base: \$2,000,000 Total

\$750,000 for a grade of B- or higher (2.7-3.0) in Table 2. (37.5% of total base fee allocated to this Measure.)

An additional \$1,250,000 for grade of B+ or higher (3.1-3.4) in Table 2 (62.5% of total base fee allocated to this Measure.)

Assumptions Specific to This Measure:

- The calculation of the weight for Defense Programs (DP) based on the FY 2007 budget authority (BA) did not use the following projects to determine the final BA. RTBF construction projects, operations of facilities, facilities, and infrastructure capital program were removed. This took the total DP BA from \$1,222,411,912 to \$822,816,521. The weight for DP was reduced from 80% to 73% by these reductions. The rationale for removing these projects is that the ST&E content is small to negligible so the impact on ST&E scores should be weighted accordingly.

**Measure 5.1.2 Advanced Customer Performance Scoring
(Incentive/Stretch)**

Expectation Statement:

Meet NNSA Headquarters program office and customer expectations based on customer performance scoring of key elements, including:

- a) impact of ST&E results on the field;
- b) quality of leadership in ST&E;
- c) provision and sustainment of outputs that advance program objectives and goals; and
- d) effective delivery of products. The weight of each element is 25%. LASO COR shall ascertain score as of August 31, 2008. The Office of Science methodology for scoring will be used.

Completion Target:

This Measure has been achieved when the contractor has:

The Stretch goal is to attain a rating of A Minus (A-) or above.

Fee Schedule:

Stretch: \$1,000,000 Total

\$500,000 for a grade of A- (3.5-3.7) in Table 2 of PBI 5.1. (50% of total stretch fee allocated to this Measure.)

An additional \$500,000 for a grade of A or greater (3.8 – 4.3) in Table 2 of PBI 5.1. (50% of total stretch fee allocated to 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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PBI No. 6
Project Management

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 6

Objective

Project Management

Objective Statement: Ensure mission accomplishment by completing project work within scope, on schedule, and within budget.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
 Maximum Available Incentive Fee: **\$1,800,000 (Base) = \$1,000,000 (Stretch) = \$2,800,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: A. Kelley
 Principle COR: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet $\geq 70\%$ of Operations Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Operations PBIs.
- Meet $\geq 60\%$ and $< 70\%$ Operations Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Operations PBIs.
- No Incentive Objective Base Fee is available in Operations PBIs if $< 60\%$ of Operations Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | | Allocated Fee | Fee Type |
|-------------|--|------------------|----------|
| Measure 6.1 | Execute Construction Projects | \$500,000 | B |
| Measure 6.2 | Manage Large Mission Critical Projects | \$1,300,000 | B |
| Measure 6.3 | Project Management Improvement Project | \$1,000,000 | S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

- Measure 6.1** Execute construction projects as identified and agreed between NNSA and the Laboratories within scope, schedule, and budget.
- Measure 6.1.1** Demonstrate effective overall Project Management

(Incentive/Base)

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:

Base: \$200,000

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 6.1.2 Aggregate CPI
(Incentive /Base)**

Expectation Statement:

Meet cost performance commitments.

Completion Target:

This Measure has been achieved when the contractor has:

Achieved an aggregate CPI of .9 or better on agreed to project set. Projects will be grouped in two ranges according to TPC: <\$20M and >\$20M.

Fee Schedule:

Base: \$200,000

Assumptions Specific to This Measure:

- The CPI calculation is based on project to-date values during FY 2008.
- Projects in PBI 6.2 and other PBIs are excluded from this agreed-to project set.

**Measure 6.1.3 FIRP Performance
(Incentive/Base)**

Expectation Statement:

Execute the Facilities and Infrastructure Recapitalization Program (FIRP) per the FIRP Program Execution Plan and meet FIRP program goals

Completion Target:

This Measure has been achieved when the contractor has:

Cost 60% of total available FIRP funding while meeting FY 2008 DM goals.

Fee Schedule:

Base: \$100,000

Measure 6.2 Proactively manage large mission critical projects

**Measure 6.2.1 CMRR RLUOB Performance
(Incentive/Base)**

Expectation Statement:

Execute the RLUOB construction in accordance with the approved baseline. RLUOB Special Facility Equipment executed in accordance with final design baseline and transition to fabrication and installation contract.

Completion Target:

This Measure has been achieved when the contractor has accomplished milestones/objectives targets in the agreed to project set, the targets will weighted, with fee basis as determined below:

Fee Schedule:

Base: \$600,000

- 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 60% of weighted target accomplishments
- An additional 35% (55% in total) of fee will be paid for meeting a grade of 80% of targets
- An additional 45% (100% in total) of fee will be paid on a linear scale for accomplishing the remaining targets

Assumptions Specific to This Measure:

- Milestones/objectives set by mutual agreement. (NNSA CMRR COR and LANS CMRR Project Manager)
- Baseline for RLUOB construction remains valid.
- Funding is obtained or authorized to fund all baseline work.

**Measure 6.2.2 CMRR NF/SFE Performance
(Incentive/Base)**

Expectation Statement:

Laboratory effectively manages CMRR NF/SFE progress in support of NNSA strategic objectives. Preliminary Design of the Nuclear Facility/SFE transitions and is postured to begin final design activities. Flexibility in design work is maintained to adapt to changing requirements that may influence some work proceeding beyond preliminary design. Safety basis development progresses substantially to allow for validation of full integration with design products. PDSA is consistent with NNSA direction and CMRR Nuclear Safety Design Strategy.

Completion Target:

This Measure has been achieved when the contractor has accomplished milestones/objectives targets in the agreed to project set, the targets will weighted, with fee basis as determined below:

Fee Schedule:

Base: \$400,000

- 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 60% of weighted target accomplishments
- An additional 35% (55% in total) of fee will be paid for meeting a grade of 80% of targets
- An additional 45% (100% in total) of fee will be paid on a linear scale for accomplishing the remaining targets

Assumptions Specific to This Measure:

- Nuclear Facility and SFE milestones/objectives set by mutual agreement. (NNSA CMRR COR and LANS CMRR Project Manager).
- Funding target use to establish milestone/objective set is obtained.

**Measure 6.2.3 Radioactive Liquid Waste Treatment Facility (RLWTF) Performance
(Incentive/Base)**

Expectation Statement:

Achieve 90% of FY 2008 milestones set as agreed by COR.

Completion Target:

This Measure has been achieved when the contractor has:

1. Accomplished 90% or better of the milestones as identified in FY 2008 execution plan agreed to with LASO.
2. Accomplished/maintained a cumulative project-to-date CPI of .95 or better measured on August 30,2008.

Fee Schedule:

Base: \$300,000

Assumptions Specific to This Measure:

- Funding is obtained to sustain baseline progress expected
- Project provided necessary program direction to maintain baseline
- Milestones/objectives set by mutual agreement prior to CD-2 and baselined thereafter.
- Baseline for RLWTF construction remains valid.

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

Expectation Statement:

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

Completion Target:

This Measure has been achieved when the tactics in the agreed to list have been completed. Fee will be evenly prorated across items in the agreed to list.

Fee Schedule:

Stretch: \$1,000,000

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.
- Funding is available as required to support project requirements.

PBI No. 7
Nuclear and High Hazard Operations

| FY 2008 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.: 10 | Date: December 21, 2007 | |
| | PEP CC-08-004 | Date: March 4, 2008 | |
| | PEP CC-08-020D | Date: July 31, 2008 | |
| Maximum Available Incentive Fee: | \$2,870,000 (Base) + \$1,617,008 (Stretch) = \$4,487,008 | | |
| Duration: | Annual | | |
| Fee Payment Type: | Completion | | |
| Principle LANS Owner: | R. McQuinn | | |
| Principle COR: | J. Vozella | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | | |
| GATEWAY/THRESHOLDS: (Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.) | | | |
| <ul style="list-style-type: none"> Meet ≥70% of <u>Operations</u> Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all <u>Operations</u> PBIs. Meet ≥60% and <70% <u>Operations</u> Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all <u>Operations</u> PBIs. No Incentive Objective Base Fee is available in <u>Operations</u> PBIs if <60% of <u>Operations</u> Fixed Fee measures are met. 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI. | | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | | |
| | | Allocated Fee | Fee Type |
| Measure 7.1 | Implement Formality of Operations | \$510,000 \$300,000 | B S |
| Measure 7.2 | Formality of Operations Improvement | \$200,000 \$100,000 | B S |
| Measure 7.3 | Improve Conduct of Engineering | \$435,000 \$300,000 | B S |
| Measure 7.4 | Vital Safety System Assessments | \$775,000 | B |
| Measure 7.5 | Documented Safety Analyses | \$400,000 | B |

| | | | |
|--------------------|--|--------------------------------------|----------------------|
| | | \$750,000 | S |
| Measure 7.6 | Criticality Safety Performance | \$175,000 | B |
| Measure 7.7 | Improve Readiness Review Planning and Performance | \$250,000 | B |
| Measure 7.8 | Safety Basis Academy | \$125,000 \$167,008 | B S |

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 7.1 Implement Formality of Operations

Measure 7.1.1 Implement Conduct of Operations, Engineering, Maintenance and Training Milestones (Incentive/Base)

Expectation Statement:

Implement Formality of Operations (including Conduct of Operations, Maintenance, Engineering and Training) Implementation Plan FY 2008 Level 1 milestones according to baseline milestones.

Completion Target:

This Measure has been achieved when the contractor has:

Completed milestones defined in implementation plans. Performance will be measured for on time completion in each of the areas of Conduct of Operations, Engineering, Maintenance and Training. Completion is defined in two (2) parts for Conduct of Operations, Engineering, Maintenance and Training:

- a) The Facility declaring achievement by the approved Milestone date for both programmatic and facility-related activities pertaining to the DSA and;
- b) an assessment conducted within 30 days for each facility validating the declaration. Milestones can be changed via approved change control in a timely manner. LASO will be briefed on progress quarterly. Performance will be averaged in each of the four areas to calculate the effectiveness of the integration effort, and fee will be awarded against the composite average.

Fee is awarded for completion of Conduct of Operations, Engineering, Maintenance and Training for Nuclear Facilities.

Fee Schedule:

Base: \$325,000

- 100% fee = 100% completion
- 50% fee = 80% completion
- 0% fee = <80% completion

Fee is awarded linearly from 80% to 100% and paid at the end of the FY.

Assumptions Specific to This Measure:

Each nuclear facility will submit a detailed (Level 4 minimum) resource loaded project implementation plan, certified by an independent verification review as accurate and implementable, by 7/31/2008

Measure 7.1.2 Accelerated Implementation of Conduct of Operations, Engineering and Maintenance Milestones (Incentive/Stretch)

Expectation Statement:

Accelerated Implementation of the Formality of Operations (including Conduct of Operations, Maintenance and Engineering) Implementation Plan relating to high hazard facilities and CMR.

Completion Target:

This Measure has been achieved when the contractor has:

Accelerated completion of agreed to milestones in implementation plans. 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 (2) parts for Conduct of Operations, Engineering and Maintenance:

- a) The Facility declaring achievement by the agreed to date for both programmatic and facility-related activities pertaining to the DSA and;
- b) an assessment conducted within 30 days for each facility validating the declaration. LASO will be briefed on progress quarterly. Performance will be averaged in each of the three areas to calculate the effectiveness of the integration effort, and fee will be awarded against the composite average.

Fee is awarded for accelerated completion for Conduct of Operations, Engineering and Maintenance at CMR (nuclear facility) and High Hazard Facilities per agreed to plan.

Fee Schedule:

Stretch: \$300,000

- 100% fee = 100% completion
- 50% fee = 50% completion
- 0% fee = <50% completion

Fee is awarded linearly from 50% to 100% and paid at the end of the year.

Assumptions Specific to This Measure:

CMR and LANSCE will submit a detailed (Level 4 minimum) resource loaded project implementation plan, for completion in FY08, certified by an independent verification review as accurate and implementable, by 7/31/2008.

Measure 7.1.3 Accelerated Implementation of Conduct of Training Milestones (Incentive/Base)

Expectation Statement:

Accelerated Implementation of the Conduct of Training related to nuclear facilities: TA-55, CMR, WETF, RLW, RANT, Nuclear Environmental Sites, and Area G

Completion Target:

This Measure has been achieved when the contractor has:

- Each nuclear facility has developed a list of personnel assigned to qualified positions (per the TIM) by 7/18/2008. (The list can be changed via change control.)
- Completed Interim Qualification per RN 0801, for each nuclear facility worker assigned to a qualified position.

Deliverables:

Evidence of completion of Interim Qualification for each assigned worker.

Fee Schedule:
Base: \$185,000

100% fee = 100% completion of interim qualifications per list
60% fee = 60% completion
0% fee = <60% completion

Fee is awarded linearly from 60% to 100% and paid at the end of FY08.

Assumptions Specific to This Measure:

Established and deployed a project team and project plan to address institutional priorities and accelerated training program implementation at key facilities.

Measure 7.2 Formality of Operations Improvement

Measure 7.2.1 Conduct of Operations Performance Index Improvement (Incentive/Base)

Expectation Statement:

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

Completion Target:

This Measure has been achieved when the contractor has:

Maintained improvement in operating performance as measured by the Conduct of Operations Performance Index as demonstrated by achieving a 20% reduction over the FY 2007 baseline for full fee. LASO to be briefed quarterly.

Fee Schedule:
Base: \$200,000

100% fee = 20% reduction
Fee paid on a linear scale between 1% and 20% reduction in Conduct of Operations Performance Index.

Measure 7.2.2 Additional Conduct of Operations Performance Index Improvement (Incentive/Stretch)

Expectation Statement:

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

Completion Target:

This Measure has been achieved when the contractor has:

Maintained improvement in operating performance as measured by the Conduct of Operations Performance Index as demonstrated by achieving a 25% reduction over the FY 2007 baseline for full fee. LASO to be briefed quarterly.

Fee Schedule:
Stretch: \$100,000

100% fee= 25% reduction. (5% in addition to PBI 7.2.1)

Measure 7.3 Improve Conduct of Engineering

**Measure 7.3.1 Upgrade Active Safety Significant System SDDs
(Incentive/Base)**

Expectation Statement:

Upgrade active Safety Significant (SS) System Design Descriptions (SDD) in accordance with the requirements of the Conduct of Engineering manual for systems as identified and scheduled on a negotiated and LASO approved list.

Completion Target:

This Measure has been achieved when the contractor has:

- Submitted by March 15, 2008, a complete consolidated list of all Safety Class and Safety Significant systems for all nuclear facilities cross walked with DSAs and other applicable safety basis documents, and concurred with by LANS Engineering and Safety Basis organizations, and LASO. The list is managed with change control and updated as new or revised safety basis documents are issued. Additionally, the list is updated to include active Defense in Depth systems as new or revised safety basis documents are issued, and resubmitted September 15, 2008.
- Developed SS-SDD's to meet AP-341-611 System Design Description or AP-341-612 Facility Design Description for the agreed to list (approximately 50%) of the active SS systems.
- SDDs and SDD traveler packages have been delivered to LASO evenly distributed across the last three quarters of FY 2008 in accordance with the approved schedule. The list can be changed via change control.
- LASO has been briefed quarterly on progress.

Fee Schedule:

Base: \$250,000

10% fee for completion of consolidated safety system list

90% fee for 100% completion of SDDs

45% fee for 80% completion of SDDs

0% fee for less than 80% completion

Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

- Newly identified SC/SS Structures, Systems and Components (SSC) have compliant SDDs developed as part of the DSA implementation process.

**Measure 7.3.2 Upgrade Safety Significant System SDDs
(Incentive/Stretch)**

Expectation Statement:

Upgrade all Safety Significant (SS) System Design Descriptions (SDD) in accordance with the requirements of the Conduct of Engineering manual for systems as identified in the consolidated safety system list developed as identified in PBI 7.3.1.

Completion Target:

This Measure has been achieved when the contractor has:

- Developed all SS SDD's to meet AP-341-611 System Design Description or AP-341-612 Facility Design Description for 100% of the SS systems.
- SDDs and SDD traveler packages have been delivered to LASO evenly distributed across the last three quarters of FY 2008.

- LASO has been briefed quarterly on progress.

Fee Schedule:

Stretch: \$300,000

The fee schedule is contingent upon completion of PBI 7.3.1 and is based on the number of safety significant systems less the number of SS system SDDs incentivized in PBI 7.3.1 as follows:

100% of fee for 100% completion of SDDs

10% of fee for 10% completion of SDDs

Fee will be earned on a linear scale between 10% and 100% completion

0% of fee for less than 10% completion of SDDs

Assumptions Specific to This Measure:

- Newly identified SC/SS Structures, Systems and Components (SSC) have compliant SDDs developed as part of the DSA implementation process.
- This measure causes all SS SSC SDDs to be updated in addition to those incentivized by PBI 7.3.1.

Measure 7.3.3 Lifecycle Management of Safety Class/Safety Significant (SC/SS) Parts and Equipment (Incentive/Base)

Expectation Statement:

Improve the Lifecycle Management Process for Safety Class/Safety Significant Parts and Equipment.

Completion Target:

This Measure has been achieved when the contractor has:

Developed institutional controlled storage procedures and established a controlled storage area at TA-55, WETF, RLW, RANT, WCRR and CMR.

Fee Schedule:

Base: \$185,000

100% fee = 100% completion (Procedures and all facilities)

83% fee = 83% completion (Procedures and TA-55 plus 4 other facilities)

67% fee = 67% completion (Procedures and TA-55 plus 3 other facilities)

50% fee = 50% completion (Procedures and TA-55 plus 2 other facilities)

33% fee = 33% completion (Procedures and TA-55 plus 1 other facility)

17% fee = 17% completion (Procedures and TA-55)

Measure 7.4 Vital Safety System Assessments

Measure 7.4.1 Implement Vital Safety System (VSS) Assessments for Safety Class and Safety Significant SSC's (Incentive Fee/Base)

Expectation Statement:

Produce a VSS assessment list and schedule that meet the requirements of Conduct of Engineering AP-341-901. Schedules will be managed through a change control process. Perform those assessments of SSCs that are agreed to between LANL and LASO.

Completion Target:

This Measure has been achieved when the contractor has:

1. Developed a VSS assessment list and schedule in negotiation with LASO.

2. Completion of 100% SC VSS Assessments by the end of FY 2008 for 100% fee, according to approved assessment list.
3. For SS VSSs, any commitments for assessments will be added to the VSS assessment schedule via CCB action with the COR.
4. Assessments and approved reports will be evenly distributed over the second, third and fourth quarters of FY 2008. Reports will be provided to LASO within 30 days of assessment completion, with the LIMTS record numbers identified, as appropriate.

