



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

**FY 2008 PERFORMANCE EVALUATION REPORT
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 REPORT

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I. INTRODUCTION

This report assesses the performance of Los Alamos National Security LLC (LANS) for management and operation of Los Alamos National Laboratory (LANL) from October 1, 2007 through September 30, 2008, under Contract Number DE-AC52-06NA-25396.

The contract with LANS, awarded in December 2005, reflects a change in the National Nuclear Security Administration's (NNSA) philosophy for performance based contracting. Some of the major philosophy changes reflected are:

1. NNSA specifies "what" it wants rather than dictating to the contractor "how" to get it done.
2. There is an increased reliance on contractor assurance of its systems and operations, which includes a rigorous self assessment process and significant involvement and oversight from LANS parent companies.
3. The liability for performance is shifted from the government to the contractor.

Assessment of contractor performance under this contract is far different than the performance evaluation process used with the prior contractor, University of California (UC). UC's performance was evaluated using subjective adjectival ratings, which suited its nonprofit status and academia-based environment. The prior contract had \$8,500,000 of fixed and incentive fee associated with it, about one-eighth of the current fee of \$73,280,000.

LANS' performance evaluation relies predominantly on objective performance criteria denoting the "what" that NNSA desired accomplished. In order to focus the contractor on government priorities, NNSA's goal was to identify the critical performance areas and metrics. For 2008, 17 sets of performance based objectives were developed, representing over 200 milestones and deliverables each with specific performance measures and associated fee. Most of the objective metrics/milestones/deliverables are "pass/fail"; that is, if the contractor achieves the performance measures, it earns specific incentive fee tied to the specific measure. If it does not, then it may earn partial fee in some cases or no fee depending on how the task was defined up front and the final performance.

In this second full year of performance, it was essential for LANS to maintain momentum, improve upon prior year successes, and address deficiencies as well as new challenges. FY 2008 marks the first year that LANS could earn an additional year of contract term, i.e., extending the expiration date of the contract. Award Term is considered a higher-order incentive in the interests of both the contractor and the government if performance meets NNSA expectations. Also for FY 2008, NNSA added a set of Fixed Fee measures to monitor core aspects of LANS' contract compliance.

Lack of integration and cooperation across the NNSA complex has been problematic in prior years. To remedy this, NNSA Headquarters developed one common objective set (a Multi-Site Incentive) that was used as a standard across the NNSA sites measuring complex-wide goals. As in 2007, the multi-site incentive was included as one of the 17 objective sets.

A strict change control process was used for the performance based measures. Once a measure was completed, the contractor submitted a formal request for closure. Headquarters, LASO and/or the NNSA Service Center, as appropriate, then validated the completion of each measure. Documentation on change control and closure is maintained by LASO and the contractor.

During FY 2007, a reallocation of fee occurred to address contractor success in responding to anomalies and events that occurred during the evaluation period and integration of different LANS activities and organizations to facilitate site performance. For FY 2008 this concept was instituted upfront and tracked throughout the year. This was included as one of the 17 objective sets and subjectively evaluated.

In producing this report, LASO considered LANS' own assessments and closure guidance, materials from monthly performance reviews held with the contractor, field assessments and audits,

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inspections, document reviews, facility walk downs, visual surveys, as well as DOE/NNSA Headquarters and other customers' input. Section III contains a summary of the fee awarded and award term decision. Section IV reflects LANS' achievement against the objectives and measures.

Under this contract, LANS also receives a fixed fee of 2.5% of the estimated cost of NNSA's total estimated budget for reimbursable projects. For FY 2008 the fixed fee amount for WFO is \$7,304,238. No incentive fee is paid for Work for Others (WFO) projects; however, LANS management of WFO as a portfolio and its facility and operations implications are addressed subjectively.

II. SUMMARY

NNSA's expectation levels for LANS performance continue to be very high. LASO anticipated that mission and some areas of business performance would, with diligent management, produce outstanding results with steady improvement throughout the year in most operational areas. These expectations were generally met. LANS has earned the fixed fee pool of \$21,984,00 as specified in Section B-2 (C) (4) of the contract. The Fee Determining Official (FDO) has awarded \$41,537,640 of performance fee, which is 81% of the LANS FY 2008 incentive fee pool of \$51,296,000. Furthermore, in recognition of LANS overall performance and satisfaction of the Award Term objectives and gateways, the FDO has awarded a one-year term extension to LANS for the LANL contract.

LANS' performance reflects another stop along the journey of the multi-year effort that is needed. LASO acknowledges that LANS has made inroads to improve contractor operations, modernize business practices and address cultural paradigms during FY 2008, while maintaining outstanding performance in NNSA's core mission areas.

Highlights for general areas of performance include:

- Mission and Science: LANS successfully completed over 96% of Level 1 and Level 2 weapons complex milestones including a number of key scientific achievements (Roadrunner, the DARHT second-axis, production of 7 pits, etc.). LANS made a number of improvements in weapons QA implementation including a reduction in the nonconformances. Threat reduction and nonproliferation activities included successful support to space systems, enhanced security of foreign nuclear materials and nuclear source recovery, intelligence support, etc. Although Environmental Programs experienced continued challenges, LANS managed to increase its offsite shipments of waste.
- Multi-site/Complex Initiatives: LANS provided leadership and/or participated in the completion of required measures through onsite achievements as well as support to and collaboration with other sites on complex objectives.
- Operations: LANS has greatly improved overall Laboratory facilities and operations maturity and stewardship. LANS made significant progress in FY 2008 in reducing classified part inventories, consolidating classified data, and improving cyber security oversight and compliance. LANS made significant progress in implementing the nuclear safety programs at the Laboratory; however, high NNSA expectations were not always met. Maintenance programs and project management remains an area for potential improvement. Successes were tainted by execution problems of the Waste Management Risk Mitigation, TA-50 Room 60, and Interim Radiography projects, all of which have significant mission drivers and relatively high visibility. Environmental operations and related activities continued to be problematic. LANS continued improvements in key safety metrics.
- Business & Management: LANS continued its implementation of a contractor assurance system (CAS) across the Laboratory with varying degrees of success. LANS management is actively using CAS tools at the staff through Director levels. LANS made focused effort to address management and integration concerns raised in the FY 2007 performance review. The parent companies continue to be far more proactive and involved in the oversight of the Laboratory's performance than the prior contractor. LANS maintained very good to outstanding performance in business areas such as real and personal property and human resources. It improved its procurement processes to more effectively support programs. It met budget and financial management objectives outlined by the NNSA Office of Field Financial Management.
- Award Term: Completion of 4 of 5 of the discrete Award Term objective measures denotes both strategic and tactical success. Overall success in Mission, Multi-Site Initiatives, Operations, Business and Management satisfied Award Term eligibility gateways.

III. FEE SUMMARY

SUMMARY		Possible Fee	Awarded Fee	
Fixed Fee		\$21,984,000	\$21,984,000	
At Risk Fee		\$51,296,000	\$41,537,640	
	Objective	\$41,036,800	\$33,367,320	
	Subjective	\$10,259,200	\$8,170,320	
Total Fee		\$73,280,000	\$63,521,640	86.7%

AT RISK FEE		Possible Fee	Fee Awarded	%
Mission		\$23,193,200	\$21,123,258	91%
Operations		\$14,452,880	\$9,044,891	63%
Business		\$13,649,920	\$11,369,491	83%
	Total	\$51,296,000	\$41,537,640	81%

