



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

FY 2011 PERFORMANCE EVALUATION PLAN

FOR THE

LOS ALAMOS NATIONAL SECURITY, LLC'S

MANAGEMENT AND OPERATION

OF THE

LOS ALAMOS NATIONAL LABORATORY

CONTRACT No. DE-AC52-06NA25396

PERFORMANCE PERIOD

OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011

DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2011 PERFORMANCE EVALUATION PLAN

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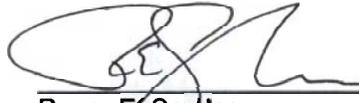
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DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2011 PERFORMANCE EVALUATION PLAN

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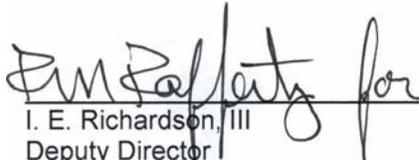
I. APPROVAL PAGE

The FY 2011 Performance Evaluation Plan (PEP) for Los Alamos National Laboratory Contract No. DE-AC52-06NA25396 has been coordinated and reviewed by the Los Alamos Site Office and Los Alamos National Security, LLC. The following individuals approve the contents of this PEP.



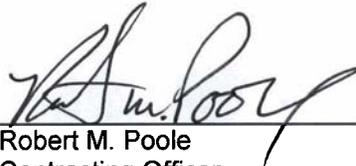
Roger E. Snyder
Acting Site Office Manager
Los Alamos Site Office
National Nuclear Security Administration

8/24/10
Date



I. E. Richardson, III
Deputy Director
Los Alamos National Laboratory

8/24/10
Date



Robert M. Poole
Contracting Officer
Los Alamos Site Office
National Nuclear Security Administration

8/24/2010
Date

II. PREFACE

The Performance Evaluation Plan (PEP) for the period of October 1, 2010, through September 30, 2011, defines the performance measures and expectations by which Los Alamos National Security, LLC's (LANS) performance of work will be evaluated under Contract No. DE-AC52-06NA25396. The PEP was bilaterally negotiated between the National Nuclear Security Administration (NNSA) and LANS.

The PEP is implemented in accordance with contract provision, H-12, "Performance Based Management," and H-13, "Award Term". Furthermore, Contract Clause B-2, "Contract Type and Value," states that for FY 2008 through FY 2013, 30% of the Maximum Available Fee (MAF) will be applied to Fixed Fee and 70% of the MAF will be applied to Incentive Fee. The MAF planned for in the FY 2011 PEP is \$72,055,714. The MAF does not address fee earned in support of Work For Others as outlined within the Contract.

In FY 2009, the Congressional appropriation deviated more than 10% from the Total Estimated Cost and Fee of \$1,832,192,000 as stated in Prime Contract Clause B-2(c)(1). The Prime Contract was modified to adjust the MAF based on additional work agreed to with NNSA, raising the At Risk Fee available to be earned as well as the Fixed Fee in FY 2011.

Overview of the FY 2011 PEP:

As noted above, 30% of the MAF is fixed by the contract and awarded unless certain conditions apply. The balance of the MAF (70%) is defined by performance measures. The Los Alamos FY 2011 PEP is populated by six (6) distinct types of performance measures. These include Performance Based Incentive (PBI) Essential measures, PBI Stretch measures, Performance Objective (PO) Essential measures, PO Stretch measures, Multi-Site Initiatives, and Award Term measures. These measures interrelate through gateways and, as a system, determine what quantity of performance-based fee LANS earns during the year, and whether or not LANS may be considered for an "Award Term" extension of the Prime Contract. Fee bearing measures are subdivided according to the risk of success: i.e. the "Essential" measures are those for which there is an expectation that by diligent effort, the contractor will succeed. The "Stretch" measures are generally related to improvements not directly tied to a specific compliance, safety, security, or mission outcome, or activities more difficult or complex, with extraordinary efforts required for success. The fee assigned to these measures is distributed in a split that is nominally ~75% assigned to Essential Measures (when Multi-Site Measures are included) and ~25% assigned to Stretch Measures.

This PEP does not address fee earned in support of Work for Others as outlined within the Contract.

Multi-Site Initiatives:

The PEP includes both site-specific measures and Multi-Site performance measures. The Multi-Site Initiatives will be evaluated by NNSA Headquarters officials to determine if all of the M&O Contractors within the complex have successfully worked together to achieve the stated objectives. Each Multi-Site performance measure applies to all NNSA sites. Therefore, if the described goals within the measure are not achieved, none of the M&O Contractors will earn fee for that measure, regardless of any individual site's achievements toward the end goal. ~10% of the total fee-at-risk is dedicated to Multi-Site Initiatives.