Fee Schedule:

Base: \$275,000

100% fee = 100% completion

50% fee = 80% completion.

0 fee <80% completion

Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

- Timely notification (14 days to 30 days) of assessment start dates to the LASO SSO PM will be provided.

**Measure 7.4.2 System Health Reports
(Incentive Fee/Base)**

Expectation Statement:

Implement system health monitoring for all Safety Class Systems in accordance with AP-341-802.

Completion Target:

This Measure has been achieved when the contractor has:

1. Implement a system health monitoring and management oversight process.
2. Leverage the assessments in PBI 7.4.1 to develop maintenance action plans and other recommendation/corrective actions.
3. Develop and complete the system health report at least once for each system. The final reports are provided to LASO consistent with AP-341-802, with LIMTS numbers identified for any issues requiring formal tracking.
4. Completion of 100% SC Health Reports (as evidence of the process) by the end of FY 2008 for full fee, according to approved schedule.

Fee Schedule:

Base: \$250,000

100% fee = 100% completion

50% fee = 80% completion.

0 fee <80% completion

Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

- Health Reports document system condition, management actions, action plans and status.
- Quality of these reports and management utilization may feed CAS and subjective evaluations.

**Measure 7.4.3 Operability Determination
(Incentive/Base)**

Expectation Statement:

Following completion of the VSS Assessments in accordance with AP-341-901 and System Health Reports in accordance with AP-341-802, an Operability determination will be completed in accordance with procedure AP-341-516, Operability Determination, for Active and Passive Safety Class Structures, Systems and Components.

Completion Target:

This Measure has been achieved when the contractor has:
Completed an Operability Determination using procedure AP-341-516 for Active and Passive Safety Class Structures, Systems and Components.

Fee Schedule:

Base: \$250,000

100% fee = 100% completion (All Operability Determinations completed for Active and Passive SC systems)

50% fee = 80% completion.

0% fee < 80% completion

Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

1. VSS assessments are completed for Safety Class Structures, Systems and Components per Measure 7.4.1
2. System Health Reports are completed for Safety Class Structures, Systems and Components per Measure 7.4.2

Measure 7.5 Documented Safety Analyses (DSAs)

**Measure 7.5.1 Implement DSAs in a Timely Manner
(Incentive/Base)**

Expectation Statement:

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

Completion Target:

This Measure has been achieved when the contractor has:

The below DSAs shall be implemented in FY 2008: DSA implementation shall include TSRs, administrative programs, implementing procedures, and revised System Design Descriptions. Implementation shall be confirmed by an IVR. Fee is calculated based on the number of scheduled DSA implemented.

DSAs to be implemented:

- CMR ITSRs
- DARHT
- WETF
- MDA B

Fee Schedule:

Base: \$400,000

100% fee for all DSA/SAD implementations completed

85% fee for CMR ITSRs, DARHT SAD and WETF DSA
75% fee for CMR ITSRs and DARHT SAD implementation completed.
50% fee for CMR ITSRs implementation completed.

**Measure 7.5.2 Implement TA-55 DSA in a Timely Manner
(Incentive/Stretch)**

Expectation Statement:

LANS, LLC is to implement the updated DSA for TA-55.

Completion Target:

This Measure has been achieved when the contractor has:

- Implemented the upgraded TA-55 DSA. DSA implementation shall include TSRs, administrative programs, implementing procedures, and revised System Design Descriptions. Implementation shall be confirmed by an IVR.
- Developed an Implementation Plan (IP) and met substantial milestones for FY08, for the upgraded TA-55 DSA/TSRs, as agreed to by LASO.

Fee Schedule:

Stretch: \$750,000

100% fee for complete implementation of TA-55 DSA/TSR.
60% fee for completion of 100% of the LANL/LASO agreed to FY08 milestones.
40% fee for completion of 50% of the LANL/LASO agreed to FY08 milestones.
Fee will be earned on a linear scale between 50% and 100% completion of the LANL/LASO agreed to FY08 milestones.

Measure 7.6 Criticality Safety Performance

**Measure 7.6.1 Criticality Safety Improvement
(Incentive/Base)**

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:

Achieved objectives defined in Criticality Safety Improvement Plan. Completed all milestones as defined in the PIP and demonstrated progress against out-year milestones to validate actions are on track to meet out-year completion dates. Milestones can be changed via approved change control in a timely manner. Quarterly project reviews with LASO will present progress to date.

Fee Schedule:

Base: \$175,000

100% fee = 100% completion
50% fee = 80% completion
0 fee for < 80% completion.
Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

- Funding is received to complete FY 2008 milestones in CSIP

Measure 7.7 Improve Readiness Review Planning and Performance

Measure 7.7.1 Timeliness of Startup Notification Reports (Incentive/Base)

Expectation Statement:

Timely submission of quality Startup Notification Reports (SNRs).

Completion Target:

This Measure has been achieved when the contractor has:

1. Submitted the Annual SNR to LASO beginning the first week of the fiscal year; quarterly SNR updates will be provided the first week of each subsequent quarter. No revisions to the quarterly report will be required between scheduled submissions.
2. Submitted Activity Description Worksheets (ADWs/SNRs) for activities identified as requiring NNSA Readiness Reviews to the JET 120 days prior to the NNSA ORR/RA start date identified on the (ADW/SNR).
3. Submitted ADWs/SNRs for activities identified as requiring Laboratory Readiness Assessments (LRA) to the JET 60 days prior to LRA start date identified on the ADW/SNR.
4. ADW/SNRs that are submitted within the above schedule (120 days for NNSA RA /ORR and 60 days for LRA) and are approved during the JET with no revisions meet the quality goal.
5. ADW/SNRs that are submitted and approved by the JET within the above schedule with up to one additional review and revision cycle meet the quality goal.
6. ADW/SNRs that are submitted within the above schedule for a LRA and are determined by LASO to require an NNSA RA and do not meet the schedule for a NNSA RA submittal do not meet the quality goal.
7. LASO briefed quarterly on progress.

Fee Schedule:

Base: \$250,000

100% fee = 100% ADWs/SNRs within schedule

50% fee = 80% ADWs/SNRs within schedule

0 fee for < 80% completion.

Fee will be earned on a linear scale between 80% and 100% completion

Assumptions Specific to This Measure:

- Timeliness of submittal is measured to the activity start date identified in the original ADW submittal and is not re-evaluated based on the actual date the activity is started
- LASO must provide a technical basis consistent with documented DOE requirements or expectations for changing level of readiness review from a LRA to a NNSA RA/ORR that results in the submittal not meeting the schedule requirements
- Submittals will be considered as meeting the quality goal if they met the requirement as a LRA, and LASO decides for other management reasons to require a NNSA RA.
- Change Control can be applied for circumstances beyond the Contractor's control.

Measure 7.8 Safety Basis Academy

**Measure 7.8.1 Safety Basis Academy Plan
(Incentive/Base)**

Expectation Statement:

LANS, LLC will submit and execute the FY 2008 Plan.

Completion Target:

This Measure has been achieved when the contractor has:

1. LANS, LLC will submit the FY 2008 Plan to NNSA for concurrence within 30 days of **the final approved PBI**.
2. LANS, LLC produces **and presents** seven Pilot courses, as scheduled in the NNSA concurred FY 2008 Safety Basis Academy Plan.
3. LANS, LLC is to complete successful turnover of FY 2007 courses to NTC.
4. LANS, LLC is to host FY 2008 course offerings at one major NWC national laboratory and one major NWC production plant, both outside of New Mexico.

Fee Schedule:

Base: \$125,000

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.
- Subject to agreement with NTC on submission requirements.

**Measure 7.8.2 Safety Basis Academy Additional FY 2008 Pilot Courses
(Incentive/Stretch)**

Expectation Statement:

LANS is to produce **and present** the remaining seven Pilot courses from the FY 2008 Safety Basis Academy Plan.

Completion Target:

This Measure has been achieved when the contractor has:

LANS has produced **and presented** the seven remaining Pilot courses from the Plan and delivered to COR.

Fee Schedule:

Stretch: \$167,008

Fee to be paid in increments of 20% for each of the first three additional courses and 10% fee for each of the last four courses, upon acceptance of each course beyond the first seven identified in Measure 7.8.1.

**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 that the funding is

sufficient to accomplish these measures.

- 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, 2008.

PEP CC-08-004 Effective 3/4/08. This change control to PBI 7.8.1 and 7.8.2 clarified that the FY08 Safety Basis Academy classes are to be produced and presented to earn fee and that fee in the stretch measure 7.8.2 can be earned for each class that is presented and is not dependent on all 7 stretch classes being presented.

PEP CC-08-020D Effective 7/31/08. This change control makes changes to the following measures in PBI 7.

7.1.1 Added an Assumption to clarify LASO's expectations for the project plan.

7.1.2 Added an Assumption to clarify LASO's expectations for the project plan and the milestones that are due in FY08.

7.1.3 This new measure incentivizes LANS to accelerate compliance to the Requirements Notice on "Interim Qualification Process for Nuclear Facility Workers."

7.3.3 This new measure incentivizes moving forward aggressively to implement improvements in the procurement, receipt, storage and handling of SC/SS parts and equipment.

7.4.3 This new measure enhances the VSS assessment cycle, along with 7.4.1 and 7.4.2, to ensure safety functional, reliable and operable SC Systems.

7.5.1 Due to mission decisions, the LANSCE SAD will not be implemented in FY08 and is being deleted from this measure. Part of this fee was moved to fund the new measures.

7.5.2 This measure had assumed an approved TA-55 DSA/TSRs in the 2nd Quarter of FY08. This assumption was not met, making it impossible to fully implement the upgraded DSA in FY08. This measure is being changed to incentivize important safety controls this fiscal year. Fourth quarter DSA implementation milestones will be negotiated with LASO. Fee has been reduced to fund the new measures.

7.8.2 Based on level of funding, ADNHHO can only produce/present (at a stretch) 4 additional SBA courses this FY. LASO has rejected the reduction of the number of additional courses for full fee, but has adjusted the fee schedule, and reduced the total allocated fee to fund the new measures.

PBI No. 8
Safeguards and Security Execution

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 8

Objective

Safeguards and Security Execution

Objective Statement: Operate an effective and efficient physical security program

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
 Maximum Available Incentive Fee: **\$1,400,000 (Base) + 30,000 (Stretch) = \$1,430,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: P. Sowa
 Principle COR: R. Ferry

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet $\geq 70\%$ of Operations Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Operations PBIs.
- Meet $\geq 60\%$ and $< 70\%$ Operations Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Operations PBIs.
- No Incentive Objective Base Fee is available in Operations PBIs if $< 60\%$ of Operations Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | | Allocated Fee | Fee Type |
|-------------|--|------------------|----------|
| Measure 8.1 | FY08 Annual Operating Plan Performance | \$800,000 | B |
| Measure 8.2 | Operate an Effective and Efficient Physical Security Program | \$200,000 | B |
| Measure 8.3 | Nuclear Materials Safeguards and Security Upgrade Project II | \$400,000 | B |
| Measure 8.4 | Safeguards and Security Modernization Plan | \$30,000 | S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 8.1 FY 2008 Annual Operating Plan Performance

**Measure 8.1.1 FY 2008 Annual Operating Plan Performance
(Incentive/Base)**

Expectation Statement:

Meet FY 2008 Annual Operating Plan (AOP) performance target milestones in the following security functional areas: Protective Forces, Security Systems, Information Security, Personnel Security, Material Control and Accountability, Program Management, and 2005 Design Basis Threat implementation.

Completion Target:

This Measure has been achieved when the contractor has met the FY 2008 Annual Operating Plan (AOP) performance target milestones and key deliverables in the following security functional areas: Protective Forces, Security Systems, Information Security, Personnel Security, Material Control and Accountability, Program Management, and 2005 Design Basis Threat Implementation. Performance targets for security functional areas are completed on schedule in accordance with the FY 2008 AOP.

Fee Schedule:

Base: \$800,000

Assumptions Specific to This Measure:

- Fee will be allocated equally to each of the LANL/LASO "key" FY 2008 AOP performance deliverables.
- Status of the deliverables will be reported quarterly to LASO.

Measure 8.2 Operate an Effective and Efficient Physical Security Program

**Measure 8.2.1 Security Surveys
(Incentive/Base)**

Expectation Statement:

Meet effectiveness and efficiency expectations for the following security functional areas during LASO Surveys: Protective Forces, Security Systems, Information Security, Personnel Security, Material Control and Accountability, Program Management, and 2005 Design Basis Threat implementation.

Completion Target:

This Measure has been met when the contractor has achieved an overall Satisfactory survey rating assigned by LASO.

Fee Schedule:

Base: \$200,000

Measure 8.3 Nuclear Materials Safeguards and Security Upgrade Project II

**Measure 8.3.1 NMSSUP2 Performance
(Incentive/Base)**

Expectation Statement:

Achieve FY 2008 milestones for the Nuclear Materials Safeguards and Security Upgrade Project II (NMSSUP2)

Completion Target:

This Measure has been achieved when the contractor has achieved 90% of FY 2008 Project milestones as agreed to by COR, while achieving a project-to-date Cost Performance Index (CPI) of .95 or better, measured on August 30, 2008.

Fee Schedule:

Base: \$400,000

Assumptions Specific to This Measure:

- Funding is obtained to sustain baseline progress expected
- Project provided necessary program direction to maintain baseline
- Milestones/objectives set by mutual agreement
- Baseline for NMSSUP2 construction remains valid

Measure 8.4 Safeguards and Security Modernization Plan

**Measure 8.4.1 Safeguards and Security Modernization Plan
(Incentive/Stretch)**

Expectation Statement:

Develop and deliver a Safeguards and Security Modernization Plan.

Completion Target:

The Contractor will provide LASO Security Management an ADSS "Safeguards and Security Modernization Plan" by September 30, 2008 that addresses short term (2009/2010) and long term (2011 -2015) planned programming improvements at LANL.

Fee Schedule:

Stretch: \$30,000

Assumptions Specific to This Measure:

- The FY 2009 AOP will include the FY 2009 modernization activities and the FY 2010 budget request will cover the modernization activities for FY 2010. This long-term plan will also include these near term items.

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PBI No. 9
Cyber Security Program

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 9

Objective

Cyber Security Program

Objective Statement: Achieve outstanding Cyber Security operations at the laboratory.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
 Maximum Available Incentive Fee: **\$800,000 (Base) + \$400,000 (Stretch) = \$1,200,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: T. Harper
 Principle COR: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet $\geq 70\%$ of Operations Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Operations PBIs.
- Meet $\geq 60\%$ and $< 70\%$ Operations Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Operations PBIs.
- No Incentive Objective Base Fee is available in Operations PBIs if $< 60\%$ of Operations Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | | Allocated Fee | Fee Type |
|--------------------|--|------------------|----------|
| Measure 9.1 | Operate an Effective and Efficient Cyber Security Program | \$800,000 | B |
| | | \$400,000 | S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

- Measure 9.1** **Operate an Effective and Efficient Cyber Security Program**
- Measure 9.1.1** **Timely Completion of AOP Milestones (Incentive/Base)**

Expectation Statement:

Operate an effective and efficient cyber security program by on time completion of the milestones contained in

the FY 2008 Cyber Security Annual Operating Plan (AOP). This measure addresses a subset of the AOP milestones not associated with the consent order that will be agreed to with LASO.

Completion Target:

This Measure has been achieved when the contractor has:

On time completion of the milestones contained in the FY 2008 Cyber Security AOP. A subset of the AOP milestones will be negotiated with LASO for inclusion with the PEP upon approval of the AOP.

Fee Schedule:

Base: \$800,000

Fee will be allocated equally across all AOP elements.

Assumptions Specific to This Measure:

- Status of the deliverables will be reported quarterly to LASO.
- AOP requires LASO Accepting Official approval.

**Measure 9.1.2 NNSA Oversight Inspections
(Incentive/Stretch)**

Expectation Statement:

Cyber security is rated as satisfactory during LASO oversight inspection.

Completion Target:

This Measure has been achieved when the contractor has:

Achieve a "Satisfactory" rating as part of the LASO annual security survey.

Fee Schedule:

Base: \$400,000

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

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

| FY 2008 PERFORMANCE BASED INCENTIVE | | | |
|---|---|--|-----------------|
| PBI No. 10 | Objective | Environmental Projects and Operations | |
| Objective Statement: Establish Excellence in Environmental Stewardship. | | | |
| SECTION 1 GENERAL INFORMATION | | | |
| Revision Number and Date: | Revision No.: <u>10</u> | Date: <u>December 21, 2007</u> | |
| | PEP CC-08-001B | Date: March 27, 2008 | |
| | PEP CC-08-007 | Date: May 28, 2008 | |
| | PEP CC-08-021 | Date: June 21, 2008 | |
| Maximum Available Incentive Fee: | \$1,100,000 (Base) + \$1,693,760 (Stretch) = \$2,793,760 | | |
| Duration: | Annual | | |
| Fee Payment Type: | Completion | | |
| Principle LANS Owner: | S. Stiger | | |
| Principle COR: | G. Rael | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | | |
| <ul style="list-style-type: none"> • Meet ≥70% of <u>Missions</u> Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all <u>Missions</u> PBIs. • Meet ≥60% and <70% <u>Missions</u> Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all <u>Missions</u> PBIs. • No Incentive Objective Base Fee is available in <u>Missions</u> PBIs if <60% of <u>Missions</u> Fixed Fee measures are met. • 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI. | | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | | |
| | | Allocated Fee | Fee Type |
| Measure 10.1 | Reduce Legacy TRU High Activity Drums | \$250,000 | B |
| | | \$550,000 | S |
| Measure 10.2 | EM Project Management Practices | \$100,000 | B |
| | | \$293,760 | S |
| Measure 10.3 | Consent Order | \$250,000 | B |
| | | \$225,000 | S |
| Measure 10.4 | Improve Groundwater Monitoring Effectiveness | \$200,000 | B |
| | | \$325,000 | S |
| Measure 10.5 | P2 Waste Performance Index | \$100,000 | S |

| | | |
|---|--------------------------------------|----------------------|
| Measure 10.6 RCRA Compliance | \$100,000 \$100,000 | B S |
| Measure 10.7 Construction Stormwater Compliance | \$100,000 \$100,000 | B S |
| Measure 10.8 NPDES Permit Implementation and Compliance | \$100,000 | B |
| SECTION 4 | | |
| PERFORMANCE MEASURES | | |
| <i>List associated performance measures, expectations, targets, and fee schedules for FY 2008.</i> | | |
| Measure 10.1 Reduce Legacy TRU High Activity Drums | | |
| Measure 10.1.1 Reduce Legacy TRU High Activity Drums (Incentive/Base) | | |
| Expectation Statement: Ship all above ground certifiable, high-activity TRU waste to WIPP. | | |
| Completion Target: Ship all above ground certifiable, high-activity TRU waste to WIPP. | | |
| Fee Schedule: Base: \$250,000 | | |
| 25% fee = first 80 drums shipped | | |
| 35% fee = next 80 drums shipped | | |
| 40% fee = pro-rated to the fraction of remaining certifiable drums shipped by May 30, 2008 | | |
| Assumptions Specific to This Measure: | | |
| <ul style="list-style-type: none"> The number of certifiable high-activity TRU drums is documented in the bi weekly TRU TIP or equivalent document approved by the LASO Assistant Manager for Environmental Operations. Certifiable TRU waste is waste that meets the WIPP Waste Acceptance Criteria and other requirements for packaging, shipment, and disposal (Reference: WIPP WAC, TRAMPAC, TRUPACT II SARP, and WIPP Waste Analysis Plan in the WIPP RCRA Part B permit) All drums ready to be built into TRUPACT II payloads tow weeks prior to the shipping goal dates, but not shipped due to the DOE Carlsbad Field Office's preference, will be considered shipped as of the goal date. | | |
| Measure 10.1.2 Acceleration of High Activity TRU Waste Disposition (Incentive/Stretch) | | |
| Expectation Statement: Repackage certifiable, high activity, vented drums by February 11, 2008 . | | |
| Completion Target: Certifiable, high activity, vented drums are repackaged for characterization by February 11, 2008 . | | |
| Fee Schedule: Stretch: \$350,000 | | |
| <ul style="list-style-type: none"> 100% fee for 100% drums repackaged by February 11, 2008. 70% fee for 90% drums repackaged by February 11, 2008. 50% fee for 80% drums repackaged by February 11, 2008. | | |

- 0% fee for less than 80% drums repackaged by **February 11, 2008**.