Fee Breakdown per PBI

	Base Fee			% Achieved	Stretch Fee			% Achieved	Total Fee		
	Possible Fee	Fee Awarded	% Achieved		Possible Fee	Fee Awarded	% Achieved		Possible Fee	Fee Awarded	% Achieved
PBI 1	\$5,129,600	\$5,129,600	100%	\$0	\$0	0%	\$5,129,600	\$5,129,600	100%		
PBI 2	\$4,539,840	\$4,539,840	100%	\$3,000,000	\$3,000,000	100%	\$7,539,840	\$7,539,840	100%		
PBI 3	\$1,800,000	\$1,725,000	96%	\$0	\$0	0%	\$1,800,000	\$1,725,000	96%		
PBI 4	\$2,430,000	\$2,430,000	100%	\$500,000	\$500,000	100%	\$2,930,000	\$2,930,000	100%		
PBI 5	\$2,000,000	\$2,000,000	100%	\$1,000,000	\$0	0%	\$3,000,000	\$2,000,000	67%		
PBI 6	\$1,800,000	\$840,000	47%	\$1,000,000	\$0	0%	\$2,800,000	\$840,000	30%		
PBI 7	\$2,870,000	\$1,878,950	65%	\$1,617,008	\$0	0%	\$4,487,008	\$1,878,950	42%		
PBI 8	\$1,400,000	\$1,400,000	100%	\$30,000	\$30,000	100%	\$1,430,000	\$1,430,000	100%		
PBI 9	\$800,000	\$800,000	100%	\$400,000	\$400,000	100%	\$1,200,000	\$1,200,000	100%		
PBI 10	\$1,100,000	\$973,818	89%	\$1,693,760	\$825,000	49%	\$2,793,760	\$1,798,818	64%		
PBI 11	\$1,835,872	\$1,467,876	80%	\$500,000	\$494,340	99%	\$2,335,872	\$1,962,216	84%		
PBI 12	\$1,000,000	\$800,000	80%	\$1,200,000	\$933,725	78%	\$2,200,000	\$1,733,725	79%		
PBI 13	\$1,383,968	\$1,383,968	100%	\$1,100,000	\$941,451	86%	\$2,483,968	\$2,325,419	94%		
PBI 14	\$750,000	\$717,000	96%	\$156,752	\$156,752	100%	\$906,752	\$873,752	96%		
PBI 15	\$10,259,200	\$8,170,320	80%	\$0	\$0	0%	\$10,259,200	\$8,170,320	80%		
OBJECTIVE	\$ 28,839,280	\$ 26,086,052	90%	\$ 12,197,520	\$ 7,281,268	60%	\$ 41,036,800	\$ 33,367,320	81%		
SUBJECTIVE	\$ 10,259,200	\$ 8,170,320	80%	\$ -	\$ -	0%	\$ 10,259,200	\$ 8,170,320	80%		
TOTAL	\$ 39,098,480	\$ 34,256,372	88%	\$ 12,197,520	\$ 7,281,268	60%	\$ 51,296,000	\$ 41,537,640	81%		

Eligibility for Fee and Award Term Consideration

Aggregate Fixed Fee Measure Performance
GATEWAY to Earn At-Risk Fee
GATEWAY to Award Term

PBI 16	Fixed Fee Measures			80% Threshold	90% Threshold
	# Possible	# Met	% Achieved		
Mission Measures	20	19	95%	Met	Met
Operations Measures	19	18	95%	Met	Met
Business Measures	20	20	100%	Met	Met

- ▶ Met Mission Gateway
- ▶ Met Operations Gateway
- ▶ Met Business Gateway

All Areas Meet 80% Criteria	One Area Meets 90% Criteria
YES	YES

- ▶ Met Award Term Gateway #1

Aggregate Measure Performance
GATEWAY to Earn Stretch Fee
GATEWAY to Award Term

	Base Fee Measures		
	Possible Fee	Fee Awarded	% Achieved
PBI 1	\$5,129,600	\$5,129,600	100%
PBI 2	\$4,539,840	\$4,539,840	100%
PBI 3	\$1,800,000	\$1,725,000	96%
PBI 4	\$2,430,000	\$2,430,000	100%
PBI 5	\$2,000,000	\$2,000,000	100%
PBI 6	\$1,800,000	\$840,000	47%
PBI 7	\$2,870,000	\$1,878,950	65%
PBI 8	\$1,400,000	\$1,400,000	100%
PBI 9	\$800,000	\$800,000	100%
PBI 10	\$1,100,000	\$973,818	89%
PBI 11	\$1,835,872	\$1,467,876	80%
PBI 12	\$1,000,000	\$800,000	80%
PBI 13	\$1,383,968	\$1,383,968	100%
PBI 14	\$750,000	\$717,000	96%
PBI 15	\$10,259,200	\$8,170,320	80%
TOTAL	\$ 39,098,480	\$ 34,256,372	88%

- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Not Eligible for Stretch Fee
- ▶ Not Eligible for Stretch Fee
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible
- ▶ Met Gateway: Stretch Fee Eligible

Total % Achieved ≥ 80%
YES

- ▶ Met Award Term Gateway #2

Performance in Specific Award Term Objectives
GATEWAY to Award Term

PBI 17	Award Term Measures	Achieved
17.1	Transformation	Met
17.2	Target Materials Science	Met
17.3	Deliver Computing Capability	Met
17.4	Security Moderization	Met
17.5	Scientific Capability	Not Met

Achieved 4 of 5
YES

► Met Award Term Gateway #3

Determination of Award Term (AT) Eligibility

Summary of Gateways	Achieved
Fixed Fee Performance (Gateway #1)	Met
Aggregate Performance (Gateway #2)	Met
AT Objective Performance (Gateway #3)	Met

Met All 3 Criteria
YES

► Award Term Eligible

Based on LASO's determination of LANS' Award Term eligibility in accordance with the FY 2008 Performance Evaluation Plan as well as LANS' overall performance, the FPO has opted to award LANS a one-year contract extension.

IV. ASSESSMENT OF FY 2008 PERFORMANCE

PBI No. 1 MULTI-SITE PERFORMANCE

PBI 1: Multi-Site Performance

Maximum Available Fee: \$5,129,600

Fee Earned: \$5,129,600

PBI 1: Multi-Site Performance		AVAILABLE FEE \$5,129,600		AWARDED FEE \$5,129,600 100%	
		BASE	STRETCH	BASE	STRETCH
1.1	Down-Select W76 Life Extension Program (LEP) Canned Sub-Assembly (CSA) Material	\$674,947	\$0	\$674,947	\$0
1.2	Deliver B61-7/11 LEP Quantities to DoD On Time Per P&PD	\$539,958	\$0	\$539,958	\$0
1.3	Approve W88 SS-21 HAR	\$134,989	\$0	\$134,989	\$0
1.4	Complete Complex Transformation NEPA Process by August 2008	\$67,495	\$0	\$67,495	\$0
1.5	Deleted	\$0	\$0	\$0	\$0
1.6	Match 2007 Dismantlements	\$269,979	\$0	\$269,979	\$0
1.7	Deliver Products for DoD On Time Per P&PD	\$674,947	\$0	\$674,947	\$0
1.8	Implement a NNSA Supply Chain Management Center (SCMC)	\$202,485	\$0	\$202,485	\$0
1.9	Implement Gas Sampling Activities Using Powerless Pump Module	\$134,989	\$0	\$134,989	\$0
1.10	Implement Elements from FY 2007 Developed Multi-Site Enterprise IT Plan	\$202,485	\$0	\$202,485	\$0
1.11	Implement Requirements Modernization Initiative (RMI) Phase II Implementation	\$202,485	\$0	\$202,485	\$0
1.12	Implement Advanced Simulation and Computing (ASC) Tri-Lab Productivity on Demand (TriPod) Initiative by September 30, 2008	\$269,979	\$0	\$269,979	\$0
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	\$1,079,915	\$0	\$1,079,915	\$0
1.14	Reduce Uncertainty in Warhead Performance	\$269,979	\$0	\$269,979	\$0
1.15	Remove 11 Metric Tons of SNM from NNSA Sites by September 30, 2008	\$404,968	\$0	\$404,968	\$0
		\$5,129,600	\$0	\$5,129,600	\$0

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 1.3 Approve W88 SS-21 HAR (Incentive/Base)

Expectation Statement:

Approve W88 SS-21 HAR.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**Measure 1.4 Complete Complex Transformation NEPA Process by August 2008
(Incentive/Base)**

Expectation Statement:

Complete Complex Transformation NEPA Process by August 2008.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 1.5 Deleted

Measure 1.6 Match 2007 Dismantlements (Incentive/Base)

Expectation Statement:

Match 2007 dismantlements.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 1.7 Deliver Products for DoD On Time Per P&PD (Incentive/Base)

Expectation Statement:

Deliver products for DoD on time per P&PD.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

Implement a NNSA Supply Chain Management Center (SCMC).

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

Implement Gas Sampling activities using Powerless Pump Module.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

Implement Requirements Modernization Initiative (RMI) Phase II implementation.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

Reduce Uncertainty in warhead performance.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 2 WEAPONS PROGRAM EXECUTION

PBI 2: Weapons Program Execution

Maximum Available Fee: **\$7,539,840**
 Fee Earned: **\$7,539,840**

PBI 2: Weapons Program Execution		AVAILABLE FEE \$7,539,840		AWARDED FEE \$7,539,840 100%	
		BASE	STRETCH	BASE	STRETCH
2.1	Weapons Complex Milestones/Tasks. Complete deliverables as specifically described in the Defense Program Milestone Reporting Tool.	\$4,000,000	\$0	\$4,000,000	\$0
2.2	Establishment of Comprehensive LANL Weapons Program Work Breakdown Structure (WBS)	\$139,840	\$0	\$139,840	\$0
2.3.1	Implement INP Program Management Plan	\$200,000	\$0	\$200,000	\$0
2.3.2	Integrated Nuclear Planning (INP) for Critical Infrastructure/Facilities	\$0	\$1,700,000	\$0	\$1,700,000
2.3.3	Cost Recovery Model Process	\$200,000	\$0	\$200,000	\$0
2.3.4	Cost Recovery Model Implementation Readiness	\$0	\$500,000	\$0	\$500,000
2.3.5	CMR Facility Consolidation/Life Extension	\$0	\$800,000	\$0	\$800,000
		\$4,539,840	\$3,000,000	\$4,539,840	\$3,000,000

Completion/Validation Statements:

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. (Fee is to be paid from 85% to 95% mission achievement.)