Assumptions Specific to This Measure:

- Certifiable TRU waste is waste that meets the WIPP Waste Acceptance Criteria and other requirements for packaging, shipment, and disposal (Reference: WIPP WAC, TRAMPAC, TRUPACT II SARP, and WIPP Waste Analysis Plan in the WIPP RCRA Part B permit)

**Measure 10.1.3 Total TRU Waste Disposition
(Incentive/Stretch)**

Expectation Statement:

Dispose of newly generated waste

Completion Target:

1. 80% of certifiable TRU waste generated during the first eight (8) months of FY 2008 is disposed.
2. FY 2008 TRU and low-level waste complies with the relevant WAC, FY 2008 TRU and low-level waste is disposed within the time frames specified in the governing orders or permits.
3. FY 1999-2007 certifiable TRU inventory is reduced by 50%.
4. FY 1999-2007 certifiable TRU waste inventory is reduced by more than 50%.

Fee Schedule:

Stretch: \$200,000

Fee will be allocated equally among the four elements below:

1. Fee is based on disposal of 80% of certifiable TRU waste generated during first eight (8) months of FY 2008
2. Fee for generating compliant waste is reduced by 25% for each non-compliant waste shipment to TA-54 as measured by Category 1 Non Conformance Reports and for each waste shipment that is not disposed within the prescribed time frame.
3. Fee for TRU waste inventory reduction will be earned as a single award when 50% of the certifiable, FY 1999-2007 inventory has been disposed.
4. Fee is apportioned equally for volume of certifiable TRU waste in excess of 50% of inventory disposed up to 100%.

Assumptions Specific to This Measure:

- Any waste accepted at TA-54 through the Waste Acceptance Criteria's exception procedure will be considered to have met the LANL WAC, e.g. pencil tanks and gloveboxes that are oversized.
- Any waste without a disposal path that is approved by LASO Environmental Operations for long term storage at TA-54 will be considered to have met the disposal time requirements.
- Waste disposal clock begins with the acceptance of the Chemical Waste Disposal Request by TA-54.
- TRU waste inventory reduction portion of this measure will be renegotiated if RTBF does not provide funding authority for inventory reduction by January 11, 2008.
- LANL has approximately 1800 certifiable, FY 1999-2007 TRU waste drums in inventory; LANL will document the exact number to LASO by January 11, 2008.
- Waste received at TA-54 as TRU waste will be considered TRU waste for this measure, even if subsequent certified assay determines this waste to be LL/MLLW so long as it is disposed or shipped offsite for treatment within the time frame specified in the governing order or permit.

Measure 10.2 EM Project Management Practices

**Measure 10.2.1 Projects Baseline Summaries
(Incentive/Base)**

Expectation Statement:

Meet non-stipulated penalty, other major milestone commitments (including major procurement milestones) for EM PBSs and maintain Schedule and Cost Performance Indices for EM scope within the "green" definition used by the DOE Environmental Management Program.

Completion Target:

This Measure has been achieved when the contractor has:

Completed all non-stipulated penalty major milestones listed in the approved, funded FY 2008 Workplan. The SPI/CPI rating is measured at the end of FY 2008 for FY 2008 scope execution only.

Fee Schedule:

Base: \$100,000

Fee to be split equally among PBS0030 CPI/SPI performance, PBS0013 CPI/SPI performance, and milestone performance. Fee for milestone performance will be earned on a per milestone basis with fee allocated equally among milestones.

Assumptions Specific to This Measure:

- "Other" major milestone commitments are defined in the approved FY 2008 Workplan.
- "Green" for both SPI and CPI is between 0.9 and 1.15.
- Full funding authority will be received no later than January 11, 2008, and LASO will approve baseline changes related to legitimate continuing resolution funding impacts in FY 2008.
- The FY 2008 Workplan is the current workplan, as modified by the LASO/LANL Change Control Board
- LASO/other DOE reviews and approvals of contracts (above LANS' authority of \$10M, but less than \$25M) are completed within ten (10) working days of submittal (over \$25M contracts require 20 working days for DOE approval).

**Measure 10.2.2 High Priority Unfunded Scope
(Incentive/Stretch)**

Expectation Statement:

Accomplish high priority unfunded and underfunded scope per the approved FY 2008 workplan, using savings from best-in-class industry standards, six (6) sigma and other improvement initiatives.

Completion Target:

Savings applied to additional scope in the baseline planning basis for FY 2008, equivalent to at least 2%, and up to 10%, of the FY 2008 EM funding level. Scope to be agreed by LASO after completion of FY 2008 prioritization activities and resolution of FY 2008 funding levels.

Fee Schedule:

Stretch: \$293,760

10% of fee for each 1% cost savings up to 100% of fee for a 10% cost savings.

Assumptions Specific to This Measure:

- Cost savings will be defined by approved Funds Change Proposals (FCP) that return cost savings to the management reserve account. LANS will process FCPs within LANS approval authority; LASO will decide FCPs within five (5) working days of submission.
- Cost savings that LASO redirects to tasks not on the LANS additional scope list, will still count toward total savings under this measure, e.g. cost savings funds withdrawn from LANS and allocated to other Federal commitments.
- Full FY 2008 funding authority will be authorized by January 11, 2008 or this measure will be dropped

and the fee spread across the remaining PBI 10 Measures.

Measure 10.3 Consent Order

**Measure 10.3.1 Consent Order Deliverables
(Incentive/Base)**

Expectation Statement:

Meet deliverables in the Consent Order stipulated penalties list.

Completion Target:

Twelve (12) of the FY 2008 stipulated penalty deliverables, funded in the FY 2008 Workplan, are submitted on time and substantially compliant

Los Alamos/Pueblo Canyons (TA-21) Well Evaluation and Network Recommendations,
December 31, 2007

MDA G CME Report, September 12, 2008

MDA C Phase 2 Investigation Report, June 30, 2008

R-36 Well Completion Report, TBD

Chromium Isotope Data Report, July 31, 2008

16-008(a) 90s-Line Pond Investigation Report, November 15, 2007

16-003(o) Phase 2 Investigation Report, September 30, 2008

Three-mile Canyon Aggregate Area Work Plan , July 31, 2008

Pajarito Canyon Investigation Report, September 30, 2008

R-25 Screens 1&3 Replacement Report, September 30, 2008

Upper Canada Del Buey Aggregate Area Investigation Work Plan, June 30, 2008

MDA T Phase 2 Investigation Report, November 15, 2007

Fee Schedule:

Base: \$250,000

0 missed = 100% of fee allocated

1 missed = 70% of fee allocated

2 missed = 50% of fee allocated

3 missed = 25% of fee allocated

4 or more missed = 0% of fee allocated

Assumptions Specific to This Measure:

- Deliverable dates and titles are based on the NMED FY 2008 Stipulated Penalties Deliverable List and those dates and titles will be updated if NMED revises them through formal communication to LASO/LANL.
- 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.
- If four (4) or more deliverable dates are pushed out to FY 2009, the fee for this measure will be renegotiated.
- LANL EM program receives full year funding authority by January 11, 2008.

**Measure 10.3.2 Special Consent Order Deliverables
(Incentive/Stretch)**

Expectation Statement:

Meet Consent Order deliverables for Middle Los Alamos Canyon, Bayo Canyon, and DP Aggregate

Completion Target:

On-time submission of substantially compliant investigation reports for Middle Los Alamos Canyon, Bayo Canyon, and DP Aggregate. Meet stipulated penalty dates for Bayo Canyon (March 1, 2008), Middle Los Alamos Canyon (January 19, 2008), and DP Aggregate Investigation Reports (November 7, 2008).

Fee Schedule:

Stretch: \$225,000

1/3 fee awarded for each project.

Assumptions Specific to This Measure:

- Stretch fee is not dependent on performance against PBI 10.3.1
- Deliverable dates and titles are based on the NMED FY 2008 Stipulated Penalties Deliverable List and those dates and titles will be updated if NMED revises them through formal communication to LASO/LANL.
- LANL EM program receives full year funding authority by January 11, 2008.
- 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 10.4 Groundwater Monitoring

Measure 10.4.1 Improve Groundwater Monitoring Effectiveness (Incentive/Base)

Expectation Statement:

Implement the NMED agreed upon groundwater network that supports the RCRA permit, remedy selection for complex cleanups such as Material Disposal Areas, and Canyons Investigations.

Completion Target:

Complete the new intermediate/regional groundwater well construction (wells to be identified in the funded and approved FY 2008 Workplan, e.g. Water Canyon Intermediate Well 1, Water Canyon Intermediate Well 2, chromium intermediate well, chromium regional well) and well rehabilitation activities (wells to be identified in the funded and approved FY 2008 Workplan, e.g. R-20, R-22, R-32, R-33, R-14, R-12) scheduled for completion during FY 2008.

Fee Schedule:

Base: \$200,000

Fee will be allocated \$150,000 to new well completion and \$50,000 to well rehabilitation. Within these allocations, fee will be apportioned equally for each new intermediate/regional well and each well rehabilitation.

Assumptions Specific to This Measure:

- LASO/other DOE reviews and approvals of contracts (above LANS' authority of \$10M, but less than \$25M) are completed within ten (10) working days of submittal (over \$25M contracts require 20 working days for DOE approval).
- New intermediate/regional groundwater well construction is complete when the well casing has been installed to its final position and the casing rim can be measured relative to the ground surface. (Consent Order IV.A.3.e.iv)
- Well rehabilitation is complete when the well rehabilitation report is submitted to NMED.

Measure 10.4.2 Accelerate Completion of Groundwater Monitoring Wells per NMED Direction (Incentive/Stretch)

Expectation Statement:

Accelerate completion of groundwater monitoring wells as documented in NMED requirements received subsequent to development of the FY 2008 workplan, and added to the FY 2008 workplan through approved Baseline Change Proposals.

Completion Target:

Completion of accelerated completion wells per NMED requirements, to be identified in the funded, approved FY 2008 Workplan as modified by approved Baseline Change Proposal.

Fee Schedule:

Stretch: \$325,000

Fee will be divided equally among the wells.

Assumptions Specific to This Measure:

- LASO/other DOE reviews and approvals of contracts (above LANS' authority of \$10M, but less than \$25M) are completed within ten (10) working days of submittal (over \$25M contracts require 20 working days for DOE approval).
- New intermediate/regional groundwater well construction is complete when the well casing has been installed to its final position and the casing rim can be measured relative to the ground surface. (Consent Order IV.A.3.e.iv)
- FY 2008 funding for these wells is received at least 120 days before the required well completion dates.

Measure 10.5 P2 Performance

Measure 10.5.1 P2 Waste Performance Index (Incentive/Stretch)

Expectation Statement:

Improve index score on the FY 2008 P2 Waste Performance Index.

Completion Target:

This Measure has been achieved when the contractor has:

Achieved a 1.5 or less index score on the FY 2008 P2 Waste Performance Index.

Fee Schedule:

Stretch: \$100,000

Assumptions Specific to This Measure:

- Specific measures and FY 2007 baseline values: Hazardous (28MT), Low Level Waste (1258 m3), Mixed Low Level Waste (3.95 m3), Sanitary waste reduction (201 kg/person), Sanitary material recycling (46%), Affirmative Procurement (99%), Transuranic Waste (102 m3). Value of 0 (Blue) is assigned for values below the FY 2007 baseline, 1 (Green) for values up to 10% greater than target values, 2 (Yellow) for 10-25% greater than target values and 3 (Red) for 25% or greater than the target values. A numerical average for all seven (7) measures yields the performance score.

Measure 10.6 RCRA Compliance

**Measure 10.6.1 RCRA Assessment Program
(Incentive/Base)**

Expectation Statement:

Maintain an effective RCRA assessment program

Completion Target:

This Measure has been achieved when the contractor has:

Maintained an effective RCRA assessment program by:

1. Maintaining a success rate of 96% on contractor-conducted RCRA self-assessments;
2. Enhancing the LANL RCRA self-assessment program to include a minimum of 10% of self-assessments conducted at priority non-designated/non-storage areas; and
3. Conducting training inspections with priority line organizations to increase awareness of RCRA compliance requirements.

Fee Schedule:

Base: \$100,000

Assumptions Specific to This Measure:

- Performance is based on a minimum of 1000 inspections during the FY.
- Training and non-designated area inspections will be included in the total inspection number. Issues identified during training inspections must be corrected within one (1) day of the inspection or the results will be counted as findings for this measure.

**Measure 10.6.2 Improve RCRA Assessment Program
(Incentive/Stretch)**

Expectation Statement:

Increased success rate on contractor-conducted RCRA self-assessment program.

Completion Target:

This Measure has been achieved when the contractor has:

Increase success rate to a minimum of 97% on contractor-conducted RCRA self-assessments.

Fee Schedule:

Stretch: \$100,000

Assumptions Specific to This Measure:

- Performance is based on a minimum of 1000 inspections during the FY.
- Training and non-designated area inspections will be included in the total inspection number. Issues identified during training inspections must be corrected within one (1) day of the inspection or the results will be counted as findings for this measure.

Measure 10.7 Construction Stormwater Compliance

**Measure 10.7.1 Construction Stormwater Compliance
(Incentive/Base)**

Expectation Statement:

Maintain an effective stormwater construction assessment program.

Completion Target:

This Measure has been achieved when the contractor has:

Maintained a success rate of 97% on contractor-conducted stormwater construction general permits self-assessments.

Fee Schedule:

Base: \$100,000

**Measure 10.7.2 Improve Stormwater Construction Compliance
(Incentive/Stretch)**

Expectation Statement:

Improve stormwater construction compliance

Completion Target:

This Measure has been achieved when the contractor has:

Maintained a success rate of 98% on contractor conducted stormwater construction general permits self-assessments

Fee Schedule:

Stretch: \$100,000

Measure 10.8 NPDES Permit Implementation and Compliance

**Measure 10.8.1 NPDES Permit Implementation and Compliance
(Incentive/Base)**

Expectation Statement:

Maintain an effective program for the implementation of the new LANL NPDES outfall permit

Completion Target:

This Measure has been achieved when the contractor has:

Maintained an effective program for the implementation of the new LANL NPDES outfall permit by:
(1) Preparing and submitting to LASO an NPDES Outfall Feasibility Study by December 31, 2007;
(2) Developing and submitting for DOE approval a Preferred Alternatives Analysis and a project baseline for compliance with new NPDES outfall permit by April 30, 2008. The baseline shall include a WBS to an agreed upon level, compliance milestones, as well as cost and schedule. NPDES project baseline will establish preferred scope, schedule and cost for execution. Full execution is subject to budget and institutional priorities. The development of the NPDES project baseline will include alternatives planning with key facility owners.

Fee Schedule:

Base: \$100,000

Fee to be split between deliverables: (1) 50% and (2) 50%.

Assumptions Specific to This Measure:

- NPDES project baseline will establish preferred scope, schedule and cost for execution. Full execution is subject to budget and institutional priorities.
- The development of the NPDES project baseline will include alternatives planning with key facility owners.

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 that the funding is sufficient to accomplish these measures.
- 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, 2008.
- The term "Success Rate" in all compliance measures is understood to mean the number of inspector findings divided by the total number of inspections conducted. Thus, two (2) findings during the course of 100 RCRA inspections would yield a success rate of 98%.

- PEP CC-08-001B Effective March 27, 2008. The Change Control for PBI 10.1.2 extended the completion date of this stretch measure by 7 working days, from January 31, 2008, to February 11, 2008. The extension was granted for weather delays due to snow and wind and for the handling of "security" drums, requiring a crew change.
- PEP CC-08-007 Effective May 28, 2008. The Change Control for PBI 10.1.1 extended the completion date to May 15, 2008 and changed the 40% fee increment to a "per drum basis", as the intent of this measure is to ship drums to WIPP. This change was primarily due to CCP down for 3 months because of an accident and restart of CCP operations.
- PEP CC-08-021 Effective June 21, 2008 The Change Control for PBI 10.1.1 extended the completion date from May 15, 2008, to May 30, 2008.

**PBI No. 11
 Safety and Health Performance and Emergency Management**

| FY 2008 PERFORMANCE BASED INCENTIVE | | |
|---|---|---|
| PBI No. 11 | Objective | Safety and Health Performance and Emergency Management |
| 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.: 10 | Date: December 21, 2007 |
| | PEP CC-08-008 | Date: March 24, 2008 |
| Maximum Available Incentive Fee: | \$1,835,872 (Base) + \$500,000 (Stretch) = \$2,335,872 | |
| Duration: | Annual | |
| Fee Payment Type: | Completion | |
| Principle LANS Owner: | R. Watkins | |
| Principle COR: | J. Vozella | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | |
| <ul style="list-style-type: none"> Meet ≥70% of <u>Operations</u> Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all <u>Operations</u> PBIs. Meet ≥60% and <70% <u>Operations</u> Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all <u>Operations</u> PBIs. No Incentive Objective Base Fee is available in <u>Operations</u> PBIs if <60% of <u>Operations</u> Fixed Fee measures are met. 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI. | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| | | Allocated Fee |
| | | Fee Type |
| Measure 11.1 | ISMS/10 CFR 851 Worker Safety Rule | \$500,000 |
| Measure 11.2 | Voluntary Protection Program | \$300,000 |
| Measure 11.3 | Electrical Safety | \$300,000 |
| Measure 11.4 | Fire Protection and Life Safety | \$485,872 |
| Measure 11.5 | Emergency Management | \$550,000 |
| | | \$200,000 |
| | | B |
| | | S |
| | | B |
| | | B |
| | | B |
| | | S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 11.1 **ISMS/10 CFR 851 Worker Safety Rule (Integrated Safety Management System)**

Measure 11.1.1 **10 CFR 851 Assessments (Incentive/Base)**

Expectation Statement:

Validate implementation, and identify opportunities for continuous improvement, through completion of three (3) 10 CFR 851 validation assessments. Assessments will be completed in FY 2008, in the following areas: Exposure Assessment (851.21(a)), Nanotechnology, and Occupational Medicine. Assessments will include verification of 10 CFR 851 Corrective Action Plan closure based on objective evidence review, systematic compliance based on program level elements implemented, and field implementation based on facility/program vertical or horizontal sampling in accordance with assessment plans concurred with by LANS and LASO.

Completion Target:

This Measure has been achieved when the contractor has:

1. Completed three (3) 10 CFR 851 validation of implementation assessments and validated that 10 CFR 851 is implemented in the areas identified. "Implemented" means CAP closure (those due as of the date of the assessment), systematic compliance, and field implementation. Field implementation "success" is defined as >80% implementation in the sample selected for assessment (i.e., >80% of the facilities selected for assessment have implemented the 10 CFR 851 requirements). Assessments are completed by assigned independent team leaders from subject area implementation through mutually agreed (with LASO) assessment plans.
2. Completed the nanotechnology assessment using agreed-upon criteria based on the three (3) "actions" in LASO letter SET: 9DD-007 "Nanotechnology Worker and Environmental Protection at the Los Alamos National Laboratory", dated November 29, 2007. This is necessary since 10 CFR 851 has only a placeholder for nanotechnology and has no listed requirements.

Fee Schedule:

Base: \$300,000

Each assessment earns 33% of fee broken down as follows:

20% earned fee for verification of acceptable CAP closure

40% earned fee for validation of systematic compliance

40% earned fee for validation of >80% field implementation

No fee is paid for topic areas not validated, acceptably implemented and 10 CFR 851 compliant.

Assumptions Specific to This Measure:

- Assessments will be spread throughout FY 2008 (not all conducted in the last quarter) to accommodate participation by independent, qualified LANL personnel and qualified LASO observers.
- Identification of isolated deficiencies within the program does not constitute systematic failure; rather these are opportunities to implement continuous improvement. Large number of recurring deficiencies or repeated non-compliances across the breadth of the program, or basic program elements not in place, is systematic failure.

Measure 11.1.2 **Integrated Work Management (Incentive/Base)**

Expectation Statement:

Improvements in Integrated Work Management (IWM) will be demonstrated in LANL operations based on

evaluation of defined metrics which include emphasis on human performance improvement.

Completion Target:

This Measure has been achieved when the contractor has:

1. Started utilizing metrics to measure work control performance. Quarterly reports submitted for second, third, and fourth quarters displaying continually improving data inputs.
2. Demonstrated improvements in work control performance by the fourth quarter based on metrics data. Fourth Quarter FY 2008.
3. Improved worker feedback for work control, as measured by Part 4 of IWDs.
4. The inclusion and implementation of human performance principles and approaches in the LANL Causal Analysis processes and practice by the Fourth Quarter FY 2008.

Fee Schedule:

Base: \$200,000

Fee will be split equally among the 4 given targets.

Assumptions Specific to This Measure:

- Appropriate IWM metrics, which include measures of human performance, are established and concurred with by LASO by January 31, 2008.

Measure 11.2 Voluntary Protection Program

Measure 11.2.1 Voluntary Protection Program (VPP) Implementation (Incentive/Stretch)

Expectation Statement:

Meet FY 2008 VPP milestones, as agreed to by LANS, LLC and LASO.

Completion Target:

This measure will be achieved when the contractor has completed the elements due during FY 2008. The completion percentage is calculated as: The number of FY 2008 elements >90% complete divided by the total number of FY 2008 elements.

Fee Schedule:

Stretch: \$300,000

Fee is divided equally among the total number of FY 2008 elements. Fee is paid for each element >90% completed. No fee is paid for elements ≤ 90% complete.

If more than 10% of the elements are <75% complete, fee is reduced by half.

Assumptions Specific to This Measure:

- Agreed-to milestones will be formally documented by January 18, 2008.

Measure 11.3 Electrical Safety

Measure 11.3.1 Electrical Safety Performance (Incentive/Base)

Expectation Statement:

Continue use of the Electrical Severity Index Score to measure electrical safety program performance in FY 2008, using the FY 2007 performance as the baseline. Fee is scaled accordingly.

Completion Target:

This Measure has been achieved when the contractor has sustained performance at the FY 2007 level, as measured using the Electrical Severity Index Tool. The final annual Severity Score for FY 2007 is 3501. If improvement is made fee will be paid for this achievement according to the schedule below.

Fee Schedule:

Base: \$150,000

1. \$127,500 (allocated for sustained performance)
2. \$22,500 (allocated to improvement as defined below.)
 - 15% reduction in severity score = 100% of fee portion
 - 10% reduction in severity score = 75% of fee portion
 - 5% reduction in severity score = 50% of fee portion
 - < 5% reduction in severity score = no fee portion

Assumptions Specific to This Measure:

- Agreed-upon Severity Index Score based on FY 2007 baseline identified above.

**Measure 11.3.2 Electrical Safety Management
(Incentive/Base)**

Expectation Statement:

Improve electrical safety management through the use of leading indicators, assessment and corrective actions management, and unlisted equipment management.

Completion Target:

1. Started utilizing PB Views to track events and severity score. The initial metrics will be the three (3) leading causal factors from FY 2005 - FY 2007 and the fourth will be total events. The intent is to demonstrate improvement while tracking against the targeted annual severity score. After the second quarter data is entered, metrics can be reselected to better achieve this goal, through the CCB process with the COR.
2. Completion of a risk-based independent assessment(s) of electrical safety across the laboratory according to the ISD 101-13 Electrical Safety Program and ISD 322-1.0 Management Assessment. Identified issues are entered into the institutional corrective action system in a timely manner.

Fee Schedule:

Base: \$150,000

- 50% fee = completion of Target #1
- 50% fee = completion of Target #2

Assumptions Specific to This Measure:

- Independent assessment implies that the assessment is conducted by qualified assessors outside the chain of command of the facility being assessed.

Measure 11.4 Fire Protection and Life Safety

**Measure 11.4.1 Fire Protection Upgrades for Legacy Facilities
(Incentive/Base)**

Expectation Statement:

Establish an ongoing program that identifies, prioritizes, coordinates funding, and oversees the successful resolution of long-standing fire protection deficiencies within legacy facilities at LANL. The intent of this measure is to develop a consistent approach to fire protection issues and deficiencies in legacy facilities

that is risk based, systematic, and which avoids a piece meal approach.

Completion Target:

This measure has been achieved when the Contractor has:

1. Developed a consolidated list of prioritized fire protection deficiencies that are anticipated to cost in excess of \$50k each to address.
The list of legacy facility fire protection deficiencies is due to LASO by March 31, 2008.
2. Develop an initial schedule of activities and milestones that are to be completed over the next 12 months (April 2008 - March 2009) to address the list of prioritized fire protection deficiencies.
3. Complete the milestones that are scheduled to be completed in FY 2008 on time.

Fee Schedule:

Base: \$200,000

- Fee is for completion of agreed upon Legacy Facility Fire Protection Program actions in FY 2008.

Assumptions Specific to This Measure:

- Facilities selected for inclusion in program must be approved by LASO.
- LANS shall submit a consolidated list with basis for selection and fire protection improvement inventory and initial schedule for all agreed upon legacy facilities to LASO for review and final acceptance. This is a gateway requirement.
- LASO and LANL will allocate fee to each milestone.

**Measure 11.4.2 Fire Protection Program
(Incentive Fee/Base)**

Expectation Statement:

LANL will implement oversight activities and demonstrate ongoing performance improvement of key Fire Protection Program elements, e.g., new project reviews, Fire Hazard Analyses (FHA) quality and completeness, ensuring that all aspects of the Laboratory's fire protection program is in compliance with DOE 420.1B and 10 CFR 851, and that issues and findings from FHAs are tracked until resolution.

Completion Target:

This Measure has been achieved when the contractor has:

1. Reviewed and overseen new GPP and larger projects, including facility modification from initial design to completion for compliance with applicable DOE Orders, NFPA codes and standards, and/or other codes and standards, including the applicable building code as may be appropriate.
2. During design review, LANL self-identification of DOE Order compliance issues the vast majority of the time, and LANL self-identification of NFPA and other mandatory code and standard requirements the majority of the time.
3. During the second quarter, develop and submit to LASO for approval a schedule of FHAs that will be developed/updated during FY 08.
4. FHAs are completed in accordance with the LASO approved schedule.
5. All FHAs shall be reviewed and approved by the LANL Fire Marshal prior to issuance.
6. Developed FHAs shall be of high quality, contain limited errors or omissions, be complete, and address compliance with applicable DOE Orders and mandatory codes and/or standards.
7. Compliance issues from FHAs shall be managed to closure through the LANL issues management process. Compliance issues from FHAs that cannot be corrected in a timely manner will require the development and submittal of a corrective action plan, equivalency or exemption request, with an appropriate level of compensatory measures being implemented pending closure of the issue.
8. Successful performance relative to project review and approval would show design review and pFHA issues being resolved, with resolution documentation, to satisfactory conclusion as the project process proceeds from initial/conceptual/early design phases through final acceptance and commissioning.

Fee Schedule:

Base: \$285,872

- 40% of the available fee will be allocated to deliverables 1 & 2, and will be measured subjectively.
- 40% of the available fee will be allocated to deliverables 3-6. Fee will be straight percentage based on schedule compliance. For each significant deficient FHA, 10% of the allowed fee will be subtracted in determining the fee amount payable.
- 20% of the available fee will be allocated to deliverables 7 & 8, and will be measured subjectively.

Assumptions Specific to This Measure:

- FHA documents need to make a clear distinction between compliance and non-compliance issues, with order/code reference being provided for all compliance issues.

Measure 11.5 Emergency Management

**Measure 11.5.1 Emergency Management Corrective Action Plan
(Incentive/Base)**

Expectation Statement:

Complete deliverables as noted in the LANL Emergency Management Final Corrective Action Plan (FCAP) associated with the 2006 assessment of Emergency Management by the Office of Independent Oversight, Emergency Management Oversight (HS-63).

Completion Target:

This Measure has been achieved when the contractor has:

1. Minimum number of change requests (≤ 10) to the LASO Change Control Board.
2. On-time completion of deliverables as cited in approved FCAP for FY 2008.
3. Validation of closure adequacy through the DOE Corrective Action Tracking System.

Fee Schedule:

Base: \$300,000

Fee shall be awarded 100% if met as noted above.

For each change request above 10, fee shall be reduced by 10%.

For each late deliverable, fee shall be reduced by 10%

For each noted inadequate closure, as determined by the Los Alamos Site Office Safety Engineering Team, fee shall be reduced by 25%.

Assumptions Specific to This Measure:

- Deliverable timeliness shall be measured by the DOE Corrective Action Tracking System.
- CAP deliverables due prior to January 1, 2008 shall be excluded from the timeliness measure, other factors apply.

**Measure 11.5.2 Hazard Surveys
(Incentive/Stretch)**

Expectation Statement:

LANL Hazard Surveys (HS) - Complete Hazard Surveys for significant Los Alamos National Laboratory facilities and environmental sites.

Completion Target:

This Measure has been achieved when the contractor has:

1. By August 31, 2008, LANL shall submit approvable HSs to cover every nuclear, high hazard, and

moderate hazard building and nuclear environmental site at LANL. Submittals to LASO will be phased such that **20 percent** are delivered **in the 2nd quarter of FY08, and 40% in each of the last two quarters of FY 2008, with no more than a 10% variance in any quarter.**

2. Incorporation of documented and independent field validation activities of LASO approved HSs for those hazardous material facilities identified as requiring further analyses in an Emergency Planning Hazards Assessment.
3. Field validation shall confirm that the approved HS remains accurate.

Fee Schedule:

Stretch: \$200,000

50% fee = documented and independent field validation of all nuclear facilities concurred with by LASO.

20% fee = documented and independent field validation of all high hazard facilities concurred with by LASO.

20% fee = documented and independent field validation of all moderate hazard facilities that the HS indicated requires further EPHA analyses concurred with by LASO.

10% fee = LASO approval of HSs for the LANL nuclear environmental sites.

Assumptions Specific to This Measure:

- Completion of hazard survey activities shall be based on facilities classified per the latest (not to exceed June 1, 2008) LASO approved Conduct of Operations Facility Applicability Matrix for LANL.
- No field validation activities are required for the nuclear environmental sites.
- LANL shall maintain an evidence file for ready inspection by the LASO Safety Engineering Team.

**Measure 11.5.3 WebEOC
(Incentive/Base)**

Expectation Statement:

LANL webEOC Communication with DOE Headquarters improves as follows:

- A local webEOC Status Boards (unclassified) is established that conveys situational awareness and a common operating picture to Department of Energy Headquarters (HQ) from Sites on a "Pull" basis.
- NA-44 is able to obtain access to view webEOC on LANL's EOC Server.
- Evidence files for ready inspection are maintained

Completion Target:

This Measure has been achieved when the contractor has enabled NA-44 access to LANL's EOC server and quarterly access tests are successfully performed.

Fee Schedule:

Base: \$100,000

100% fee = documented quarterly (92 day maximum time between tests) communication evidence, as noted by NA-44 for the second, third, and fourth quarters of FY 2008.

For each quarter without adequate communication evidence, as determined by the Los Alamos Site Office Safety Engineering Team, fee shall be reduced by 33%.

Assumptions Specific to This Measure:

- NA-44 will be able to obtain access to view webEOC on LANL's EOC server.
- There will be three tests in FY 2008; the 1st quarterly test will be scheduled no later than March 31, 2008.
- NA-44 will coordinate with LASO and LANL to initiate and conclude tests, consistent with an agreed-upon schedule for testing.
- LANL shall maintain an evidence file for ready inspection by the LASO Safety Engineering Team.

**Measure 11.5.4 Wildland Fire Management
(Incentive Fee/Base)**

Expectation Statement:

LANL Wildland Fire Management plan is implemented consistent to DOE Guide 450-1.4 and risk-based principals.

Completion Target:

1. A Laboratory Wildland Fire Management Plan is submitted, including a FY 2008 Annual Operations Plan, to LASO by January 31, 2008.
2. Key milestone deliverables contained within the Annual Operations Plan are agreed upon by LASO and LANL.
3. Changes to key milestone deliverables and completion dates of the Annual Operations Plan are minimal.
4. On time completion of key milestone deliverables contained in Annual Operations Plan for FY 2008.

Fee Schedule:

Base: \$150,000

100% fee = all targets met

10% reduction for each change to a key milestone deliverable or associated completion date in the Annual Operations Plan greater than 5

10% reduction for each late key milestone deliverable.

25% reduction for each noted inadequate completion of a key milestone deliverable, as determined by the Los Alamos Site Office Safety Engineering Team.

Assumptions Specific to This Measure:

- Annual Operations Plan will denote 15-20 key milestone deliverables.
- LANL shall maintain a closure file of key milestone deliverables cited in the Annual Operations Plan for ready inspection by the LASO Safety Engineering Team.
- LANL will update the baseline schedule in the month of January 2008 with LASO concurrence where this PBI may be impacted.

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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PEP CC-08-008 Effective 3/24/08. Change Control to PBI 11.5.2 changed the submission requirements for the Hazard Surveys for Q2, Q3, and Q4 that provides some schedule latitude while still accomplishing the full suite of HS with appropriate validations by 8/31/08.

PBI No. 12
Facilities

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 12 Objective **Facilities**

Objective Statement: Provide efficient, responsive, and secure infrastructure and disciplined operations that effectively support the Laboratory mission and its workforce.

SECTION 1
GENERAL INFORMATION

| | |
|----------------------------------|--|
| Revision Number and Date: | Revision No.: <u>10</u> Date: <u>December 21, 2007</u> <u>PEP CC-08-009</u> Date: <u>March 27, 2008</u> <u>PEP CC-08-016</u> Date: <u>April 17, 2008</u> |
| Maximum Available Incentive Fee: | \$1,000,000 (Base) + \$1,200,000 (Stretch) = \$2,200,000 |
| Duration: | Annual |
| Fee Payment Type: | Completion |
| Principle LANS Owner: | J. Ethridge |
| Principle COR: | R. Snyder |

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet ≥70% of Operations Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Operations PBIs.
- Meet ≥60% and <70% Operations Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Operations PBIs.
- No Incentive Objective Base Fee is available in Operations PBIs if <60% of Operations Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | Allocated Fee | Fee Type |
|--|--------------------------------------|----------------------|
| Measure 12.1 Reduce the Site Footprint. | \$500,000 \$250,000 | B S |
| Measure 12.2 Improve and Sustain the Physical Infrastructure. | \$500,000 \$350,000 | B S |
| Measure 12.3 Achieve Goals and Requirements of EPACT 2005. | \$600,000 | S |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 12.1 Reduce the Site Footprint.

**Measure 12.1.1 Reduce SM-43 Footprint to Zero
(Incentive/Base)**

Expectation Statement:

Advance SM-43 toward the ultimate goal of D&D. This is a component of the overall 2 Million Square Foot Reduction goal reflected in 12.1.2 below.

Completion Target:

This Measure has been achieved when the contractor has vacated the facility during FY08.

Fee Schedule:

Base: \$500,000

Assumptions Specific to This Measure:

Vacate is defined as

- no personnel are housed there,
- only essential utilities and infrastructure are maintained, and
- the facility is closed to access to all but essential personnel for the purposes of ensuring facility safety/integrity.

**Measure 12.1.2 Footprint Reduction Goal
(Incentive/Stretch)**

Expectation Statement:

Achieve the remainder of the footprint reduction goal of 2 million square feet. For the purposes of this cumulative measure, FY 2007 progress will be assumed to be 300k square feet, and SM 43 (12.1.1 above) will be assumed to be 300k square feet, **and administrative offsets to reflect actions beyond LANS control have been considered.** Therefore, this measure is structured to achieve as much as possible of the balance of the 1.4 million square feet intrinsic in this goal statement.