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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). (Discrete milestones)

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 2.3.4 Cost Recovery Model Implementation Readiness (Incentive/Base)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 2.3.5 CMR Facility Consolidation/Life Extension (Incentive/Base)

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 3 QUALITY ASSURANCE PROGRAM

PBI 3: Quality Assurance Program

Maximum Available Fee: **\$1,800,000**
 Fee Earned: **\$1,725,000**

PBI 3: Quality Assurance Program		AVAILABLE FEE \$1,800,000		AWARDED FEE \$1,725,000 96%	
		BASE	STRETCH	BASE	STRETCH
3.1.1	Quality Implementation Plan Milestones	\$200,000	\$0	\$200,000	\$0
3.1.2	Software Quality Assurance Program	\$100,000	\$0	\$100,000	\$0
3.1.3	Design Controls, W-76-1 and Detonator Products	\$100,000	\$0	\$100,000	\$0
3.2.1	Increase in Error-Free Product Submittals	\$500,000	\$0	\$500,000	\$0
3.3.1	Ensure Effective Control of Identification, Storage and Off-Site Shipment of Weapon and Weapon Related Material	\$300,000	\$0	\$300,000	\$0
3.4.1	Reduction in Cost of NonConformance	\$300,000	\$0	\$225,000	\$0
3.5.1	Timely acceptance, Stamping, and Shipment of PCD Items	\$150,000	\$0	\$150,000	\$0
3.5.2	Timely Submittal of Non-PCD Material to LASO	\$150,000	\$0	\$150,000	\$0
		\$1,800,000	\$0	\$1,725,000	\$0

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 3.2 Reduction of Errors in Submitted Products using a Formal Certification 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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

In FY 2007, LANL's Cost of Nonconformance (CONC) was \$25,709,993.00 which is the baseline for measurement of improvement in FY 2008. At the end of FY 2008, total CONC was \$7,792,070.00.

This represents an improvement of 69.7% however, per agreement with LANS, the goal was stated as 70.0 %. Therefore, full fee was not earned.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 4 THREAT REDUCTION

PBI 4: Threat Reduction

Maximum Available Fee: \$2,930,000
 Fee Earned: \$2,930,000

PBI 4: Threat Reduction		AVAILABLE FEE \$2,930,000		AWARDED FEE \$2,930,000 100%	
		BASE	STRETCH	BASE	STRETCH
4.1	International Export Control Program Nonproliferation and International Security (NA-24)	\$162,000	\$0	\$162,000	\$0
4.2	Mixed Actinide Assay Nonproliferation Research and Development (NA-22)	\$216,000	\$0	\$216,000	\$0
4.3	SABRS Qualification Unit Nonproliferation Research and Development (NA-22)	\$648,000	\$0	\$648,000	\$0
4.4	BDV and CXD Instruments Nonproliferation Research and Development (NA-22)	\$324,000	\$0	\$324,000	\$0
4.5	Disposition 2,250 Excess Radioactive Sources Global Threat Reduction (NA-21)	\$648,000	\$0	\$648,000	\$0
4.6	Mayak Project Weapons Material Protection (NA-25)	\$216,000	\$0	\$216,000	\$0
4.7	Deleted. MOX Supplier Status Fissile Materials Disposition (NA-26)	\$0	\$0	\$0	\$0
4.8	Deleted. ARIES Integrated Third Demonstration Fissile Materials Disposition (NA-26)	\$0	\$0	\$0	\$0
4.9	ALTB Units 1 and 2 Radioisotope Power Systems (NE-34)	\$0	\$500,000	\$0	\$500,000
4.10	Nonproliferation Rapid Response Capability Defense Nuclear Nonproliferation (NA-20)	\$216,000	\$0	\$216,000	\$0
		\$2,430,000	\$500,000	\$2,430,000	\$500,000

Completion/Validation Statements:

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**Measure 4.3 SABRS Qualification Unit
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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 4.7 Deleted

Measure 4.8 Deleted

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

**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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 5 SCIENCE, TECHNOLOGY AND ENGINEERING

PBI 5: Science, Technology and Engineering

Maximum Available Fee: \$3,000,000
Fee Earned: \$2,000,000

PBI 5: Science, Technology and Engineering		AVAILABLE FEE \$3,000,000		AWARDED FEE \$2,000,000 67%	
		BASE	STRETCH	BASE	STRETCH
5.1.1	Customer Performance Scoring of Key Elements	\$2,000,000	\$0	\$2,000,000	\$0
5.1.2	Advanced Customer Performance Scoring		\$1,000,000	\$0	\$0
		\$2,000,000	\$1,000,000	\$2,000,000	\$0

Completion/Validation Statements

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%. 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.

Completion Assessment:

LANS has submitted completion evidence. NNSA survey and assessment of NNSA and DOE stakeholder has validated appropriate and timely completion for full fee.

Measure 5.1.2 Advanced Customer Performance Scoring

Expectation Statement:

Exceed expectations in Measure 5.1.1 as depicted by superior customer scoring.

Completion Assessment:

LANS has submitted completion evidence. NNSA survey and assessment of NNSA and DOE stakeholder review has resulted in a differing position.

LANS' performance assessment was based on internally developed preliminary data. Final data collected by NNSA did not meet stretch criteria outlined in this measure outlined in this measure.

PBI No. 6 PROJECT MANAGEMENT

PBI 6: Project Management

Maximum Available Fee: **\$2,800,000**

Fee Earned: **\$840,000**

PBI 6: Project Management		AVAILABLE FEE \$2,800,000		AWARDED FEE \$840,000 30%	
		BASE	STRETCH	BASE	STRETCH
6.1.1	Demonstrate Effective Overall Project Management	\$200,000	\$0	\$200,000	\$0
6.1.2	Aggregate CPI	\$200,000	\$0	\$200,000	\$0
6.1.3	FIRP Performance	\$100,000	\$0	\$100,000	\$0
6.2.1	CMRR RLUOB Performance	\$600,000	\$0	\$120,000	\$0
6.2.2	CMRR NF/SFE Performance	\$400,000	\$0	\$220,000	\$0
6.2.3	Radioactive Liquid Waste Treatment Facility (RLWTF) Performance	\$300,000	\$0		\$0
6.3	Project Management Improvement Project	\$0	\$1,000,000	\$0	\$0
		\$1,800,000	\$1,000,000	\$840,000	\$0

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 6.1.2 Aggregate CPI (Incentive/Base)

Expectation Statement:

Meet cost performance commitments.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

10 key targets and associated milestones were developed for this measure. The targets/milestones focused on progression of the Nuclear Facility design, addressing key technical challenges, and producing a quality PDSA document. Targets 1 - 8 were completed as scheduled, however the remaining were not fully achieved.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANS accomplished 80% of the agreed milestones. NNSA did not receive an evidence package from LANS for Milestone 3a and does not accept the evidence package Milestone 3b. The evidence package for Milestone 3b relies upon the LASO IPT review as evidence of demonstrating consistency between the PRT, F&OR, SDD, and FDD meeting the milestone. LASO does not accept federal IPT review as LANS' evidence of achievement.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

Because LANS did not meet the base-stretch gateway, it was ineligible for stretch fee.

PBI No. 7 NUCLEAR AND HIGH HAZARDS OPERATIONS

PBI 7: Multi-Site Performance

Maximum Available Fee: \$4,487,008

Fee Earned: \$1,878,950

PBI 7: Nuclear and High Hazards Operations		AVAILABLE FEE \$4,487,008		AWARDED FEE \$1,878,950 42%	
		BASE	STRETCH	BASE	STRETCH
7.1.1	Implement Conduct of Operations, Engineering, Maintenance and Training Milestones	\$325,000	\$0	\$325,000	\$0
7.1.2	Accelerated Implementation of Conduct of Operations, Engineering and Maintenance Milestones	\$0	\$300,000	\$0	\$0
7.1.3	Accelerated Implementation of Conduct of Training Milestones	\$185,000	\$0	\$123,950	\$0
7.2.1	Conduct of Operations Performance Index Improvement	\$200,000	\$0	\$200,000	\$0
7.2.2	Additional Conduct of Operations Performance Index Improvement	\$0	\$100,000	\$0	\$0
7.3.1	Upgrade Active Safety Significant System SDDs	\$250,000	\$0	\$137,500	\$0
7.3.2	Upgrade Safety Significant System SDDs	\$0	\$300,000	\$0	\$0
7.3.3	Lifecycle Management of Safety Class/Safety Significant (SC/SS) Parts and Equipment	\$185,000	\$0	\$0	\$0
7.4.1	Implement Vital Safety System (VSS) Assessments for Safety Class and Safety Significant SSC's	\$275,000	\$0	\$137,500	\$0
7.4.2	System Health Reports	\$250,000	\$0	\$0	\$0
7.4.3	Operability Determination	\$250,000	\$0	\$183,125	\$0
7.5.1	Implement DSAs in a Timely Manner	\$400,000	\$0	\$300,000	\$0
7.5.2	Implement TA-55 DSA in a Timely Manner	\$0	\$750,000	\$0	\$0
7.6.1	Criticality Safety Improvement	\$175,000	\$0	\$175,000	\$0
7.7.1	Timeliness of Startup Notification Reports	\$250,000	\$0	\$171,875	\$0
7.8.1	Safety Basis Academy Plan	\$125,000	\$0	\$125,000	\$0
7.8.2	Safety Basis Academy Additional FY 2008 Pilot Courses	\$0	\$167,008	\$0	\$0
		\$2,870,000	\$1,617,008	\$1,878,950	\$0