Completion Target:

This Measure has been achieved when the contractor has achieved incremental footprint reduction goal of **995,266 sqft in FY08** toward maximum of 2 million square feet cumulative **long-term goal.**

Fee Schedule:

Stretch: **\$250,000**

\$35,000 is allocated for the first 100,000 sqft.

\$160,000 is allocated to the next 200,000 sqft.

\$55,000 is allocated to the balance beyond 300,000 sqft.

Fee will be earned in a linear fashion for all square footage reduced up to the stated maximums, presuming the Contractor achieves at least 100,000 sqft. If 100,000 sqft is not achieved, no fee is payable.

Assumptions Specific to This Measure:

- **Administrative offsets reflected in this goal statement are documented in correspondence ADISS-08-023 dated 4/9/2008 and approved by LASO.**
- **FY 2008 progress shall be measured consistent with the FY 2007 criteria but adds two new forms of credit consistent with the LANS proposal:**
 - **The official DOE (FIMS) database if the asset is listed in FIMS.**
 - **LANL's FATMAN database for types of square footage not tracked by FIMS.**
- **FY 2007 Footprint reductions totaled ~300k sf (excluding SM-43).**

- SM-43 will be vacated (see 12.1.1 above) and is ~ 300k sf in size.
- FY 2008 progress toward the **goal of 995,266 sqft** shall be measured consistent with the FY 2007 criteria by:
 - The official DOE (FIMS) database if the asset is listed in FIMS.
 - LANL's FATMAN database for types of square footage not tracked by FIMS.
- Credit for footprint reduction is to be counted in the following manner, i.e. square footage is "reduced" when:
 - Facility leases are terminated.
 - Facilities are transferred to other (non-LANL) entities.
 - Facilities are removed from operation and receive a "historical" designation from the State Historical Preservation Office (SHPO).
 - Sheds and transportainers are removed from the site.
 - Facilities or substantial discreet portions of facilities (e.g. Building wings or floors) are formally transferred from operational status to an excess status with a documented Form 2064 in accordance with LANL LIR 230-01-03.1.
 - Square footage is D&D; Space that has already been transferred by programs to excess must be dismantled and demolished to receive credit (noting that facilities can only receive credit once).
 - **Firing sites may be closed and credited up to amount identified in proposal (~25,000sqf).**
 - **Credit may be taken, as outlined in the LANS Proposal, for facility reuse where such re-use meets a new (or previously unsatisfied) requirement that would otherwise necessitate the planning, design, and construction of a purpose-built facility. In all cases reuse must be separately documented to LASO and approved. Reuse will be credited two ways: 1) facilities are re-utilized during FY08 (partial utilization is sufficient for crediting the entire facility) or 2) If the space is undergoing modification for reuse then it may be credited if the modification work commenced in FY08 or if a contract was let for said modifications during FY08.**

Measure 12.2 **Improve and sustain the physical infrastructure needed to support Laboratory operations.**

Measure 12.2.1 **Deferred Maintenance and RPV/Ten-Year Comprehensive Site Plan Management (Incentive/Base)**

Expectation Statement:

Manage **LANL facility and infrastructure maintenance program in a manner that aligns efforts to emphasize DOE/NNSA goals for deferred maintenance. Manage and improve Deferred Maintenance (DM) reporting with respect to LANL Ten Year Site Plan (TYSP) and PBI 12.2.3 objectives.**

Completion Target:

Provide detailed and accurate accounting of DM changes in FY08, via a third quarter DM Update Analysis and an end of August DM Accounting report. These documents shall specifically include:

- 1. LANL DM reduction from funded (e.g., FIRP) sources**
- 2. DM adjustments as identified by facility inspections performed in FY08**
- 3. Escalation of costs for previously-recorded DM, and DM impact of unsatisfied FY08 Replacement-In-Kind (RIK) needs**
- 4. Effects of LANL Footprint Reduction program and other initiatives affecting DM or Replacement Plant Value (RPV) in LANL facilities.**

The allocated fee will be earned based on an acceptable August DM Accounting report. The third quarter update analysis will be the basis of discussion for further defining what constitutes an acceptable August DM Accounting report.

Fee Schedule:

Base: \$200,000

Assumptions Specific to this Measure:

- The third quarter report will be submitted no later than 7/30 and will provide the foundation for the year-end update.
- August-end DM accounting report will be provided in September, based upon official August 2008 data.
- Data will continue to be updated as necessary through September 2008 in support of the annual data call from HQ (typically based on the end of September data). The August-end report and the annual data call from HQ may not align as a result.
- In order to keep the deliverables very clearly separate, changes to the DM and RPV databases that resulted from PBI 12.2.3 will not be included in these deliverables and will, instead, be addressed in the deliverables associated with PBI 12.2.3.

**Measure 12.2.2 Pilot Voice-Over-IP (VOIP) Technology
(Incentive/Stretch)**

Expectation Statement:

Pilot Voice-Over-IP (VOIP) technology in two prototypical LANL facilities.

Completion Target:

This Measure has been achieved when the contractor has VOIP technology operational in two or more entire facilities by September 15, 2008

Fee Schedule:

Stretch: \$100,000

**Measure 12.2.3 Define and Implement Baseline for Utilities RPV, DM, and Operating Cost
(Incentive/Base)**

Expectation Statement:

LANL will define the methodology and implement utilities RPV and DM and operating cost baselines into the appropriate database and have the initial baseline data entered by the end of the fiscal year.

Completion Target:

This Measure has been achieved when the contractor has

- 1) developed the methodology and provided a program / process document to LASO on the incorporation of utilities related information into the site RPV and DM databases, and
- 2) can produce a consolidated RPV and DM report.

Fee Schedule:

Base: \$300,000

- 50% of the fee will be allocated to program definition and implementation plan relative to utilities (as approved by LASO)
- 50% of the fee will be allocated to completion of assessment and data loading consistent with the approved implementation plan milestones.

**Measure 12.2.4: Safety Class System, Structure and Component Maintenance Program
(Incentive/Stretch)**

Expectation Statement:

Increase safety equipment reliability by ensuring an effective preventive maintenance program on Safety Class (SC) Structures, Systems, and Components (SSC) in Nuclear Facilities.

Completion Target:

The Contractor will take the steps necessary to ensure all SC SSC maintenance requirements in nuclear facilities are identified and entered into Passport (the LANL CMMS system). This requires ensuring that a validated Master Equipment List (MEL) is in place in Passport, and that associated maintenance requirements and frequencies are identified. It is expected that Passport will be capable of monitoring and tracking maintenance related requirements and maintenance accomplishment by 9/30/2008.

Successful accomplishment of this PBI will be evidenced by certification from MSS and a listing reflecting the approved SC-SSC MEL data from Passport validated against the Vital Safety System Master List to verify all systems are reflected.

Commencing in the third and fourth quarters of FY08, this measure will augment fixed fee measure 16.2.18 (MSS Program Review). The Program Reviews in the third and fourth quarters will include progress relative to ensuring SC-SSCs are properly established in the MEL together with preliminary maintenance accomplishment data as it is developed.

Fee Schedule:

Stretch: \$250,000

- 100% of fee is payable based upon successful MEL entry into Passport for all Safety Class Structures, Systems, and Components.
- Fee is reduced by 10% for each system that is not fully functional relative to MEL entry and the ability of Passport to report on actual versus required maintenance for SC-SSC.

Assumptions Specific to This Measure:

- Safety Class Structures, Systems, and Components are those identified in the Vital Safety System Master List, Rev 0, issued in March of 2008 (RPT-ES-001).
- For the purposes of this measure:
 - In Service Inspections, Walk-downs, and Surveillances are not considered maintenance.
 - TRU waste shipping and storage containers, such as, Type B (TRUPACT-II & HalfPACT); and Metal Drums DOT-7A, type A, 55 & 85 Gal. are exempt and not considered a part of this PBI.
- Required maintenance associated with a particular SC-SSC may be modified by the Contractor subsequent to the initial establishment of the MEL and associated maintenance requirements for any SC-SSC based upon new or changing requirements or engineering based reviews and evaluations of required maintenance.

Measure 12.3 Demonstrate progress towards achieving the energy efficiency goals and requirements of the Energy Policy Act of 2005 (EPACT 2005).

Measure 12.3.1 Energy Use Reduction (Incentive/Stretch)

Expectation Statement:

Energy use per square foot is targeted to meet the baseline reduction goal of 3% annually through the year 2015.

Completion Target:

This Measure has been achieved when the contractor has:

- 1) Established and documented to LASO an initial list of short-term initial initiatives with an implementation schedule (due January 31, 2008)
- 2) Implemented the initiatives per the documented implementation schedule

- 3) Documented and delivered to LASO the current energy usage data down to the "meter level" that shows the as-is condition of LANL's utility usage (due March 31, 2008)
- 4) Published an Energy Management Strategy Program/Project Plan that succinctly shows how LANL plans on meeting the reduction goals by 2015 (due September 15, 2008)

Fee Schedule:

Stretch: \$600,000

Fee shall be disbursed as follows:

- 1) 10% of the fee will be paid for establishment of the initial initiatives list and implementation schedule.
- 2) 40% will be paid for successful implementation per the plan with no more than two (2) key milestones being missed by greater than 30 days.
- 3) 10% of the fee will be paid for delivering the current energy usage data.
- 4) 40% of the fee will be paid for delivering the Energy Management Strategy Program/Project Plan.

Assumptions Specific to This Measure:

- The initial list of initiatives will not constitute the full strategy for LANL to meet the 3% reduction goal.
- A minimum of five (5) initiatives will be identified in the initial list.
- As part of the PBI process, LASO will be requested to review and approve the list of initiatives and implementation schedule. LASO and LANL will work together to achieve approval of these documents by February 28, 2008.
- Any key milestones due in September 2008 do not have the 30 day grace period.
- Initiatives are to be diverse (i.e., ESPC related, metering, on-site renewable efforts, photovoltaic, E85, etc.) in their mix to show a multi-faceted approach to addressing the expectation and should be providing a benefit to the Lab in FY 2009.
- Plans and lists shall be developed in a collaborative manner between LANL and LASO.

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

- PEP CC-08-009 [Effective March 27, 2008. This change control clarifies expectations and deliverables in terms of what constitutes satisfactory completion of PBI 12.2.1. It also cleared up the discrepancy with PBI 12.2.3 dealing with DM values.](#)
- PEP CC-08-016 [Effective April 17, 2008. This Change Control adjusts the FY08 allocated fee and goal for PBI 12.1.2, Footprint Reduction, based on lack of budget allocations, administrative offsets that impeded attainment of the objective, and alignment of scope with the LANS proposal. A new PBI 12.2.4, Safety Class \(SC\) System, Structure, and Component \(SSC\) Maintenance Program, was added to further formalize the maintenance programs for SC-SSCs.](#)

PBI No. 13
Business Operations

| FY 2008 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.: <u>10</u> Date: <u>December 21, 2007</u> <u>PEP CC-08-017b</u> Date: <u>June 24, 2008</u> | |
| Maximum Available Incentive Fee: | \$1,383,968 (Base) + \$1,100,000 (Stretch) = \$2,483,968 | |
| Duration: | Annual | |
| Fee Payment Type: | Completion | |
| Principle LANS Owner: | D. Heim | |
| Principle COR: | R. Snyder | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | |
| <ul style="list-style-type: none"> • Meet ≥70% of <u>Business/Institutional Management Fixed Fee</u> measures to be eligible to earn 100% of Incentive Objective Base Fee in all <u>Business/Institutional Management</u> PBIs. • Meet ≥60% and <70% <u>Business/Institutional Management Fixed Fee</u> measures to be eligible to earn 50% of Incentive Objective Base Fee in all <u>Business/Institutional Management</u> PBIs. • No Incentive Objective Base Fee is available in <u>Business/Institutional Management</u> PBIs if <60% of <u>Business/Institutional Management Fixed Fee</u> measures are met. • 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI. | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| | Allocated Fee | Fee Type |
| Measure 13.1 Business /IM Base Goals | \$1,383,968 | B |
| Measure 13.2 Business/IM Stretch Goals | \$816,032 | S |
| Measure 13.3 Small Business Goals | \$283,968 | S |
| SECTION 4 PERFORMANCE MEASURES | | |
| <i>List associated performance measures, expectations, targets, and fee schedules for FY 2008.</i> | | |
| Measure 13.1 | Business/IM Measure: Internal Controls, Continuous Improvement, Financial Accounting, and Information Resources Management | |

Expectation Statement:

LANL will achieve successful performance in the following areas:

- 13.1.1 Improvement Objectives in FY08 Objective Matrix
- 13.1.2 Compensation Design Project (CPD)
- 13.1.3 Complete Six Sigma Performance Improvement Plans
- 13.1.4 Site-Wide Electronic Document Management System
- 13.1.5 Upgrade Business Applications
- 13.1.6 Utilization of Parent Company IT Systems

Completion Target:

This Measure has been achieved when the contractor has:

Successfully completed the completion targets of the Incentive Base measures listed per the fee schedule.

Fee Schedule:

Base: \$1,383,968

Fee will be earned on the following graduated scale:
100% fee for completion of 5 of 6 sub-measures
80% fee for completion of 4 of the sub-measures
40% fee for completion of 3 of the sub-measures
0 fee for completion of 2 or less of the sub-measures

**Measure 13.1.1 Improvement Objectives in FY08 Objective Matrix
(Base)**

Expectation Statement:

Comply with stated improvement objectives as agreed to in the FY 2008 Objective Matrix and demonstrate steady progress converting to DOE Order 580.1 requirements.

Completion Target:

This Measure has been achieved when the contractor has:

Received report from LASO Contracting Officer stating we have complied with stated improvement objectives. The NNSA SC annual report will address our performance against DOE Order 580.1 requirements.

**Measure 13.1.2 Compensation Design Project (CPD)
(Base)**

Expectation Statement:

Complete the Compensation Design Project by September 15, 2008

Completion Target:

This Measure has been achieved when the contractor has:

- Submitted web-based job descriptions with scope, and clear roles and responsibilities.
- Submitted salary structures based on benchmarks against market job families.
- Submitted report listing conversion of all employees into the new design.

Fee Schedule:

To be completed by September 15, 2008.

Measure 13.1.3 Complete Six Sigma Performance Improvement Projects (Base)

Expectation Statement:

Complete three (3) Six Sigma PIP's in three (3) key business areas (pre-approved by COR) and initiate implementation of a control plan for 2 improvement projects.

Completion Target:

This Measure has been achieved when the contractor has:

- Completed the PIP (evidenced by completion of the PIP report including the implementation/control plan)
- Management Authorization has been received from the affected Associate Directors on 2 of 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 on the 2 PIPs above (as evidenced by metrics charts in PBViews)

Measure 13.1.4 Site-Wide Electronic Document Management System (Base)

Expectation Statement:

Define a site-wide Electronic Document Management System (EDMS) program with requirements and a schedule and complete EDMS pilot implementation including evaluation by April 30, 2008. Additionally, implement SharePoint application by July 31, 2008 for Procurement to provide repository for controlled documents, allow dynamic building of contracts, and provide subcontract approval routing and records management for ASM.

Completion Target:

This Measure has been achieved when the contractor has:

- Issue a report documenting results of the pilot by April 30, 2008, identifying criteria met, or not met, and provide recommended action to resolve outstanding issues.
- Submitted a directory listing from SharePoint showing the structure and data in the application.

Measure 13.1.5 Upgrade Business Applications (Base)

Expectation Statement:

Upgrade Laboratory Business Applications from 11.5.9 to 11.5.10 (includes upgrading Oracle Financials, Human Resources, and Procurement Modules) by September 30, 2008.

Completion Target:

This Measure has been achieved when the contractor has:

Submitted signed test scripts after the upgrade by September 30, 2008.

Measure 13.1.6 Utilization of Parent Company IT Systems (Base)

Expectation Statement: Deploy at least two Parent Company IT systems in support of LANL projects.

Completion Target:

This Measure has been achieved when the contractor has:

Implemented two Parent Company Standard Applications Programs by 30 September 2008.

Measure 13.2 Business/IM Stretch Measure: Internal Controls, Continuous Improvement, Financial Accounting, and Information Resources Management

Expectation Statement:

LANL will achieve successful performance in the following areas:

- 13.2.1 Implement Oracle Business Intelligence Module
- 13.2.2 Implement Clear Orbit Application
- 13.2.3 Mentor-Protégé Agreement
- 13.2.4 Additional Six Sigma Performance Improvement Plans
- 13.2.5 Deliver IT Acquisition Strategy
- 13.2.6 Accelerate Upgrade of Business Applications

Completion Target:

This Measure has been achieved when the contractor has:

Successfully completed the completion targets of the Incentive **Stretch** measures listed per the fee schedule.

Fee Schedule:

Stretch: **\$816,032**

Fee will be earned on the following graduated scale:
100% fee for completion of at least 4 of the 6 sub-measures
75% fee for completion of 3 of the sub-measures
40% fee for completion of 2 of the sub-measures
0 fee for completion of 1 or none of the sub-measures

Measure 13.2.1 Implement Oracle Business Intelligence Module for Procurement (Stretch)

Expectation Statement:

Implement Oracle Business Intelligence module by August 30, 2008 to provide reporting capabilities to allow predictive reporting for ASM buyers with customizable dashboards including Key Performance indicators.

Completion Target:

This Measure has been achieved when the contractor has:

Provided a copy of a sample report from the implemented module.

Measure 13.2.2 Implement Clear Orbit Application for Procurement (Stretch)

Expectation Statement:

Implement Clear Orbit application by August 30, 2008 to streamline and improve the receiving and subsequent distribution through the warehouse function utilizing barcode readers.

Completion Target:

This Measure has been achieved when the contractor has:

Provided evidence of barcode equipment and pictures of the new process.

**Measure 13.2.3 Mentor-Protégé Agreement
(Stretch)**

Expectation Statement:

Implement one additional mentor-protégé agreement by September 15, 2008

Completion Target:

This Measure has been achieved when the contractor has:

Selected candidate and signed agreement for a new Mentor/Protégé' agreement.

**Measure 13.2.4 Additional Six Sigma Performance Improvement Projects
(Stretch)**

Expectation Statement:

Complete two (2) additional Six Sigma PIPs (for a total of five (5)). These two (2) also need pre-approval by the COR.

Completion Target:

This Measure has been achieved when the contractor has:

[Completed the PIP \(evidenced by completion of the PIP report including the implementation/control plan\)](#)

Fee Schedule:

**Measure 13.2.5 Deliver IT Acquisition Strategy
(Stretch)**

Expectation Statement:

Deliver the approved IT Acquisition Strategy by March 30, 2008. Implement and show compliance by September 30, 2008. Strategy should include a plan and schedule for a site-wide, approved, standardization of nonscientific software and hardware platforms and programs.