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting no fee award. NNSA has confirmed that no fee was earned.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

The population of individuals who are qualified under formal qualification/certification programs (574) is subtracted from 1029 requiring training, leaving 455 who should have interim qualifications established per RN 0801, *Interim Qualification Process for Nuclear Facility Workers*. Of that remaining population, 305 have completed interim qualification per RN801 resulting in a reduced fee.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting no fee award. NNSA has confirmed no fee earned.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANS developed or updated scheduled SDDs but did not meet the schedule agreed upon in AD-NHHO: 08-0089, dated January 16, 2008, and all SDDs were not compliant with AP-341-611.

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 Assessment:

LANS has submitted completion evidence denoting no fee award. NNSA has confirmed no fee earned.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANS issued appropriate controlled storage institutional procedures and TA-55, WETF, RLW, RANT, WCCR and CMR have all physically established a controlled storage area, which is a significant achievement and improvement during FY 2008, however none of these completed a USQ screen, which is the last step in implementing (establishing) controlled storage at these facilities.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

Of the 41 VSS assessments provided to LASO, half (i.e., 20) were not distributed over the second, third, and fourth quarters of FY 2008 per the LANS-LASO negotiated and approved VSS Assessment Schedule. Assessment reports were not provided to LASO within the required thirty days of the approved report completion and others were not entered into LIMTS.

In many cases, the depth-of-review for the assessment criteria failed to meet the expectations of LASO and LANS testing. In several cases NNSA reviews identified issues (i.e., discrepancies, opportunities for improvement and recommended changes) that were not otherwise captured on the VSS Assessment Discrepancy Forms.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANL AP-241-802, R0, System Health Reporting, was approved in March 2008, defining the LANL system health monitoring and management oversight process. However, the process is not considered implemented based on NNSA review and assessment findings.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANL delivered 100% of the planned Operability Determinations, however only 25 of the 28 were found satisfactory.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

The base-stretch gateway was not met, therefore ineligible for fee.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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

Expectation Statement:

Produce and present the remaining seven Pilot courses from the FY 2008 Safety Basis Academy Plan.

Completion Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

Because LANS did not meet the base-stretch gateway, it was ineligible for stretch fee.

PBI No. 8 SAFEGUARDS AND SECURITY EXECUTION

PBI 8: Safeguards and Security Execution

Maximum Available Fee: \$1,430,000
 Fee Earned: \$1,430,000

PBI 8: Safeguards and Security Execution		AVAILABLE FEE \$1,430,000		AWARDED FEE \$1,430,000 100%	
		BASE	STRETCH	BASE	STRETCH
8.1.1	FY 2008 Annual Operating Plan Performance	\$800,000	\$0	\$800,000	\$0
8.2.1	Security Surveys	\$200,000	\$0	\$200,000	\$0
8.3.1	NMSSUP2 Performance	\$400,000	\$0	\$400,000	\$0
8.4.1	Safeguards and Security Modernization Plan	\$0	\$30,000	\$0	\$30,000
		\$1,400,000	\$30,000	\$1,400,000	\$30,000

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 9 CYBER SECURITY PROGRAM

PBI 9: Cyber Security Program

Maximum Available Fee: \$1,200,000
 Fee Earned: \$1,200,000

PBI 9: Cyber Security Program		AVAILABLE FEE		AWARDED FEE	
		BASE	STRETCH	BASE	STRETCH
		\$1,200,000		\$1,200,000	100%
9.1.1	Timely Completion of AOP Milestones	\$800,000	\$0	\$800,000	\$0
9.1.2	NNSA Oversight Inspections	\$0	\$400,000	\$0	\$400,000
		\$800,000	\$400,000	\$800,000	\$400,000

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 9.1.2 NNSA Oversight Inspections (Incentive/Stretch)

Expectation Statement:

Cyber security is rated as satisfactory during LASO oversight inspection.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 10 ENVIRONMENTAL PROJECTS AND OPERATIONS

PBI 10: Environmental Projects and Operations

Maximum Available Fee: **\$2,793,760**
 Fee Earned: **\$1,798,818**

PBI 10: Environmental Projects and Operations		AVAILABLE FEE \$2,793,760		AWARDED FEE \$1,798,818 64%	
		BASE	STRETCH	BASE	STRETCH
10.1.1	Reduce Legacy TRU High Activity Drums	\$250,000	\$0	\$231,818	\$0
10.1.2	Acceleration of High Activity TRU Waste Disposition	\$0	\$350,000	\$0	\$245,000
10.1.3	Total TRU Waste Disposition	\$0	\$200,000	\$0	\$50,000
10.2.1	Projects Baseline Summaries	\$100,000	\$0	\$67,000	\$0
10.2.2	High Priority Unfunded Scope	\$0	\$293,760	\$0	\$0
10.3.1	Consent Order Deliverables	\$250,000	\$0	\$250,000	\$0
10.3.2	Special Consent Order Deliverables	\$0	\$225,000	\$0	\$150,000
10.4.1	Improve Groundwater Monitoring Effectiveness	\$200,000	\$0	\$125,000	\$0
10.4.2	Accelerate Completion of Groundwater Monitoring Wells Per NMED Direction	\$0	\$325,000	\$0	\$80,000
10.5.1	P2 Waste Performance Index	\$0	\$100,000	\$0	\$100,000
10.6.1	RCRA Assessment Program	\$100,000	\$0	\$100,000	\$0
10.6.2	Improve RCRA Assessment Program	\$0	\$100,000	\$0	\$100,000
10.7.1	Construction Stormwater Compliance	\$100,000	\$0	\$100,000	\$0
10.7.2	Improve Stormwater Construction Compliance	\$0	\$100,000	\$0	\$100,000
10.8.1	NPDES Permit Implementation and Compliance	\$100,000	\$0	\$100,000	\$0
		\$1,100,000	\$1,693,760	\$973,818	\$825,000

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

Measure 10.1.3 Total TRU Waste Disposition (Incentive/Stretch)

Expectation Statement:

Dispose of newly generated waste.

Completion Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

NNSA identified 1940 certifiable TRU drums (significantly more than LANS assumed), and LANS shipped or prepared for shipping only 642 drums, therefore losing fee.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

The Schedule and Cost Performance Indices (SPI/CPI) for PBS-13 were not within the green definition used by DOE Environmental Management Program therefore fee was reduced.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

NNSA validated approximately \$2.9M in actual cost savings vs. the goal of \$3.194M. Avoidance of unnecessary costs and projected future cost savings were not relevant to this measure.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

Well rehabilitation reports for five wells R-12, R-14, R-20, R-32, and R-33 were submitted to NMED in FY 2008 according to schedule. Two wells were not constructed and completed (SCI-2 and R-42). In addition, wells R-40 and R-37 were not completed in FY 2008.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 10.6 RCRA Compliance

Measure 10.6.1 RCRA Assessment Program (Incentive/Base)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 10.6.2 Improve RCRA Assessment Program (Incentive/Stretch)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 10.7.2 Improve Stormwater Construction Compliance (Incentive/Stretch)

Expectation Statement:

Improve stormwater construction compliance.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 11 SAFETY AND HEALTH PERFORMANCE AND EMERGENCY MANAGEMENT

PBI 11: Safety and Health Performance and Emergency Management

Maximum Available Fee: **\$2,335,872**
 Fee Earned: **\$1,962,216**

PBI 11: Safety and Health Performance and Emergency Management		AVAILABLE FEE \$2,335,872		AWARDED FEE \$1,962,216 84%	
		BASE	STRETCH	BASE	STRETCH
11.1.1	10 CFR 851 Assessments	\$300,000	\$0	\$300,000	\$0
11.1.2	Integrated Work Management	\$200,000	\$0	\$150,000	\$0
11.2.1	Voluntary Protection Program (VPP) Implementation	\$0	\$300,000	\$0	\$294,340
11.3.1	Electrical Safety Performance	\$150,000	\$0	\$150,000	\$0
11.3.2	Electrical Safety Management	\$150,000	\$0	\$150,000	\$0
11.4.1	Fire Protection Upgrades for Legacy Facilities	\$200,000	\$0	\$35,500	\$0
11.4.2	Fire Protection Program	\$285,872	\$0	\$162,376	\$0
11.5.1	Emergency Management Corrective Action Plan	\$300,000	\$0	\$270,000	\$0
11.5.2	Hazard Surveys	\$0	\$200,000	\$0	\$200,000
11.5.3	WebEOC	\$100,000	\$0	\$100,000	\$0
11.5.4	Wildland Fire Management	\$150,000	\$0	\$150,000	\$0
		\$1,835,872	\$500,000	\$1,467,876	\$494,340