Completion Target:

This Measure has been achieved when the contractor has:

- Submitted strategy document by March 30, 2008.
- Provide evidence showing compliance by September 30, 2008.

**Measure 13.2.6 Upgrade Business Applications (Accelerated Schedule)
(Stretch)**

Expectation Statement:

Upgrade Laboratory Business Applications from 11.5.9 to 11.5.10 (includes upgrading Oracle Financials, Human Resources, and Procurement Modules) by June 30, 2008.

Completion Target:

This Measure has been achieved when the contractor has:

Submitted signed test scripts after the upgrade by June 30, 2008.

Measure 13.3 **Meet Small Business Goals**
(Stretch)

Expectation Statement:

Meet negotiated small business goals with graduated fee schedule.

Completion Target:

This Measure has been achieved when the contractor has:

Socio-economic targets as measured and reported as part of the LANL ASM Contractor Assurance System in PBViews (Objectives Matrix). Targets:

- Small Business Overall – 46%
- SVO – 3%
- SDVO – 3%
- SDB – 11%
- HUBZone – 3%
- SWO – 11%

Fee Schedule:

Stretch: \$283,968

Fee will be divided into six equal parts and then earned on the following graduated scale based on achieving overall Small Business target gradients:
100% fee for achieving ≥90 to 100% of target
90% fee for achieving ≥80 to <90% of target
65% fee for achieving ≥65 to <80% of target

Assumptions Specific to This Measure:

- Target gradients to be negotiated and approved by NNSA/LANS.

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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PEP CC-08-017b PBI 13 requires change because the original architecture was flawed. The problem occurs in weighing base/stretch and the relative challenges of the measures. While the Small Business performance measure is certainly among our most watched and most important, it is an extremely challenging set of goals to meet, and is therefore most appropriately a stretch measure.

At the same time, the precept of setting substantial, important, challenging but achievable goals in the base measures must be maintained. It is therefore the consensus of LANL and LASO that the Small Business goal should be preserved in its present form, but be changed to a Stretch measure. To ensure that LANL has an opportunity to earn fee, but only through successfully meeting needed goals, an additional base measure must be created.

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In determining what would be an appropriate added base measure, it was agreed that bringing appropriate Parent Company systems (as described in Prime Contract Clause H-8) could be a valued addition to the PBI. Bringing such systems will require coordination among both Parent Company and Government entities. The task will require verifiable deployment at the Laboratory, and in the time remaining, is a considerable challenge. It will also add substantially to the value of LANS' contribution to management of the Laboratory.

Additionally, this change control clarifies the completion requirements for measures 13.1.3 (base) and 13.2.4 (stretch) for Six Sigma Performance Improvement Projects.

PBI No. 14
Contractor Assurance Performance

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 14 Objective **Contractor Assurance Performance**

Objective Statement: Improve the management and performance of the Laboratory through execution of the Contractor Assurance System, and Parent Organizations' contributions.

SECTION 1
GENERAL INFORMATION

| | | |
|----------------------------------|---|--------------------------------|
| Revision Number and Date: | Revision No.: <u>10</u> | Date: <u>December 21, 2007</u> |
| | PEP CC-08-012 | Date: April 9, 2008 |
| | PEP CC-08-024 | Date: July 14, 2008 |
| Maximum Available Incentive Fee: | \$750,000 (Base) + \$156,752 (Stretch) = \$906,752 | |
| Duration: | Annual | |
| Fee Payment Type: | Completion | |
| Principle LANS Owner: | R. Knapp | |
| Principle COR: | J. Vozella | |

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

- Meet ≥70% of Business/Institutional Management Fixed Fee measures to be eligible to earn 100% of Incentive Objective Base Fee in all Business/Institutional Management PBIs.
- Meet ≥60% and <70% Business/Institutional Management Fixed Fee measures to be eligible to earn 50% of Incentive Objective Base Fee in all Business/Institutional Management PBIs.
- No Incentive Objective Base Fee is available in Business/Institutional Management PBIs if <60% of Business/Institutional Management Fixed Fee measures are met.
- 80% of Incentive Objective Base fee earned in this PBI is gateway to earning Incentive Objective Stretch fee in this PBI.

SECTION 3
INDEX OF PERFORMANCE MEASURES

| | Allocated Fee | Fee Type |
|---|--------------------------------------|----------------------|
| Measure 14.1 Issues Corrective Actions Management System | \$100,000 | B |
| Measure 14.2 Corrective Action Closures | \$200,000 \$156,752 | B S |
| Measure 14.3 Integrated Assessment Program | \$300,000 | B |
| Measure 14.4 Work Control Management Assessments | \$150,000 | B |

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

Measure 14.1. Issues and Corrective Actions Management System

**Measure 14.1.1 Issue Cycle Time
(Incentive/Base)**

Expectation Statement:

Improve the cycle time from issue entry into LIMTS to initiation of action to correct the issue for risk category 1 and 2 issues.

Completion Target:

This Measure has been achieved when the contractor has:

Improved the cycle time from issue entry into LIMTS to initial acceptance of an action to correct the issue for Category 1 and 2 issues averaged over the fourth quarter of FY 2008 per the fee schedule.

Fee Schedule:

Base: \$100,000 (11 % of total fee allocated to this Measure.)

60 days average = 100% of the fee

60 days to 90 days average = linear gradient between 100% and 50% of the fee

90 days average = 50% of the fee

Assumptions Specific to This Measure:

- The average cycle time from issue entry into LIMTS to initial acceptance of an action to correct the issue for the second and third quarters of FY 2008 is not 25% greater than the average cycle time (96 days) for the last nine months of CY 2007.

Measure 14.2 Corrective Actions Closures

**Measure 14.2.1 Cat 1 and Cat 2 Corrective Action Completion
(Incentive/Base)**

Expectation Statement:

Corrective actions for Cat 1 and 2 issues will be completed on time.

Completion Target:

This Measure has been achieved when the contractor has:

Complete the corrective actions for Cat 1 and 2 issues within 30 days of the original completion date or date approved through the formal change control process identified in the Issues Management System Process Document per the fee schedule.

Fee Schedule:

Base: \$200,000 (22 % of total fee allocated to this Measure.)

90% to 100% = 100% of the fee

90% to 70% = linear gradient between 100% and 50% of the fee

70% = 50% of the fee

Assumptions Specific to This Measure:

- Dates in LIMTS are the basis for this measure.

Measure 14.2.2 Corrective Action Completion in the DOE Corrective Action Tracking System (CATS) (Incentive/Stretch)

Expectation Statement:

Corrective actions tracked in CATS will be completed on time.

Completion Target:

This Measure has been achieved when the contractor has:

Actively managed corrective actions tracked in CATS to reduce the number that are overdue.

Fee Schedule:

Stretch: \$156,752 (17 % of total fee allocated to this Measure.)

Earn fee based on the average monthly number of overdue corrective actions in CATS across the nine (9) months from January 2008 through September 2008.

- 1 or less = 100% of the fee
- 1 to 6 = linear gradient between 100% and 50% of the fee
- 6 = 50% of the fee
- 7 or more = 0% of the fee

Assumptions Specific to This Measure:

- The number of overdue Corrective Actions is determined at the time of the monthly CATS status teleconferences with NA-10. **This number is reduced by the number of overdue corrective actions that LASO and LANL are actively managing resolution of comments or differences. Actions are defined as being actively managed if no more the 5 business days or 7 calendar days lapse between the time of a LASO query or request for action and the LANL's reply or action. Documents (such as email) must exist to verify the dates of active management.**
- The measure relates to the timely submittal of IMRB/MRB approved Correction Action closure packages and IMRB/MRB approved Change Requests when appropriate.
- The measure also relates to the quality of Corrective Action closure packages because the closure of Corrective Actions in CATS depends upon timely review and acceptance by LASO. 30 days are factored into the process to provide for LASO's review of closure packages which has been sufficient when our closure packages are complete and comprehensive.

Measure 14.3 Integrated Assessment Program

Measure 14.3.1 Timely Entering of Issues into LIMTS (Incentive Fee/Base)

Expectation Statement:

Internal management assessment reports (excluding LANS Parent Oversight Assessments) and identified issues are entered into LIMTS in a timely manner.

Completion Target:

This Measure has been achieved when the contractor has:

Internal management assessment reports (excluding LANS Parent Oversight Assessments) and identified issues are entered into LIMTS on average within days of the completion of assessment field observations. The cumulative average number of days for reports completed is reported.

Fee Schedule:

Base: \$100,000 (11 % of total fee allocated to this Measure.)

40 days average or less = 100% of the fee
40 days to 60 days average = linear gradient between 100% and 50% of the fee
60 days average = 50% of the fee

Assumptions Specific to This Measure:

- Performance against this Measure assumes that 85% or more of the internal management assessments are conducted on schedule according to the Integrated Assessment Schedule which includes formal change control
- Dates in LIMTS and the Integrated Assessment Schedule are the basis for this measure. **Until LIMTS is capable of auto-generating the date of assessment report submittal, the date of final approval of an assessment report shall be used to compute the cumulative average number of days for reports to be completed.**

**Measure 14.3.2 Self Identification of Issues
(Incentive Fee/Base)**

Expectation Statement:

The Contractor self identifies issues and reports them accurately and timely.

Completion Target:

This Measure has been achieved when the contractor has:

Identification of FY 2008 Cat 1 and Cat 2 issues by the LANS Parent Oversight, independent assessment, self assessment, etc., vs. DOE/NNSA or other federal or state oversight or regulatory agencies.

Fee Schedule:

Base: \$200,000 (22% of total fee allocated to this Measure.)

90% to 100% Identification = 100% of the fee

90% to 70% Identification = linear gradient between 100% and 50% of the fee

70% Identification = 50% of the fee

Assumptions Specific to This Measure:

- Data in LIMTS is the basis for this measure.

Measure 14.4 Work Control Assessment

**Measure 14.4.1 Implementation of Work Control
(Incentive/Base)**

Expectation Statement:

A [Director's Institutional Assessment of Institutional Work Control](#) is completed as scheduled. The assessment will look at LANS new initiatives and will verify implementation of the Laboratory [IMP](#) and DNFSB Recommendation 2004-1 Implementation Plan Commitment 23, Action Plan for Improving Activity Level Work Planning and Control Processes.

Completion Target:

This Measure has been achieved when the contractor has:

Completed a [Director's Institutional Assessment](#) that validates work control implementation including completion of actions identified by 10 CFR 851 Worker Safety and Health Program and DNFSB Commitment 23 Action Plan. "Implemented" means CAP closure per schedule, systematic compliance, and field implementation.

Fee Schedule:

Base: \$150,000 (20 % of total fee allocated to this Measure.)

20% earned fee for verification of acceptable CAP closure

40% earned fee for validation of systematic compliance

40% earned fee for validation of >80% field implementation

No fee is paid if the work control topical area is not validated, acceptably implemented and 10 CFR 851 compliant.

Assumptions Specific to This Measure:

- The [Director's](#) Institutional Assessment will be the basis for validating implementation of work control. The assessment will be planned and led by staff from CAO-PF. The assessment plan will be mutually agreed with LASO and will be based in part on reports resulting from implementation of DIR-07-230 requiring managers to conduct IWM Management Assessments that utilize the LANL IWM self assessment checklist, which is consistent with the NNSA Guidance for Activity Level Work Planning and Control Processes.
- The assessment will be conducted between June and August of 2008 and will include participation by independent, qualified LANL personnel and qualified LASO observers. Assessment reports will be delivered to LASO within 30 days of assessment completion.
- Identification of isolated deficiencies within the program does not constitute systematic failure; rather these are opportunities to implement continuous improvement. A large number of recurring deficiencies or repeated non-compliances across the breadth of the program, or basic program elements not in place, is systematic failure.
- Field implementation "success" is defined as full implementation at 80% or greater of the facilities selected for assessment.
- Acceptable CAP closure is defined as validation by the assessment that 100% of the actions are effectively completed and implemented in accordance with the due dates in the CAP for issue 2007-4258.

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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

CC-08-012 Effective 4/9/08. PBI 14.2.2 was modified so that the number of overdue CATS Corrective Actions can be reduced by the number of overdue corrective actions that LASO and LANL are actively managing resolution of comments or differences. PBI 14.3.1 was modified to define the official date of assessment report completion. Both of these changes were made to ensure that rigorous and auditable processes are in place for determining performance.

CC-08-024 Effective 7/14/08. This Change Control made clarification regarding assessment of work control. The intent of this measure was to evaluate the implementation of work control at LANL. The existing expectation statement proposed to measure work control via a series of LANL management assessments that were scheduled as part of a corrective action plan that does not explicitly focus on work control. Thus, the required evaluation of work control would not be achieved. This change control

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remedies this problem by specifying that the determination of the implementation of work control be based on a single Director's Institutional Assessment.

PBI No. 15
Institutional Management Excellence

FY 2008 PERFORMANCE BASED INCENTIVE

PBI No. 15

Objective

Institutional Management Excellence

Subjective Statement: Ensure highly effective leadership, integration, and excellence in management of programs.

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: 10 Date: December 21, 2007
 Maximum Available Incentive Fee: **\$10,259,200**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: J. Van Prooyen
 Principle COR: R. Snyder

**SECTION 2
 PERFORMANCE REQUIREMENTS**

GATEWAY/THRESHOLDS: *(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)*

None

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

| | Fee Type |
|---|-------------------|
| Measure 15.1 Management Integration and Effectiveness | Subjective |
| Measure 15.2 Overall Mission/Operations/Business Success | Subjective |

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2008.

| Measure 15.1 | Management Integration and Effectiveness (Incentive Fee/Subjective) |
|---------------------|--|
| Criteria 15.1.1 | Leadership and Strategic Alignment |
| Criteria 15.1.2 | Management of Emergent Issues & Departmental Initiatives |
| Criteria 15.1.3 | Integration Across the Institution |
| Criteria 15.1.4 | Institutional Resource Stewardship/Management/Priorities |
| Criteria 15.1.5 | Workforce Planning and Development |
| Criteria 15.1.6 | Institutional Risk Management and Reduction |
| Criteria 15.1.7 | Planning and Management of Requirements / Contractual Interfaces |
| Criteria 15.1.8 | Performance-Based Management and Improvement |
| Criteria 15.1.9 | Communications and Communication Improvement Initiatives |

Criteria 15.1.10 (Internal/External-Federal, Tribal, State, Local)
 Impact of Parent Organization Governance and Reachback

Expectation Statement:

The NNSA will subjectively evaluate the contractor's leadership in integrating programs and activities across LANL and within the NNSA complex, achieving exemplary performance in the accomplishment of all assigned work. Specific areas of focus are identified in Criteria 15.1.1-15.1.10.

Completion Target:

The criteria in the right column will be considered in the evaluation of each target.

| | |
|---|--|
| 15.1.1 Leadership and Strategic Alignment | Use of well-defined goals, metrics, and priorities to align with the NNSA and DOE strategic plans, communicate with the Laboratory workforce, anticipate issues, and minimize risk to performance |
| 15.1.2 Management of Emergent Issues & Departmental Initiatives | Timeliness and effectiveness of responses to significant events or Departmental initiatives or changes in programmatic direction or allocated resources |
| 15.1.3 Integration Across the Institution | Effectiveness and efficiency in managing projects, processes, resources, and issues across Laboratory organizations. |
| 15.1.4 Institutional Resource Stewardship / Management / Priorities | Effectiveness of managing impacts of FY 2008 Continuing Resolutions and final FY 2008 budgets including timely communication with customers. Effectiveness of cost reduction and improving cost distribution across the institution. |
| 15.1.5 Workforce Planning & Development | Effectiveness of Workforce Restructuring planning and implementation, including maintenance of critical skills. Performance on FY 2008 Commitments under Laboratory Goals related to workforce planning and development: <ul style="list-style-type: none"> • Develop employees and create a work environment to achieve employee and Laboratory success |
| 15.1.6 Institutional Risk Management and Reduction | Progress in reducing institutional risk and effectiveness in managing residual institutional risk <i>(add reference to Pre-existing Conditions if they are not covered under fixed fee measures.)</i> |
| 15.1.7 Planning and Management of Requirements / Contractual Interfaces | Effectiveness in planning and managing contractual requirements as reflected in the quality and timeliness of Laboratory plans and their implementation. |
| 15.1.8 Performance-based Management and Improvement / Improvement Commitments | Performance on FY 2008 Commitments under Laboratory Goals related to performance-based management and improvement: <ul style="list-style-type: none"> • Implement a performance-based management system that drives mission and operational excellence |

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| | |
|--|---|
| <p>15.1.9 Communications and Communication Improvement Initiatives (internal/external - Federal, Tribal, State, Local)</p> | <p>Timeliness and effectiveness of communication and coordination in accordance with defined channels and rules of engagement</p> <p>Performance on FY 2008 Commitments under Laboratory Goals related to communications:</p> <ul style="list-style-type: none"> • Communicate effectively with our employees, customers, community, stakeholders, and the public at large |
| <p>15.1.10 Impact of Parent Organization Governance and Reachback</p> | <p>Use of parent organization functional management assessments and Assess, Improve, Modernize (AIM) Teams to improve critical areas</p> <p>Use of parent organizations for subject matter experts and systems to improve critical areas</p> |

Measure 15.2

Overall Mission/Operations/Business Success (Incentive Fee/Subjective)

- Criteria 15.2.1 Weapons Program Success / Efficiency / Effectiveness / Maturity
- Criteria 15.2.2 Threat Reduction Success / Efficiency / Effectiveness / Maturity
- Criteria 15.2.3 Science, Technology, and Engineering Success / Efficiency / Effectiveness / Maturity
- Criteria 15.2.4 Environmental Programs Success / Efficiency / Effectiveness / Maturity
- Criteria 15.2.5 Security Systems Maturity, Commitments, and Improvement Initiatives
- Criteria 15.2.6 Safety and Operations Systems Maturity, Commitments, and Improvement Initiatives
- Criteria 15.2.7 Business Systems Maturity, Commitments, and Improvement Initiatives
- Criteria 15.2.8 Integration and Execution of Work for Others Management and Technology Transfer Programs
- Criteria 15.2.9 Community Programs Effectiveness
- Criteria 15.2.10 Strategic Stewardship of the LANL Site and Its Assets

Expectation Statement:

NNSA will subjectively evaluate the contractor's performance in areas that will enable its ability to distinguish the Laboratory as a premier research and development institution. Specific areas of focus are described in Criteria 15.2.1 – 15.2.10

Completion Target:

The criteria in the right column will be considered in the evaluation of each target.