Completion/Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANS achieved three targets however, did not achieve the fourth: "feedback and improvement". A LANL "Director's Institutional Assessment – Integrated Safety, Security, and Work Management Systems Assessment at Los Alamos National Laboratory" dated September 15, 2008, cited several ways in which worker feedback is not utilized and the feedback and improvement function of IWM is not effective. A LANL "Work Package Quality Assessment" was conducted in March 2008, with a follow-up up in August denoting additional concerns.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 improvement in FY 2008, using the FY 2007 performance as the baseline.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANL has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANL has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANL has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANL has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANL has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 12 FACILITIES

PBI 12: Facilities

Maximum Available Fee: \$2,200,000

Fee Earned: \$1,733,725

PBI 12: Facilities		AVAILABLE FEE \$2,200,000		AWARDED FEE \$1,733,725 79%	
		BASE	STRETCH	BASE	STRETCH
12.1.1	Reduce SM-43 Footprint to Zero	\$500,000	\$0	\$500,000	\$0
12.1.2	Footprint Reduction Goal	\$0	\$250,000	\$0	\$83,725
12.2.1	Deferred Maintenance and RPV/Ten-Year Comprehensive Site Plan Management	\$200,000	\$0	\$0	\$0
12.2.2	Pilot Voice-Over-IP (VOIP) Technology	\$0	\$100,000	\$0	\$0
12.2.3	Define and Implement Baseline for Utilities RPV, DM, and Operating Cost Safety Class System, Structure and	\$300,000	\$0	\$300,000	\$0
12.2.4	Component Maintenance	\$0	\$250,000	\$0	\$250,000
12.3.1	Energy Use Reduction	\$0	\$600,000	\$0	\$600,000
		\$1,000,000	\$1,200,000	\$800,000	\$933,725

Completion /Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 300,000 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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

NNSA assessment data has highlighted data concerns invalidating satisfaction of this measure.

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 Assessment:

LANS has submitted completion evidence denoting a fee award however, NNSA review has resulted in a differing position.

LANS did not have VOIP technology operation in two or more entire facilities by September 15, 2008 as required. Only 63 phones were installed during FY 2008, not meeting the measure criteria.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 13 BUSINESS OPERATIONS

PBI 13: Business Operations

Maximum Available Fee: \$2,483,968
 Fee Earned: \$2,325,419

PBI 13: Business Operations		AVAILABLE FEE		AWARDED FEE	
		BASE	STRETCH	BASE	STRETCH
13.1	Business/IM Measure: Internal Controls, Continuous Improvement, Financial Accounting, and Information Resources - Six Sub-measures Below Met				
13.1.1	Improvement Objectives in FY08 Objective Matrix				
13.1.2	Compensation Design Project (CPD)	\$1,383,968	\$0	\$1,383,968	\$0
13.1.3	Complete Six Sigma Performance Improvement Projects				
13.1.4	Site-Wide Electronic Document Management System				
13.1.5	Upgrade Business Applications				
13.1.6	Utilization of Parent Company IT Systems				
13.2	Business/IM Stretch Measure: Internal Controls, Continuous Improvement, Financial Accounting, and Information Resources Management - Six Sub-measures Below Met				
13.2.1	Implement Oracle Business Intelligence Module for Procurement				
13.2.2	Implement Clear Orbit Application for Procurement	\$0	\$816,032	\$0	\$816,032
13.2.3	Mentor-Protégé Agreement				
13.2.4	Additional Six Sigma Performance Improvement Projects				
13.2.5	Deliver IT Acquisition Strategy				
13.2.6	Upgrade Business Applications (Accelerated Schedule)				
13.3	Meet Small Business Goals	\$0	\$283,968	\$0	\$125,419
		\$1,383,968	\$1,100,000	\$1,383,968	\$941,451

Completion /Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.1.1 Improvement Objectives in FY08 Objective Matrix (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.1.2 Compensation Design Project (CPD) (Incentive Fee/Base)

Expectation Statement:

Complete the Compensation Design Project by September 15, 2008.

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.1.4 Site-Wide Electronic Document Management System (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.1.5 Upgrade Business Applications (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.1.6 Utilization of Parent Company IT Systems (Incentive Fee/Base)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.1 Implement Oracle Business Intelligence Module for Procurement (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.2 Implement Clear Orbit Application for Procurement (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.3 Mentor-Protégé Agreement (Incentive Fee/Stretch)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.4 Additional Six Sigma Performance Improvement Projects (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.5 Deliver IT Acquisition Strategy (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.2.6 Upgrade Business Applications (Accelerated Schedule) (Incentive Fee/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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 13.3 Meet Small Business Goals (Incentive Fee/Stretch)

Expectation Statement:

Meet negotiated small business goals with graduated fee schedule.

Completion Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

PBI No. 14 CONTRACTOR ASSURANCE PERFORMANCE

PBI 14: Contractor Assurance Performance

Maximum Available Fee: **\$906,752**
 Fee Earned: **\$873,752**

PBI 14: Contractor Assurance Performance		AVAILABLE FEE \$906,752		AWARDED FEE \$873,752 96%	
		BASE	STRETCH	BASE	STRETCH
14.1.1	Issue Cycle Time	\$100,000	\$0	\$100,000	\$0
14.2.1	Cat 1 and Cat 2 Corrective Action Completion	\$200,000	\$0	\$200,000	\$0
14.2.2	Corrective Action Completion in the DOE Corrective Action Tracking System (CATS)	\$0	\$156,752	\$0	\$156,752
14.3.1	Timely Entering of Issues Into LIMTS	\$100,000	\$0	\$100,000	\$0
14.3.2	Self Identification of Issues	\$200,000	\$0	\$167,000	\$0
14.4.1	Implementation of Work Control	\$150,000	\$0	\$150,000	\$0
		\$750,000	\$156,752	\$717,000	\$156,752

Completion /Validation Statements

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

Measure 14.2 Corrective Actions Closure

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of partial fee. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award of full fee. NNSA has validated appropriate and timely completion.

PBI No. 15 INSTITUTIONAL MANAGEMENT EXCELLENCE

PBI 15: Institutional Management Excellence

Maximum Potential Subjective Fee	\$ 10,259,200																																														
<p><u>Global Subjective Fee Assessment</u></p> <p>General Performance Range: GOOD</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 80%;"> <p>Exceeds the standard of performance in many areas. Performance in critical & mission areas at a high level although there may be room for improvement in some areas.</p> <p>(based on LANS assessment data, overall PBI performance, LASO evaluations, etc)</p> </div> <p><u>Specific Subjective Fee Adjustments</u></p> <p>Items of Significant Note</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="6" style="text-align: center; vertical-align: middle;">Positive</td> <td>Improved NMED Relationship</td> </tr> <tr> <td>Proactive Continuing Resolution Management</td> </tr> <tr> <td>High Activity Drum Shipping Campaign Successes</td> </tr> <tr> <td>Achieving DARHT Ssecond Axis Operation</td> </tr> <tr> <td>Overall Mission Achievement Including Roadrunner</td> </tr> <tr> <td>CMR Wing Closure/Hazard Reduction Program</td> </tr> <tr> <td rowspan="6" style="text-align: center; vertical-align: middle;">Negative</td> <td>Driven to Address TA-50 Operations & Performance Concerns</td> </tr> <tr> <td>Planning and Execution of Startups</td> </tr> <tr> <td>Acquisition Process & Planning (from User thru Procurement)</td> </tr> <tr> <td>General Project Management Implementation Across LANL</td> </tr> <tr> <td>Slower Than Expected Formality of Operation Maturation</td> </tr> <tr> <td>Failure to reduce FY 2007 Mission Risks (WMRM, Room 60, etc)</td> </tr> </table> <p>Items of Moderate Note</p> <table border="1" style="width: 100%; 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Final Subjective Fee Award	\$ 8,170,320 80%																																														

Items of Significant Note

Positive Impact: Improved NMED Relationship

Both LASO and LANS environmental management staff spent much time with improving the regulatory relationships. LANS was instrumental in developing a level of “trust” with the key regulator manager that allowed for weekly calls and open discussions on critical issues. LANS took on a subordinate role and did not argue or debate every issue, but instead improved documentation and treated the regulator with care and respect.

Positive Impact: Proactive Continuing Resolution Management

LANL was proactive in managing funds during the Continuing Resolution. Program Managers were directed to manage spending carefully, and significant effort and success were achieved in communicating with customers during the Continuing Resolution funding periods. As a result, adequate funding was available for all major programs to continue to meet mission and operational program goals.