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| | |
|--|---|
| <p>15.2.1 Weapons Program Success / Efficiency / Effectiveness / Maturity</p> | <p>Overall performance of the Weapons Program apart from performance covered under Fixed Fee, objective Incentive At-Risk Fee, or Award Term Incentives. Focus on efficiency, effectiveness, and maturity of program leadership and management processes and systems.</p> <p>Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory and across the Nuclear Weapons Complex</p> <p>Performance on FY 2008 Commitments under Laboratory Goal related to weapons:</p> <ul style="list-style-type: none"> • Assess the safety, reliability, and performance of LANL weapons systems |
| <p>15.2.2 Threat Reduction Success / Efficiency / Effectiveness / Maturity</p> | <p>Overall performance of the Threat Reduction Program apart from performance covered under Fixed Fee, objective Incentive At-Risk Fee, or Award Term Incentives. Focus on efficiency, effectiveness, and maturity of program leadership and management processes and systems.</p> <p>Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory.</p> <p>Performance on FY 2008 Commitments under Laboratory Goal related to weapons:</p> <ul style="list-style-type: none"> • Leverage our science and technology advantage to anticipate, counter, and defeat global threats and meet national priorities, including energy security |
| <p>15.2.3 Science, Tech, and Engineering Success / Efficiency / Effectiveness / Maturity</p> | <p>Overall performance of the Science, Technology, and Engineering Programs apart from performance covered under Fixed Fee, objective Incentive At-Risk Fee, or Award Term Incentives. Focus on efficiency, effectiveness, and maturity of program leadership and management processes and systems.</p> <p>Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory.</p> <p>Performance on FY 2008 Commitments under Laboratory Goal related to weapons:</p> <ul style="list-style-type: none"> • Be the premier national security science laboratory and realize our vision for a capabilities-based organization |
| <p>15.2.4 Environmental Programs Success / Efficiency / Effectiveness / Maturity</p> | <p>Performance on FY 2008 Commitments under Laboratory Goals related to operations:</p> <ul style="list-style-type: none"> • Establish excellence in environmental stewardship <p>Timeliness and effectiveness of responses to safety and operations systems issues.</p> |

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|--|--|--|
| <p>15.2.5 Security Systems Maturity, Commitments, and Improvement Initiatives</p> | <p>Performance on FY 2008 Commitments under Laboratory Goals related to security:</p> <ul style="list-style-type: none"> • Make safety and security integral to every activity we do • Implement a cyber security system that reduces risk while providing exemplary service and productivity <p>Timeliness and effectiveness of responses to security systems issues.</p> <p>Illustrative examples (not all encompassing):</p> <ul style="list-style-type: none"> • Quality of Annual Operating Plan (AOP), FS-20 budget submission, Quarterly Program Reviews, Budget Reviews, Site Safeguards and Security Plan (SSSP), etc. • Execution of an effective CI Program by detecting, deterring, and mitigating foreign intelligence collection and espionage and international terrorist threats. • Magnitude of findings from NNSA or DOE oversight inspections. • Security topical and sub-topical areas ratings during NNSA or DOE oversight inspections • Site Security planning activities effectively integrates requirements, resources, and capabilities across all topical areas. • Site Security planning activities fully support DOE and NNSA planning, and oversight requirements • Detect, deter, and mitigate foreign intelligence collection and espionage and international terrorist threats. • Operate an effective and efficient physical security program | |
| <p>15.2.6 Safety and Operations Systems Maturity, Commitments, and Improvement Initiatives</p> | <p>Performance on FY 2008 Commitments under Laboratory Goals related to operations:</p> <ul style="list-style-type: none"> • Make safety and security integral to every activity we do • Establish excellence in environmental stewardship • Provide efficient, responsive, and secure infrastructure and disciplined operations that effectively support the Laboratory mission and its workforce <p>Timeliness and effectiveness of responses to safety and operations systems issues.</p> <p>Impact of quality of documents submitted to LASO on mission deliverables.</p> <p>Operations Implementation will be evaluated including maintenance, utilities, facilities, etc.</p> | |

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FY 2008 PERFORMANCE EVALUATION PLAN

| | |
|--|---|
| <p>15.2.7 Business Systems Maturity, Commitments, and Improvement Initiatives</p> | <p>Performance on FY 2008 Commitments under Laboratory Goals related to business systems:</p> <ul style="list-style-type: none"> • Deliver improved business processes, systems, and tools, that meet the needs of our employees, reduce the cost of doing business, and improve the Laboratory's mission performance <p>Timeliness and effectiveness of responses to business systems issues.</p> |
| <p>15.2.8 Integration and Execution of Work for Others Management and Technology Transfer Programs</p> | <p>Improvement in the effectiveness and efficiency of the management of work for others and technology transfer and in the benefits to the Laboratory's mission performance</p> |
| <p>15.2.9 Community Programs Effectiveness</p> | <p>Overall performance of Community Programs apart from performance covered under Fixed Fee, objective Incentive At-Risk Fee, or Award Term Incentives.</p> <p>Community Leader survey results and actions to improve program integration and performance by the Laboratory.</p> |
| <p>15.2.10 Strategic Stewardship of the LANL Site and Its Assets</p> | <p>Performance in managing the LANL site and its assets including support of NNSA in its role as landlord, including effective interactions with other governmental agencies in managing land transfer, archaeological and cultural sites, historical sites, and land management.</p> |

**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 that the funding is sufficient to accomplish these measures.
 - 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, 2008.

PBI No. 16
Fixed Fee

| FY 2008 PERFORMANCE BASED INCENTIVE | | | |
|---|--|----------------------------------|-------------------------------|
| PBI No. 16 | Objective | Fixed Fee | |
| Subjective Statement: Fundamental activities required for operation of the laboratory in compliance with the contract statement of work. | | | |
| SECTION 1 GENERAL INFORMATION | | | |
| Revision Number and Date: | Revision No.: <u>10</u> | Date: <u>December 21, 2007</u> | |
| | PEP 08-003C | Date: <u>March 27, 2008</u> | |
| | PEP 08-018 | Date: <u>April 30, 2008</u> | |
| | PEP 08-023 | Date: <u>July 14, 2008</u> | |
| Maximum Available Incentive Fee: | \$0 | | |
| Duration: | Annual | | |
| Fee Payment Type: | Completion | | |
| Principle LANS Owner: | J. Van Prooyen | | |
| Principle COR: | R. Snyder | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | | |
| None | | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | | |
| | | Fee Type | |
| Measure 16.1 | Mission | Fixed | |
| Measure 16.2 | Operations | Fixed | |
| Measure 16.3 | Business/Institutional Management | Fixed | |
| SECTION 4 PERFORMANCE MEASURES | | | |
| <i>List associated performance measures, expectations, targets, and fee schedules for FY 2008.</i> | | | |
| Measure 16.1 | Mission (Fixed Fee) | | |
| | Performance Category | PEP Performance Objective | PEP Performance Target |

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| | | | |
|---------|---------|---|--|
| 16.1.1 | Mission | Develop and apply science and technology to assure the safety, security, reliability, and performance of the national nuclear weapons stockpile pursuant to national security policy and Presidential and Congressional directives | Conduct Red Team exercise associated with Annual Assessment process. |
| 16.1.2 | Mission | | Submit the Annual Assessment Report and Director's Annual Assessment Letter to NNSA by September 30, 2008. |
| 16.1.3 | Mission | The Contractor shall have a stockpile stewardship program in accordance with program plans approved by the NNSA and including the following elements: • Simulation codes and computational resources; • Surety and surveillance; • Scientific capabilities, experiments and tests; and • Production and manufacturing. | Provide the required input for the NNSA Defense Programs March FY 2010-2014 budget programming meeting |
| 16.1.4 | Mission | | Provide the required technical support to plants in the complex on all Code Blue needs. |
| 16.1.5 | Mission | | Conduct an Advanced Manufacturing Capability review and provide a report on the results including the sufficiency of the current capability and proposed actions. |
| 16.1.6 | Mission | | Conduct the Weapons Science and Weapons Engineering Capability reviews and provide reports on the results including the sufficiency of the current capability and proposed actions. |
| 16.1.7 | Mission | | Achievement of 100% of the LANL contributions to LANL FY08 Level 1 milestones must be accomplished. |
| 16.1.8 | Mission | | Execute the annual RTBF/FIRP plan (Level 1 MRT # 333) |
| 16.1.9 | Mission | | Develop the DARHT dual-axis, multi-pulse radiographic capability (Level 1 MRT # 337). Emergent technical surprises will be considered in the evaluation of this measure. |
| 16.1.10 | Mission | | Complete the 1st Suspect/Counterfeit Item Program (Level 1 MRT # 351) Performance will be evaluated against the delivery on the LANL portions of the experimental plan. |
| 16.1.11 | Mission | The Contractor shall have a quality assurance program implementation to include improved quality engineering and quality control services throughout the Laboratory in both Institutional and weapons areas. | Demonstrate that the Suspect/Counterfeit Item Program is being implemented in compliance with DOE O 414.1C. |
| 16.1.12 | Mission | The Contractor shall have a defense nuclear nonproliferation program in accordance with program plans approved by the NNSA and including the following elements: • Global threat reduction programs; • Nonproliferation research and engineering; • Nonproliferation and international security; • International material protection and cooperation; and • Fissile materials disposition. | Provide the list of all FY 2008 life-cycle plans as of February 15, 2008 that are in the nuclear accounting financial database (NAFD) system for Global Threat Reduction programs, International Material Protection and Cooperation, and Fissile Materials Disposition. |
| 16.1.12 | Mission | | Provide the list of all FY 2008 life-cycle plans as of February 15, 2008 that are in the WebPMIS for Nonproliferation Research and Engineering and Nonproliferation and International Security. |

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
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| 16.1.13 | Mission | The Contractor shall have an NNSA-approved Laboratory Directed Research and Development program. | Receive NNSA concurrence on the LDRD Program Plan by September 2008. Any impact by NNSA actions will be jointly evaluated. |
| 16.1.14 | Mission | The Contractor shall establish industrial partnerships and have technology transfer programs in accordance with Contracting Officer approval. | Complete Congressional annual report on status of technology transfer programs at Los Alamos National Laboratory and submit to Albuquerque Service Center by January 18, 2008. |
| 16.1.15 | Mission | The Contractor shall maintain a comprehensive technology transfer program. | The Contractor shall perform a mid-year review of the results of its technology transfer program, within the first month of the third quarter of the fiscal year. The review will evaluate progress by the LANL Technology Transfer Division towards meeting metrics defined at the start of FY08 and will be used to determine what operational changes, if any, are necessary to ensure those metrics are met. |
| 16.1.16 | Mission | The Contractor shall have environmental management programs based on regulatory and enforceable agreements and contractual requirements and including the following elements: | Maintain independent third-party ISO 14001 registration of its Environmental Management System. |
| 16.1.17 | Mission | • Environmental restoration activities; | Maintain compliance with the Federal Facilities Compliance Act (FFCA) and in accordance with the approved, funded FY08 workplan. |
| 16.1.18 | Mission | • Legacy waste disposition; | Publish the 2007 Annual Site Environmental Surveillance Report (ASER) to the LANL green web page by September 30, 2008. |
| | | • Waste management facilities and operations; | |
| | | • Decontamination and decommissioning facilities and infrastructure; and, | |
| | | • Support for remediation and conveyance of Land Transfer parcels pursuant to applicable law. | |
| 16.1.19 | Mission | The Contractor shall manage all Laboratory User Facilities in accordance with Contracting Officer direction. | Conduct the FY08 Materials Research Capability Review that includes nanotechnology as one of the theme areas for FY08. Provide the final report for the Materials Research Capability Review. Provide documented evidence that recommendations identified in the FY08 Materials Research Capability Review have been evaluated by the PADSTE Management Review Board. |
| 16.1.20 | Mission | | Provide the FY08 first, second and third quarterly Lujan Center beam reliability reports and available user data for first quarter FY08. Provide FY08 LANSCE Advisory Board meeting report. |

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| Measure 16.2 Operations (Fixed Fee) | | | |
|--|-----------------------------|--|--|
| | Performance Category | PEP Performance Objective | PEP Performance Target |
| 16.2.1 | Deleted | . | |
| 16.2.2 | Operations | The Contractor shall have a training program meeting contractual requirements and including an approved Training Implementation Matrix (TIM) for all nuclear facilities. | Complete submittal of all nuclear facility Training Implementation Matrices (TIMs). |
| 16.2.3 | Operations | The Contractor shall submit Readiness Review documents as required. | This measure has been achieved, starting after April 15, 2008, when the contractor has submitted all reports and supporting documents identified in Readiness Procedure P-115.0 within 30 days of ORR/Readiness Review completion. |
| 16.2.4 | Operations | The Contractor shall update approved DSAs annually. | This measure has been achieved when the Contractor has completed required annual updates of all Safety Basis documents that were revised and approved in FY07 no later than one year from the date of their previous approval. All other DSAs requiring revision (except CMR) will be completed in FY08. |
| 16.2.5 | Operations | The Contractor shall sample Unreviewed Safety Question Determinations (USQD) for compliance to the approved USQ program. | This measure has been achieved when the Contractor has sampled unreviewed Safety Question Determinations for USQ Program compliance at nuclear facilities and provided an end of year report in accordance with the DOE Guidance. |
| 16.2.6 | Operations | The Contractor shall develop FY09 site security planning activities that fully support DOE and NNSA planning and oversight requirements | This measure has been achieved when the FY 2009 AOP is developed and approved by LASO in accordance with the schedule developed in CY 2008. |
| 16.2.7 | Operations | The Contractor shall develop the FY 2009 FS-20 Budget submission that fully resources a balanced and effective security and safeguards program. | This measure has been achieved when the LANS FY 2009 FS-20 budget submission has been submitted to LASO by April 1, 2008. |
| 16.2.8 | Operations | The Contractor shall implement a random drug testing program in accordance with DOE/NNSA direction. | This measure has been achieved when the Contractor provides documented evidence that the required number of random drug tests has been completed. |

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| 16.2.9 | Operations | The Contractor shall operate an effective and efficient Cyber Security Program. | Complete Cyber Security Planning and Budgeting, including the development of the FY 2008 Annual Operating Plan and submittal to LASO on time, providing quarterly program reviews, and providing monthly updates in the Cyber Security Protection Program Coordination Council. |
| 16.2.10 | Operations | The Laboratory shall demonstrate operation of a safe working environment as measured by continuous improvement in the TRC and DART injury-illness rates. | Achievement of this measure will be evidenced by Laboratory efforts to continue improvements in safety in an effort to achieve aggregate Laboratory rates at the end of FY 2008 that are lower than the FY 2007 baseline (i.e., the rate at the end of September, 2007). |
| 16.2.11 | Operations | The Contractor shall have a Safety and Health program based on Integrated Safety Management, 10CFR851, and other contractual requirements. | Conduct Annual Evaluation of the ISMS Program; submit ISMS Annual Report, and Safety Performance Objectives, Performance Measures and Commitments as delineated in LANL's ISMS Implementation Policy Support Document IP-300-SD1 dated May 17, 2007. |
| 16.2.12 | Operations | The Contractor shall report injury, illness and accident investigations through CAIRS. | LANS will ensure accurate and timely reporting of injury, illness, and accident investigations through CAIRS per 10 CRF 851. Assumption. Period of measurement will begin January 1, 2008 |
| 16.2.13 | Operations | The Contractor shall maintain a Radiation Protection Plan consistent with the 10 CFR 835 Implementation Plan. | This Measure will be achieved with closure packages submitted on scheduled milestones. |
| 16.2.14 | Operations | The Contractor shall have a Fire Protection System in accordance with DOE Guidance. | This measure has been achieved when the Contractor has submitted the Annual Fire Protection Program Summary on the LANL Fire Protection System to DOE/HQ. |
| 16.2.15 | Operations | The Contractor shall have an Emergency Operations program in accordance with requirements for emergency-related planning and services in support of LANL programs and facilities. | This measure has been achieved when the Contractor has provided LASO quarterly reports outlining the deployed Emergency Support Personnel Program, including the status of staffing, emergency plans, evacuation drills, and currency of building run sheets. When necessary, corrective actions will be identified in the report and status/accomplishment noted in subsequent reports. Assumption: The Performance Objective statement recognizes that the Emergency Operations Program is not currently compliant and that an approved Corrective Action Plan is being implemented to address deficiencies. |
| 16.2.16 | Operations | The Contractor shall maintain emergency response capabilities that support LANL institutional needs for consultations and the provision of response services to emergency and abnormal events. | This Measure has been achieved when Emergency Operations has provided quarterly reports to LASO articulating the number of responses by the nature of the service and the TA and building served. Quarterly reports will establish a baseline and track and trend response activities. |

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| 16.2.17 | Operations | The Contractor shall hold the annual Emergency Management site exercise | This Measure will be achieved when the Contractor has held the annual Emergency Management site exercise with LASO participation. Assumption: The evaluation report of the exercise may not be issued before the end of September and is not a part of performance on this measure. |
| 16.2.18 | Operations | The Contractor shall have a program to oversee the management program for maintenance and site services provided to Government-owned facilities and infrastructure. | This Measure has been achieved when the Contractor has done the following: <ul style="list-style-type: none"> ▪ During the first six months of the Fiscal Year: ADISS and MSS will develop, standardize, and commence a Maintenance and Site Services Program review. ▪ During the second six months of the Fiscal Year: A monthly program review will be conducted. Evidence will be provided via either DOE/NNSA attendance or subsequent submittal of program review documentation. Program reviews will reflect monitoring of the overall program health and status and will track identified corrective actions. |
| 16.2.19 | Operations | The Contractor shall provide responsive data and information for the DOE Facility Information Management System (FIMS) | This Measure has been achieved when ADISS has responded to requested data calls and provided/populated the required fields in FIMS for each request. Evidence files will be retained in Institutional Planning that verify submission completeness and timeliness. |
| 16.2.20 | Operations | The Contractor shall improve and sustain the physical infrastructure needed to support Laboratory operations. | This Measure has been achieved when the Laboratory has submitted a comprehensive Ten Year Site Plan (TYSP) incorporating Complex Transformation planning guidance. Assumption: Complex Transformation Guidance is received by January 31, 2007. |

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 FY 2008 PERFORMANCE EVALUATION PLAN

| Measure 16.3 Business/Institutional Management (Fixed Fee) | | | |
|---|---|---|--|
| | Performance Category | PEP Performance Objective | PEP Performance Target |
| 16.3.1 | Business/ Institutional Management | The Contractor shall work towards mitigating the Pre-existing Conditions. | Development/submission to CO of a milestone schedule for closure or other disposition of Pre-Existing Conditions by end of the second quarter, FY 2008. The schedule will be updated annually with any changes (schedule and/or status). Submission of an annual report of progress in disposition of PECs against the schedule will be provided by September 1, 2008. |
| 16.3.2 | Business/ Institutional Management | The Contractor shall manage the Contract Deliverable Reporting List (CDRL). CDRL deliverables are made on schedule and are of satisfactory quality. | During FY 2008, a CDRL-tracking system is deployed and reaches useful maturity level. A baseline CDRL is approved by the LASO Contracting Officer by January 30, 2008. Subsequent changes are made through a formal change control process. |
| 16.3.3 | Business/ Institutional Management | | By the end of the 2nd quarter, a representative sample of FY 2008 fixed due date deliverables is chosen jointly by LANL and LASO. By September 1, 2008, LANL conducts an internal assessment of the representative sample to determine timeliness and quality of deliverables. The results will be reported to the LASO CO. |
| 16.3.4 | Business/ Institutional Management | The Contractor shall have a Performance Based Management Program. | Provide the PEPRS monthly Contractor Self-Assessment of Performance (beginning in January 2008) referencing the Performance Evaluation Plan (PEP). |
| 16.3.5 | Business/ Institutional Management | The Contractor shall maintain a NNSA approved management system for overall integrated planning, acquisition, maintenance, operation, control, accountability, utilization, and disposal of Government owned personal property. | Maintain property system approval throughout FY 2008 utilizing the NNSA-approved objectives matrix. |
| 16.3.6 | Business/ Institutional Management | The Contractor shall have a financial management system in accordance with contractual requirements and maintaining satisfactory performance ratings against the NNSA OFFM metrics. | Obtain at least an overall satisfactory financial management performance rating based on NNSA OFFM metrics in the following areas: self assessments, follow-up on financial audits, internal controls, financial reporting, financial accounting practices and procedures, direct and indirect cost distribution systems, financial systems initiatives, budget formulation, execution, reporting. |

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FY 2008 PERFORMANCE EVALUATION PLAN

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| 16.3.7 | Business/ Institutional Management | The Contractor shall maintain a NNSA approved purchasing system to provide purchasing support and subcontract administration. | Maintain procurement system approval throughout FY 2008 utilizing the NNSA approved objectives matrix. |
| 16.3.8 | Business/ Institutional Management | The Contractor shall execute audit activities based on the FY 2008 Internal Audit Plan and approved modifications to the Plan. | Execute audit activities, in accordance with the FY 2008 Internal Audit Plan and approved modifications to that Plan by LASO. At least 80% of the planned audits should be completed, or deviations should be adequately justified. |
| 16.3.9 | Business/ Institutional Management | The Contractor shall conduct regional community initiatives based on the seven-year Community Commitment Plan and contractual requirements in Section J, Appendix L on Regional Initiatives. | Conduct the FY 2008 regional community initiatives in accord with the seven-year Community Commitment Plan, including LANS investments in education, economic development, and community giving, and with the Prime Contract Section J, Appendix L on Regional Initiatives, including regional educational outreach programs and community technical assistance. |
| 16.3.10 | Business/ Institutional Management | The Contractor shall have a human resources management system in accordance with contractual requirements including submission of a Compensation Increase Plan on schedule. | Submit proposed compensation increase plan (CIP). |
| 16.3.11 | Business/ Institutional Management | The Contractor shall submit annually an assurance letter in accordance with the Financial Management Federal Integrity Act | Submit to NNSA the Annual Assurance Statement Letter under FMFIA. |
| 16.3.12 | Business/ Institutional Management | The Contractor in accordance with DOE O 311.1B has an Equal Employment Opportunity and Diversity Program. | Complete LANL Affirmative Action Plan. Submit EEO-1 report to the EEOC/OFCCP on LANL Equal Employment Opportunities Program. Submit LANL Diversity Plan to NNSA ALB Service Center. |
| 16.3.13 | Business/ Institutional Management | DEAR 972.5203-1 Management Controls. The Contractor should submit annually a Management Representation Letter. | Maintain effective management control systems as evidenced by submission of the annual Management Representation Letter. |
| 16.3.14 | Business/ Institutional Management | DEAR 972.5203-1 Management Controls. The Contractor should submit annually an OMB A-123 Assurance Statement. | Maintain effective financial management control systems as evidence by submission of the annual OMB A-123 Assurance Statement. |
| 16.3.15 | Business/ Institutional Management | The Contract shall develop and submit an annual Small Business Plan. | Develop and submit the annual Small Business Plan to the Contracting Officer |

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| 16.3.16 | Business/ Institutional Management | The Contractor shall have a Records Management Program and submit a plan to NNSA. | Submit LANL Records Management Program Plan to NNSA for review and approval. |
| 16.3.17 | Business/ Institutional Management | The Contractor shall update annually the Contractor Multi-Year Strategy for Performance Improvement | Submit an annual update of the Contractor Multi-Year Strategy for Performance Improvement to the Contracting Officer by May 15, 2008. |
| 16.3.18 | Business/ Institutional Management | The Contractor shall continue to implement the parent-organization-approved Contractor Assurance System in accordance with contractual requirements. | Use the results of the FY 2007 annual self-assessment to update the annual Contractor Assurance System Implementation and Improvement Plan and the Contractor Assurance System Description Document. Notify the Contracting Officer of changes to the Contractor Assurance System approved by LANL management and the LANS Board of Governor in accordance with the change control requirements specified in the Contractor Assurance System Description Document. |
| 16.3.19 | Business/ Institutional Management | | Conduct the FY 2008 annual assessment of the Contractor Assurance system. |
| 16.3.20 | Business/ Institutional Management | The Parent Organization of the Contractor shall submit to NNSA, the FY 2009 Oversight Plan. | Submit the FY 2009 Parent Organization's Oversight Plan to NNSA for review and approval. |

**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 that the funding is sufficient to accomplish these measures.
- 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, 2008.

PEP CC-08-003C Effective March 27, 2008. This change control did the following:

- 16.1.5: Target changed to include the correct name of the review—an [Advanced Manufacturing Capability review](#).
- 16.2.4: This target has been clarified to show that the DSAs that were revised and approved in FY07 will be updated no later than one year of their previous approval, and that all other DSAs requiring revision (except CMR) will be completed in FY08. LANL and LASO have agreed to a CMR DSA/TSR revision in FY09.
- 16.2.14: Target changed to include title of report from DOE M 231.1-1A—the [Annual Fire Protection Program Summary](#).
- 16.2.15: Assumption added that acknowledges that the Emergency Operations Program is not yet a compliant program but will implement an approved Corrective Action Plan to address issues.

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- 16.3.4: Target is clarified to reflect PEPRS monthly Self Assessment (beginning in January 2008) referencing the PEP, rather than other Self Assessments that might be done during the year.
- 16.3.8: Target statement was added to specify that 80% of the Annual Operating Plan would be met. This target allows for flexibility to meet changing risks, staffing fluctuations, Circular A-123 reporting requirements, management requests, and other demands on audit resources.
- 16.3.14 Correction of spelling error referencing OMB A-123.
- 16.3.18 and 16.3.19: The Performance Objective for 16.3.18 and 16.3.19 are the same. The cell of 16.3.18 and the blank cell of 16.3.19 will be merged to clarify this.
- PEP CC-08-018: Effective 4/30/08. This Change Control did the following:
- 16.1.6 The targets are specifically the Weapons Science Capability Review and Weapons Engineering Capability Review (not the Science Capability Review)
 - 16.1.15 The target was changed to require a mid-year review of the technology transfer program (of work done in FY08) rather than to provide a report in FY08 of work done in FY07.
 - 16.1.19 The target was changed from the CINT end-of-year report to the FY08 Materials Research Capability Review and report. Nanotechnology is one of the theme areas of the FY08 Materials Research Capability Review, so CINT will be a component of this review. The original target is not due until after the PEP Self Assessment is due.
 - 16.1.20 An alternative target, providing FY08 beam reliability reports and user data, was substituted for the LANSCE/Lujan Center end-of-year report that is not available until after the PEP Self Assessment is due.
- PEP CC-08-023: Effective 7/14/08. This Change Control deleted PBI measure 16.2.1, Earned Value Management System. LASO/NNSA determined that the certification prior to the transition was applicable to the contractor at the time (UC) and could not be transferred to the new contractor (LANS). NNSA/OECM stated that there will be a certification review possibly in late FY08 but that the certification of the LANS EVMS would likely not be approved until FY09.

PBI No. 17
Award Term

| FY 2008 PERFORMANCE BASED INCENTIVE | | |
|---|--|--------------------------------|
| PBI No. 17 | Objective: | Award Term Incentives |
| Objective Statement: Strategic and tactical measures indicative of a well performing laboratory. | | |
| SECTION 2 PERFORMANCE REQUIREMENTS | | |
| Revision Number and Date: | Revision No.: <u>10</u> | Date: <u>December 21, 2007</u> |
| | PEP CC-08-005b | Date: June 10, 2008 |
| | PEP CC-08-025 | Date: 7/24/08 |
| Maximum Available Incentive Fee: | \$0 | |
| Duration: | Annual | |
| Fee Payment Type: | Completion | |
| Principle LANS Owner: | J. Van Prooyen | |
| Principle COR: | R. Snyder | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| GATEWAY/THRESHOLDS: <i>(Describe Gateway/Thresholds (if applicable) that must be completed before fee can be paid.)</i> | | |
| None | | |
| SECTION 3 INDEX OF PERFORMANCE MEASURES | | |
| | | Fee Type |
| <i>Strategic</i> | | |
| Measure 17.1 | Transformation | Award Term |
| Measure 17.2 | Target Materials Science | Award Term |
| Measure 17.3 | Deliver Computing Capability | Award Term |
| <i>Tactical</i> | | |
| Measure 17.4 | Security Modernization | Award Term |
| Measure 17.5 | Scientific Capability | Award Term |
| SECTION 4 PERFORMANCE MEASURES | | |
| <i>List associated performance measures, expectations, targets, and fee schedules for FY 2008.</i> | | |
| Measure 17.1 | Transformation (Award Term) | |
| Expectation Statement: Transform the laboratory and the nation's nuclear weapons stockpile to achieve the NNSA's vision, in partnership with the Complex. | | |

Completion Target:

This measure has been achieved when the contractor has:

Support acceleration of Complex Transformation through development of an FY09 specific Complex Strategy and conduct of selected joint activities involving other sites in the Complex. By 9/30/08, demonstrate success in at least 4 of the following 6 actions:

- 1) Accelerated Complex Transformation Path Forward provided to HQ by 6/1/08, with pilot project launched by 9/30/08.
- 2) FY09 Complex Strategy document to be provided to HQ by 9/30/08.
- 3) Develop a Memorandum of Understanding with SNL concerning Advanced Simulation and Computing (ASC) by 9/30/08.
- 4) In conjunction with LLNL, develop a consolidated hydrotest plan focused primarily on CFF and DARHT.
- 5) Define within the Pit Manufacturing Program Execution Plan, to be issued by September 2008, the activities necessary to transfer LLNL CAT I/II missions to LANL TA-55/PF-4.
- 6) In conjunction with LLNL, complete strategy for consolidation of engineering environmental test facilities for testing SNM assemblies from three labs to Pantex.

**Measure 17.2 Target Materials Science
(Award Term)**

Expectation Statement:

Execute Signature Facility (MaRIE) plan with submittal on credible mission need justification, funding strategy, and path forward to DOE by September 30, 2008.

Completion Target:

This Measure has been achieved when the contractor has:

Delivered a credible MaRIE mission need justification to NNSA by September 30, 2008. The credibility of the mission statement will be assessed by an external advisory committee appointed by LANL with concurrence from NNSA. A report from this external committee that supports the credibility of the MaRIE mission needs justification will be delivered as part of this submission.

Delivered a funding strategy and path forward document to NNSA by September 30, 2008. The contractor will meet with NNSA on a quarterly basis beginning in the second quarter of FY08 to develop a set of principles and obtain concurrence on the funding and acquisition approach to obtain MaRIE.

**Measure 17.3 Deliver Computing Capability
(Award Term)**

Expectation Statement:

Complete Roadrunner contract execution in accord with NNSA CD-3b approval.

Completion Target:

This Measure has been achieved when the contractor has:

Provided the following FY08 deliverables under the Roadrunner contract with IBM. See Section 5 Assumptions / Technical Boundary Conditions for further qualifications. Formal modifications of the deliverables through a contract modification by LANL with IBM will be used to support PBI change control actions.

Deliverables:

1. DM-21 Software Development Kit software
2. DM-22 Application Software Development System (ASDS)1 and ASDS2 Upgrades
3. DM-23 Petaflop Demonstration at IBM site
4. DM-24, 25, 26 Delivery of 15 Roadrunner Connected Units

**Measure 17.4 Security Modernization
(Award Term)**

Expectation Statement:

Develop a project plan to replace the Materials Accountability Safeguards System (MASS) with a modern, reliable and supportable software system, and appropriate LANMAS hardware. Commence two (2) year plan execution.

Completion Target

This Measure has been achieved when the contractor has:

Developed a 2 year project plan to replace the Materials Accountability Safeguards System (MASS) and started execution of the Plan by meeting project milestones. Specific FY08 Plan milestones will include:

1. Project Startup Approval

Evidence: Signed LANS CFO "New Project Request Form".

2. Software Project Management Plan

Evidence: LANS approved Plan.

3. Request for procurement of Los Alamos Materials Control and Accountability System (LAMCAS) infrastructure.

Evidence: Vendor documentation validating receipt of Order

4. FY08 independent review of project status and progress

Evidence: LANS, LLC Corporate Review Report.

**Measure 17.5 Scientific Capability
(Award Term)**

Expectation Statement:

Develop and document a list of essential workforce functional areas (that include relevant/required skills, knowledge, and abilities) needed to baseline and assess future Science, Technology and Engineering (STE) and Defense Programs (DP) workforce requirements at Los Alamos. Document the functional areas and their role relative to Los Alamos STE and DP programs and projects.

Establish the FY 2008 STE and DP workforce baseline (i.e., staffing levels) for the approved functional areas.

Utilizing the FY 2008 workforce baseline, develop and document an FY 2009/2010 workforce implementation plan that provides a framework for managing the STE and DP workforce for maintaining Los Alamos' status as a premier national security science laboratory. The implementation plan should: 1) include a description of the workforce planning process to be used by Los Alamos; 2) define the strategic, institutional, and budget planning interfaces that support the logic of the workforce planning decision process; 3) document FY 2009/2010 workforce goals by functional area; and 4) define and document change control processes within workforce planning process. Using appropriate planning tools and data (e.g., proposed budgets, strategic/institutional planning tools and results from capability reviews) the

contractor should develop FY09/ FY10 workforce needs by functional areas. How needs are established for a given functional areas should be well documented -- needs should be based on programmatic priority/funding and strategic/institutional interests. The plan should include an assessment of FY09/FY10 needs versus actual numbers of employees in these functional categories.

Completion Target:

This Measure has been achieved when the contractor has:

Submitted list of STE and DP Functional Areas by June 30, 2008.

Established the FY 2008 Workforce Baseline for STE and DP Functional Areas by September 30, 2008.

Submitted FY 2009/2010 STE and DP workforce implementation plan by September 30, 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 that the funding is sufficient to accomplish these measures.
- 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, 2008.
- Performance targets to be refined by LANS and CO prior to January 31, 2008.
- **PBI 17.3 - The FY08 Roadrunner deliverables are part of a firm, fixed price, multi-year contract, to be completed in FY09, for the deployment of the Roadrunner system. Formal contract modifications with IBM will be used to support/justify PBI change control actions. Advance notification will be made to LASO of any contract modification that will affect deliverables in this measure.**
- **PBI 17.5 - The transfer or elimination of projects or programs will change needs within the STE skills categories. The contractor will update the category needs analysis list within 90 days of the program/project change to reflect the change in the science, technology and engineering workforce. The NNSA will have 30 days to review and approve this change. If the contractor does not receive a response from NNSA within 30 days, then the updated skills needs list will be accepted and used for future calculations.**
- **PBI 17.5 - Allowance for recruiting and hiring must be made for the calculation of the Defense Programs and STE metrics. The contractor will include job offers that are outstanding on September 30, 2008 in the calculations of the Defense Program and STE metrics and in the skills categories calculation.**

PEP CC-08-005b This change control adds completion targets to each measure which allows the contractor and government to know when we have met the expectations identified in each of the 5 measures.

PEP CC-08-025 Effective 7/24/08. Each of the targets were clarified. Delivery of the System Security Plan to LASO/DAA in FY08 was deferred as it is impacted by the revised LANL Software Quality Assurance Policy and the on-going LANL Security Compliance Order directing accreditation and re-accreditation of "all" LANL computer systems, which could lead to delay of the Plan until FY09.

IV. FEE SPREADSHEET

FY 2008 AT - RISK FEE ALLOCATION

| | | | | |
|----------------------------|--------------------------------------|-------------------|-------------------|--------------------|
| At-Risk Fee | \$51,296,000 | Multi-Site | Subjective | Objective |
| Multi-Site (PBI 1) | 10% | 5,129,600 | | |
| Subjective (PBI 15) | 20% | 10,259,200 | | |
| Objective | 70% | 35907200 | | |
| | | | \$ | \$ |
| | | | 23,339,680 | 12,567,520 |
| | | | 65% Base | 35% Stretch |
| Mission | 35% | | 11,869,840 | 6,193,760 |
| | Weapons (PBI 2) | | 4,539,840 | 3,000,000 |
| | Quality Assurance (PBI 3) | | 1,800,000 | 0 |
| | Threat Reduction (PBI 4) | | 2,430,000 | 500,000 |
| | Science and Energy (PBI 5) | | 2,000,000 | 1,000,000 |
| | Environment (PBI 10) | | 1,100,000 | 1,693,760 |
| Ops | 28% | | 9,335,872 | 5,117,008 |
| | Project Management (PBI 6) | | 1,800,000 | 1,000,000 |
| | Nuclear and High Hazard (PBI 7) | | 2,500,000 | 1,987,008 |
| | Safeguards and Security (PBI 8) | | 1,400,000 | 30,000 |
| | Cyber Security (PBI 9) | | 800,000 | 400,000 |
| | Safety and Health (PBI 11) | | 1,835,872 | 500,000 |
| | Facilities Management (PBI 12) | | 1,000,000 | 1,200,000 |
| Bus/Mgt | 7% | | 2,133,968 | 1,256,752 |
| | Contractor Assurance System (PBI 14) | | 750,000 | 156,752 |
| | Business Management (PBI 13) | | 1,383,968 | 1,100,000 |

Fixed Fee (PBI 16)

Award Term (PBI 17)

~ End of Document ~