Positive Impact: High Activity Drum Shipping Campaign Successes

This project was identified in FY 2002; however, many problems plagued the project from safety to loss of shipping certification and consequently did not meet the completion date in FY 2004. LANS re-evaluated the project in January 2007 and took on the difficult tasks of safety basis, readiness, upgrades, and all the operational issues that go with such a complex campaign. While the initial completion date of January 2008 was not met, LANS did make the last shipment to the Waste Isolation Pilot Plant on November 13, 2008. This also marks the completion of the commitment to the Defense Nuclear Facilities Safety Board from February 2007, to process and dispose of the highest-risk wastes from TA-54, Area G.

Positive Impact: Achieving DARHT Second Axis Operation

LANS completed the DARHT Second Axis project in May with a corresponding Critical Decision 4b approved by NNSA. The resulting experimental platform met or exceeded all technical specifications. It will now provide a significant tool for stewardship of the nuclear weapons stockpile for baseline weapons designs and development of Life Extension Options/Designs and will provide data for potential threat reduction experiments. The first dual axis shot will be performed in front of DARHT during the second quarter of FY 2009.

Positive Impact: Overall Mission Achievement Including Roadrunner

LANS provided significant accomplishments that support NNSA mission goals throughout the rating period. This included analysis of production and design data leading to a material selection recommendation for the W76-1 and significant support to the NNSA Nuclear Weapons Complex leading to the timely closure of three "Code Blue" events, all while maintaining momentum toward solidifying the Scientific and Technical base at the Laboratory that supports all NNSA activities. Another significant success is the development, production, and partial delivery of the Roadrunner Supercomputing Platform that became the fastest computer in the world during acceptance testing at IBM.

Positive Impact: CMR Wing Closure/Hazard Reduction Program

LANS continued to make steady, deliberate progress in continuation of CMR Wing Closure and Hazard Reduction with the termination of programmatic operations in Wing 3 during FY2008. LANS showed leadership in development and further maturation of the CMR WC/HR Program Execution Plan, sponsoring multiple tours for DNFSB and senior NNSA Headquarters Managers, conducting Integrated Nuclear Planning Workshops and informational/status meetings, and providing technical recommendations to several alternatives analysis for maintenance of CMR AC/MC capabilities. Activities within CMR by LANS over the past several years reflect sound stewardship of NNSA resources in a resource constrained environment.

Negative Impact: Driven to Address TA-50 Operations & Performance Concerns

LANS has been slow to address material condition issues, recognized for years, involving the four-decade old Radioactive Liquid Waste Treatment Facility (TA-50). This facility treats both the high-volume low-level waste stream from most of LANL nuclear and radiological facilities, as well as the low-volume transuranic liquid waste stream from the Plutonium Facility (TA-55). LANL was unsuccessful in FY 2007 and FY 2008 on resuming transuranic waste treatment operations (i.e., Room 60), a major priority. Meanwhile, it appears that relatively little attention was paid to improving low-level treatment systems, which suffered from several disruptions.

Negative Impact: Planning and Execution of Startups

LANS struggled with preparation, readiness review, and startup of new operations during FY 2008. For example, startup of the Plutonium Facility (TA-55) interim radiography operations was impacted by numerous pre-start findings, such as late identification of fire protection issues that necessitated a second Laboratory readiness assessment and processing fire protection equivalencies and exemptions after the readiness reviews. Also, LANS required several attempts to determine readiness for Area G remote drum venting, due to incomplete preparations and inadequate staffing of the earlier readiness assessment teams. Declaration of readiness prior to full verification that procedures would work as written is a recurring problem (e.g., most recently for resumption of transuranic liquid waste treatment).

Negative Impact: Acquisition Process & Planning (From User thru Procurement)

Lab-wide acquisition planning did not meet expectations resulting in numerous disconnects, lengthy processes, hurried reviews, and mission impacts; ASM has failed to identify, prioritize and provide an acquisition strategy for large procurements (> than \$10M) at the Associate Director (AD) level. Several key procurements languished.

Negative Impact: General Project Management Implementation Across LANL

During 2008, project management execution by LANS reflects continuing NNSA concerns in the areas of operations interface/integration, programmatic and technical risk transfer, cost estimating, and certification of the LANS EVMS System. Estimates for multiple projects performed by LANS indicates a trend in transfer of significant risks to NNSA or the subcontractor, with little evidence of efforts on the part of LANS to mitigate and manage such risks and/or innovate. Examples of these trends include updated TPC estimates for RLTWF, TRU Waste, NMSSUP Phase II, and Science Complex. Institutional engineering/design support for capital construction projects appears lacking in that individual projects appear to be driving solutions for multiple technical issues. Examples of this include seismic design criteria and materials selection for RLW related projects. Given the significant amount of capital construction projects that are critical to ensuring viability of NNSA mission capabilities, NNSA believes maturation of LANS project management capabilities is needed to ensure adequacy of infrastructure needed to maintain NNSA mission capabilities.

Negative Impact: Slower Than Expected Formality of Operation Maturation

For FY 2008, LANL committed to implementing DOE requirements for Formality of Operations, which consists of conduct of operations, engineering, maintenance, and training; these are key elements for NNSA acceptance of the risk for nuclear facility operations. As FY 2008 progressed, LANL struggled to adequately define what constituted implementation. The effort experienced substantial scope-growth when implementation criteria and resource requirements were finally defined (i.e., May and August 2008); this resulted in slippage of substantial portions of this effort into FY 2009.

Negative Impact: Failure to Reduce FY 2007 Mission Risks (WMRM, Room 60, Etc.)

LANS was unable to complete construction, startup/readiness, and resumption of programmatic operations activities for TA-50 Room 60, an activity that has been ongoing for several years. After developing an acceptable path forward early in FY08 for execution of construction and maintenance activities in Room 60, LANS was unable to meet original schedule commitments and completion of field work and initiation of start-up/readiness testing. After several delays in scheduling Laboratory Readiness Assessments in FY 2008, completion and start-up of programmatic operations in Room 60 are not projected until the second quarter, FY 2009. NNSA has repeatedly expressed concerns with delays in resumption of programmatic operations in Room 60 due to potential mission impacts/delays in programmatic activities in PF-4. In addition, LANS recommendations regarding a path forward on WMRM Tank Farm were formally transmitted to NNSA LASO in July 2008 after lengthy dialogue regarding a series of technical, financial and project management related issues and challenges. While NNSA has approved LANS resumption of project completion activities on WMRM consistent with LANS recommendations, completion of the project to result in emergency storage capacity consistent with the original intent of the project will not be completed until late 2009. As noted in General Project Management Implementation at LANL, NNSA believes delays in technical issues associated with WMRM are attributable to the inadequate institutional design/engineering support (example: Tank Materials suitability/combustibility).

Items of Moderate Note

Positive Impact: RCRA Inspection Without Findings

LANS has taken an aggressive approach to ensuring that LANL operations follow the requirements of RCRA by conducting internal assessments under similar protocols used by the regulator. These internal assessments result in findings that require management attention and correction. As a result, operations have improved as was demonstrated in May 2008 when a regulator inspection revealed no findings for the first time ever at LANL.

Positive Impact: Integration Efforts at Senior Level Within & Across LANL

In FY 2007 LANS performance was substantially hindered by internal issues and numerous instances of internal disconnects, misalignments, conflicting actions, etc. LANS expended significant effort in FY 2008 addressing management integration, focusing on synergistic performance, and team behavior. These efforts resulted in substantially better communication and undoubtedly increased LANS performance.

Positive Impact: Outfall Reduction

LANS improved integration within the Laboratory regarding compliance with NPDES permit requirements. Over the last several years the outfalls at LANL have been reduced from over 100 to fewer than 20. The project is positioned to go forward as scoped in the strategy provided in the Outfall Reduction Strategy Final Report and the Project Execution Plans submitted to LASO in FY 2008.

Positive Impact: Increasing Cyber Security Program Maturation

LANL has been successful in deploying a fully NAP compliant suite of Cyber Security policies and procedures, including enhanced training and awareness efforts. Through the dedicated efforts of personnel across the Laboratory and the direct involvement of LANL leadership, LANL is nearing the re-accreditation of all information systems in accordance with the Security Compliance Order. Additionally, the Laboratory has significantly improved its cyber security program management activities including more comprehensive management plans and more effective evaluation and reporting processes.

Positive Impact: Safety Centric Decision Making

The Laboratory has increasingly embedded safety into its decision making logic as evidenced by increasingly using management concerns (non-Occurrence Reporting events) to drive improvements in operations. This is evidenced by decreasing numbers of reportable Occurrence Reports. When adverse events occur the Laboratory typically pauses work to address employee behavior; and it is implementing its Conduct of Engineering program as evidenced by declaring Potentially Inadequate Safety Analysis, placing facilities in safe condition and fixing or getting NNSA approval of corrective actions.

Positive Impact: Responsiveness to Mission Facility Studies & Integrated Nuclear Planning

During 2008, LANS effectively continued to mature Integrated Nuclear Planning activities and processes, completing a total of four (4) workshops, staffing and implementing an INP Project Office, and issuing quarterly INP reports. LANS technical studies, recommendations and inputs relating to CMR AC/MC Alternatives Analysis, CMRR 30-Day Study, MOX-ARIES Feedstock Gap Recommendations, and other studies in support of Complex Transformation PEIS are noted as high-quality, responsive products in support of NNSA strategic initiatives.

Positive Impact: Cost Recovery Model Pursuit & Implementation

LANS developed effective cost recovery models for implementation at LANL TA-55 in previous years and continued with those efforts in FY 2008 and expanding to other key areas. During 2008, cost models for CMR and enduring Waste Management Operations were developed and submitted to NNSA OFFM for review. LANS also supported multiple requests for information and supporting justification for cost recovery models to NNSA Field and Headquarters elements in support of dialogue with other DOE Program Sponsors in a very effective, professional manner.

Negative Impact: Loss of Focus on DOPEP

The Discipline Operations Project Execution Plan (DOPEP) had senior management (Deputy Director) attention and provided an accelerated approach to implement formality of operations within the environmental programs. This resulted in an 8 to 10-day "Pause" with a focused emphasis on the elements of ISM; however, a LASO assessment in late fourth quarter of FY 2008 revealed that the urgency had eroded and key actions remained open.

Negative Impact: DOE Driven to Address System Engineer Shortfall

In the Spring of 2007, LANL began to recognize that the staffing-level of cognizant systems engineers (CSEs) were half or less of the requirement. CSEs play a key role in implementing nuclear facility safety bases, executing the unreviewed safety question (USQ) process, ensuring the continued operability of vital safety systems, and implementing Formality of Operations. LANL management delayed taking effective action until January 2008, when the issue was pushed by NNSA senior management.

Negative Impact: Vital Safety System Assessments Delays

LANL nuclear facilities have about 100 vital safety systems (VSS). VSS assessments are a key element in NNSA and LANL ensuring confidence that these systems will perform their credited safety function when required. While LANL had committed assessing systems evenly during the last three quarters of FY 2008, most of the assessments occurred in the last quarter; most assessment reports were not provided to NNSA until the last few weeks of FY 2008. NNSA's review of the assessment reports indicates potential quality and consistency issues with these reviews.

Negative Impact: Maintenance Program Deficiencies

LASO discovered through a "for cause" Deferred Maintenance (DM)/Replacement Plant Value (RPV) assessment that LANS FIMS and TYSP reporting information could not be validated or verified. LANS misinterpreted the DOE definition for DM by not capturing all DM for preventive maintenance. Required Master Equipment Lists were not completed; therefore, maintenance requirements were not captured or completed. The LASO assessment issued 11 findings, 7 observations, and one noteworthy practice, which was the basis for two additional objective-based PBIs and one award-term PBI developed for FY 2009 relating to FIMS information quality, maintenance program maturation, and conduct of maintenance in support of critical nuclear facilities.

Negative Impact: Financial System Tracking Concerns and CAS Inconsistencies

LANL continues to have challenges with cost corrections and with indirect charging methodologies. Recent assessments and reviews indicate a continued need for improvement. Although Contractor Assurance continues to evolve, struggles persist with respect to managing all issues. LANS cannot demonstrate with confidence that a solid understanding of the status of all issues have been identified. Some issues are often not entered into the issues management system in lieu of other disconnected and non-transparent systems, categorized, or otherwise tracked through the process. Continued management focus is necessary to address this item. Contractor Assurance System implementation across LANL varies in rigor and completeness.

Items of Note

Positive Impact: Conduct in Emergency Exercises

LANL participated in two full-scale exercises in April and July that involved all levels of participation. The Emergency Operations Center was activated on both occasions, integration responsibilities were tested, and Security Emergency Conditions were tested based on a national threat scenario and a local terrorist threat attack. In Addition, LANS conducted four major force-on-force exercises. All of the exercises met their objectives.

The Annual Full Scale Emergency Exercise was a full participation exercise with the County of Los Alamos and was deemed a significant improvement from the previous year's exercise. The exercise was a complicated security and hazardous material scenario requiring significant coordination and communication and was performed well.

Positive Impact: Eight (8) National P2 Awards

In 2008, the LANS Pollution Prevention (P2) Program received eight (8) National P2 Awards: two (2) NNSA Best in Class Awards and six (6) NNSA Environmental Stewardship Awards. For example, LANS was able to recycle some of the wastewater, asphalt, and paper products. The P2 Program promotes reduction of waste and pollutants to lower operating and disposal costs, enhances safety of operations, and assures that mission work can be accomplished without waste or regulatory-related delays.

Positive Impact: KSL Transition

LANS has offered 625 KSL craft employees and 280 non-craft employees jobs with LANS with the goal of saving approximately \$15 million per year. KSL currently has approximately 60 managers; and LANS intends to reduce 13 management positions. LANS is conducting interviews with KSL management as well as looking at capabilities of current LANS employees. It is anticipated 14-15 KSL employees will be eligible for severance pay. LANS appears to have this project well managed from a business perspective.

Positive Impact: Accelerated FIRP Costing and RAMP Success

LANS's Facilities and Infrastructure Recapitalization Program (FIRP) team exceeded spending projections and costing requirements. In the fourth quarter of the fiscal year, NNSA Headquarters announced costing goals beyond the 60% that had been submitted for approval early in the fiscal year. Although LANS was lagging behind the spend plan at that time, projects were reprioritized to increase costing to achieve a rate in excess of 70% for the year. Additionally, the Roof Asset Management Program (RAMP) team, a subset of FIRP, completed all scope by the end of the fiscal year and was able to take on additional scope with remaining funds and schedule making FY 2008 the most successful RAMP execution year to date for LANL.

Positive Impact: Overall Hazard Reduction

In FY 2008, the Laboratory took significant steps to decrease hazards at the Laboratory. Noteworthy efforts were made to containerize Nuclear Material at Risk in addition to discarding excess material at both TA-55 and WETF. At Area G the Laboratory made significant progress in shipping off site, to WIPP, High Activity Drums. Criticality Safety Improvements at TA-55 supported decreasing hazards. An increasing focus on Conduct of Operations as a part of implementing Formality of Operations is an important Administrative Program supporting Hazard Reduction.

Positive Impact: WFO Audit as a Positive Example of Pro-Active Audit Program and CAS Program Improvement

Early in FY 2008, LANS's independent Audit and Assessments team performed an audit of Charging Practices associated with Work for Others programs. The overall depth and thoroughness of this Internal LANS audit is noted by NNSA as an effective model for Contractor Assurance Systems. The internal audit reinforced the longstanding existence of less than acceptable rigor in recording of costs or time and attendance that raised concerns about financial management at the Laboratory across multiple functional areas. LANS expended significant effort in developing a corrective action plan, and brought in Parent Organization experts in financial management to review the Laboratory processes and the corrective action plan. This special review did provide feedback, which was incorporated into the corrective action plan and resulted in personal involvement from the Laboratory Director.

Positive Impact: Criticality Program Maturation (Post Event)

In FY 2008, Nuclear Criticality Safety Program maturation was evidenced in two distinct areas. The Augmented Limit Review (ALR) at TA-55 was completed which resulted in an increased criticality safety margin at the facility and published lessons learned. During the year an operationally focused assessment observed that significant progress has been made on priority issues. These two events demonstrate management commitment and operational improvements in the criticality safety program as a result of the Nuclear Criticality Safety Program Improvement Plan.

Positive Impact: Weapons Complex Leadership and Support

LANS led the Nuclear Weapons Complex Integrating Committee, made up of senior executives from the NWC Contractors, which was charged with developing innovative ways to accelerate activities supporting the NNSAs Complex Transformation process. LANS developed the "Accelerating Complex Transformation Path Forward" which was well received by NA-10. As a demonstration of the new processes, LANS and Sandia National Laboratory entered into a joint MOU to develop and share advanced computing resources to support the complex. In addition, LANS coordinated with Lawrence Livermore National Laboratory to produce the Joint Hydrotest Plan, which outlines long-term requirements and planning for hydrotest capabilities.

Positive Impact: Maturing Capability Review Process

LANS conducted a total of eight (8) Capability Reviews to assess selected programmatic capabilities. These reviews were performed by committees made up of national leaders in the scientific area being reviewed, led by a senior researcher from academia. The quality of the reviews was substantially improved from previous years, as LANS and committee members became more familiar with the new Capability Review process. Further, in most cases where the reviews resulted in findings or recommendations, these have been reviewed by Associate Director chartered Management Review Boards and entered into the LANS action tracking system.

Negative Impact: Open Bid Commitments

Committed process improvements have been slower than expected. Proposed Continuous Improvement efforts have also been slowed with only moderate progress in reducing infrastructure by two (2) million square feet and reducing the procurement cycle time by 50% by the end of FY 2008. LANS did not complete Planned Efforts and Expected Accomplishments, updating the DSAs for LANL's Hazard Cat Facilities, and restructuring the supply chain to achieve a validated cost savings of \$385 million.

Negative Impact: 4th DARHT Accident & Related Issues

On July 29, 2008, during diagnostic shots, DARHT damaged an Axis II insertable graphite beam stop that was inadvertently left in place by informal mode changes; this caused carbon debris to blow back and contaminate a large number of cells. LANL has been working since then on investigating the event and restoring the facility material condition. Investigation revealed issues in command and control, conduct of operations, and engineered features that need to be addressed before operations resume.

Negative Impact: Type and Number of Wounds/Injuries

While DART and TRC rates decreased during FY 2008, LANL had a number of significant injuries and worker-safety related events including, but not limited to, a finger amputation, several instances of crushed fingers and toes, an energized line cut during excavation, a sodium hydroxide fire, over-exposures to diesel fumes, and a metal piece thrown from a lathe. Emphasis is still required on ensuring effective hazard identification and implementation of work controls.

Negative Impact: De-emphasis of Facility, Lease & Infrastructure Management

The high number of (off-site) existing leases in holdover status reflects poor management and business acumen. A thorough review of the total current leased square footage, price per square foot, and actual LANS space requirement is overdue. Infrastructure oversight remains spotty and inconsistent in implementation. Maintenance and facility use planning are highlighted weaknesses raised by LASO.

Negative Impact: Project Development Disconnects

Virtually all ongoing capital construction projects at LANS have experienced delays in planned Critical Decisions, resulting in the need for NNSA to generate exemption requests from Budget Year Guidance requiring receipt of Critical Decision 2 prior to incorporation of the line item construction funding request. To be considered for FY 2010 Construction LI funding, projects should have achieved CD-2 prior to July 31, 2008. Currently, the CMRR, RLWTF, NMSSUP Phase II, TRP Phase II, and TRU Waste projects are seeking exemptions from this requirement. While it is recognized there are multiple drivers creating this situation for each project, LANS must improve performance in aligning project development activities and schedules with current DOE/NNSA Budget formulation guidance and expectations.

Negative Impact: FHAs Not in Support of DSAs

The Laboratory struggled to develop or update Fire Hazard Analyses in support of Documented Safety Analyses resulting in NNSA having to delay the release of the Safety Evaluation Report for TA-55 and the Safety Accelerator Document for LANSCE. Additional work was necessary to make Laboratory submittals acceptable. This issue delayed implementation of important safety controls at the facilities.

Negative Impact: Timeliness of Response to RTBF Concerns

Review of the FY 2008 RTBF Execution Plan by LASO identified concerns regarding unfunded activities risks and overall prioritization and allocation of RTBF funding in support of mission critical nuclear facilities. Concerns were identified in June 5, 2008 guidance issued by LASO outlining expectations for baseline funding for nuclear facilities. LASO has been briefed on the formation and development of the Independent Verification Team (IVT) by LANS as a primary element in responding to NNSA concerns. While multiple briefings regarding the IVT have been presented by LANS, substantive engagement by the IVT in prioritizing limited RTBF resources for critical nuclear facilities will not be accomplished until the first quarter FY 2009.

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

PBI No. 16 FIXED FEE

PBI 16: Fixed Fee

PBI 16.1		MISSION	Achieved
Mission	16.1.1	Red Team Exercise	Met
	16.1.2	Annual Assessment Report and Letter Submittal	Met
	16.1.3	NNSA Defense Programs Budget Input	Met
	16.1.4	Code Blue Technical Support	Met
	16.1.5	Manufacturing Capability Review	Met
	16.1.6	Science Capability Review	Met
	16.1.7	Annual RTBF/FIRP Plan	Met
	16.1.8	DARHT Capability	Met
	16.1.9	ZR Stewardship Experiment	Met
	16.1.10	Suspect/Counterfeit Item Program	Met
	16.1.11	FY08 Life-Cycle Plans (NAFD)	Met
	16.1.12	FY08 Life-Cycle Plans (WebPMIS)	Met
	16.1.13	LDRD Program Plan	Met
	16.1.14	Technology Transfer Congressional Annual Report	Met
	16.1.15	Technology Partnership Working Group Report	Met
	16.1.16	Independent Third-Party ISO 14001 Registration of Environmental Mgt. System	Met
	16.1.17	Compliance with Federal Facilities Compliance Act	Not Met
	16.1.18	Annual Site Environmental Surveillance Report	Met
	16.1.19	Utilization of the Center for Integrated Nanotechnologies	Met
	16.1.20	Utilization of the LANSCE/Lujan Center	Met
		19 of 20	TOTAL 95%

PBI 16.2		OPERATIONS	Achieved
Mission	16.2.1	EVMS System Surveillances	Deleted
	16.2.2	Training Implementation Matrices	Met
	16.2.3	Readiness Procedure P-115.0 Documents	Not Met
	16.2.4	Required Annual Updates of All Safety Basis Documents	Met
	16.2.5	Sampled Unreviewed Safety Question Determinations	Met
	16.2.6	FY 2009 AOP Developed and Approved	Met
	16.2.7	LANS FY2009 FS-20 Budget Submission	Met
	16.2.8	Document Required Number of Random Drug Tests	Met
	16.2.9	Cyber Security Planning and Budgeting	Met
	16.2.10	Evidence of Efforts to Continue Improvements in Safety	Met
	16.2.11	Annual Evaluation of the ISMS Program	Met
	16.2.12	Timely Reporting of Injury, Illness, and Accident Investigations	Met
	16.2.13	Radiation Protection Plan Closure Packages	Met
	16.2.14	Annual Progress Report on the LANL Fire Protection System	Met
	16.2.15	Quarterly Reports Outlining the Deployed Emergency Support Personnel Program	Met
	16.2.16	Emergency Operations Quarterly Reports	Met
	16.2.17	Annual Emergency Management Site Exercise	Met
	16.2.18	ADISS and MSS Maintenance and Site Services Program Reviews	Met
	16.2.19	FIMS Data	Met
	16.2.20	Comprehensive Ten Year Site Plan (TYSP)	Met
		18 of 19	TOTAL 95%

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PBI 16.3		BUSINESS MANAGEMENT	Achieved
Mission	16.3.1	Pre-Existing Conditions Milestone Schedule	Met
	16.3.2	CDRL-Tracking System	Met
	16.3.3	Timely and Quality Deliverables	Met
	16.3.4	Contractor Self-Assessment of Performance (Reference the PEP)	Met
	16.3.5	Property System Approval	Met
	16.3.6	Satisfactory Financial Management Performance Rating	Met
	16.3.7	Procurement System Approval	Met
	16.3.8	FY 2008 Internal Audit Plan Activities	Met
	16.3.9	FY 2008 Regional Community Initiatives	Met
	16.3.10	Compensation Increase Plan	Met
	16.3.11	Annual FMFIA Assurance Statement Letter	Met
	16.3.12	Affirmative Action Plan	Met
	16.3.13	Annual Management Representation Letter	Met
	16.3.14	Annual OMA -123 Assurance Statement	Met
	16.3.15	Annual Small Business Plan	Met
	16.3.16	Records Management Program Plan	Met
	16.3.17	Update of Contractor Multi-Year Strategy for Performance Improvement	Met
	16.3.18	Update Annual Contractor Assurance System Implementation & Improvement Plan	Met
	16.3.19	Annual Assessment of Contractor Assurance System	Met
	16.3.20	FY 2009 Parent Organization's Oversight Plan	Met
		20 of 20	TOTAL 100%

PBI No. 17 AWARD TERM INCENTIVES

PBI 17: Award Term Incentives

Completion /Validation Statements

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 Assessment:

LANS has submitted completion evidence for award term measure. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award term measure. NNSA has validated appropriate and timely completion.

Measure 17.3 Deliver Computing Capability (Award Term)

Expectation Statement:

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

Completion Assessment:

LANS has submitted completion evidence for award term measure. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence for award term measure. NNSA has validated appropriate and timely completion.

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 Assessment:

LANS has submitted completion evidence denoting an award term, however NNSA review has resulted in a differing position.

This measure required the submission of three deliverables during the rating period. The listing of STE and DP functional areas and the FY 2008 Workforce Baseline were submitted as required. The FY 2009/2010 Workforce Implementation plan was not submitted during the rating period, due to significant uncertainty in out-year Laboratory budget authority and future NNSA program priorities. The Laboratory did provide an action plan for development of the workforce implementation plan pending receipt of higher fidelity programming and budget guidance from the NNSA, utilizing the workforce baseline information submitted above. However, communication of the inability to deliver the final deliverable was not coordinated.

~ End of Document ~