Performance Based Incentive (PBI) Measures:

~ 50% of the fee-at-risk (exclusive of Multi-Site initiatives) is associated with objective measures. PBI measures are divided into two (2) groups – Essential and Stretch. There are nine PBIs covering the major subdivisions of work at the laboratory. Each of the nine includes target sub-measures that describe specific, measurable, key accomplishments determined by negotiation to merit incentive fee and to be important, challenging but achievable.

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

Performance Objective (PO) Measures:

~50% of the fee-at-risk (exclusive of Multi-Site Initiatives) is associated with subjectively measured activities. PO measures are divided into two (2) groups – Essential and Stretch. These measures will enable the Government to subjectively measure the contractor's performance in four areas: Excellence in National Security Objectives, Excellence in Science, Technology, and Engineering, Excellence in Operations & Facilities, and Excellence in Institutional Management & Business, which also addresses overall management of the institution and emergent concerns. Performance Objectives are intended to address moderately quantifiable, largely qualitative and otherwise un-incentivized activities as well as the manner of accomplishment, i.e., "the how". Measurement criteria and focus targets are identified for periodic reporting purposes, but these will not preclude the Government's use of this measure as a broad metric of the contractor's performance in other areas. As such, the contractor may also report outside the pre-established criteria and focus targets if it believes such reporting to be appropriate and useful.

Award Term Measures (Clause H-13):

The Award Term Measures are a suite of five (5) individual measures selected to determine if the contractor is performing at such a high level that the Prime Contract should be extended for an additional year. Award Term eligibility is based not only on these measures but also on other performance "gateways".

Interrelationship of Measures:

The different types of measures interrelate in a system as described below:

Performance "Essential" to Performance "Stretch" Gateway:

If the contractor achieves an adjectival rating of at least "Very Good" performance in Subjective Essential measures in an aggregate fee area and earns $\geq 80\%$ of available Objective Essential fee in an aggregate fee area (Programs, Operations, or Business/Institutional Management), then and only then can the Stretch target measures (associated with that aggregate fee area) be available to be earned. As such, there are three discrete "gateways" (each associated with an aggregate fee area). If the contractor fails to meet the gateway, no Stretch fee can be earned for the PBIs within that particular aggregate fee area.

Award Term Gateway:

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

- PBI Essential Measures – earn $\geq 80\%$ overall of PBI Objective Essential fee (exclusive of Multi-Site Initiatives), in the areas of Programs, Operations, and Business/Institutional Management. Stretch measures are not considered for purposes of eligibility for Award Term.
- PO Measures – receive an overall adjectival rating of at least "Very Good" as defined by Table II in Subjective Essential performance.
- Award Term Measures – Achieve success in four (4) of the five (5) Award Term Measures.

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

Administration of this PEP

Performance related to each PBI and PO will be tracked and reported to NNSA on a monthly basis. NNSA and LANS will meet each month to discuss performance status and to ensure that

performance issues are identified at the first opportunity, in order to affect timely resolutions. The results of these discussions will be documented and shared between the parties.

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

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

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

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

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

Fee Spread

Based on negotiations, the FY 2011 Fee is allocated as outlined in Section IV: *Fee Schedule*

Table I: Graphical Description of Gateways

PEP Stretch Gateway						
Focus Areas	STRETCH GATEWAY					
Programs Essential Measures	→	Achieve ≥ 80% * Aggregate Programs Essential	PLUS	Programs Adjectival "Very Good" (Subjective Measures)	→	Programs Stretch Eligible
Operations Essential Measures	→	Achieve ≥ 80% * Aggregate Operations Essential	PLUS	Operations Adjectival "Very Good" (Subjective Measures)	→	Operations Stretch Eligible
Business Essential Measures	→	Achieve ≥ 80% * Aggregate Business Essential	PLUS	Business Adjectival "Very Good" (Subjective Measures)	→	Business Stretch Eligible

* Measured in Dollars

PEP Award Term Gateway								
Focus Areas	AWARD TERM GATEWAY							
Programs Essential Measures	→	Achieve ≥ 80% * Aggregate Essential (Objective Measures)	PLUS	Overall Adjectival ≥ "Very Good" (Subjective Measures)	PLUS	Meet 4 of 5 Award Term Incentives	→	Award Term Eligible
Operations Essential Measures	→							
Business Essential Measures	→							

* Measured in Dollars

Table II: Subjective Fee Evaluation

Subjective Fee Evaluation		
Adjectival Rating for Subjective Evaluation	Adjectivally Rated At-Risk Award Fee Pool Available Range to be Earned	Adjectival Rating Common Definition
Outstanding	91-100%	Contractor has exceeded almost all of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award fee evaluation period.
Very Good	76%-90%	Contractor has exceeded many of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
Good	51%-75%	Contractor has exceeded some of the significant award fee criteria and has met overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
Satisfactory	No Greater than 50%	Contractor has met overall cost, schedule and Technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.
Unsatisfactory	0%	Contractor has failed to meet overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the award-fee plan for the award-fee evaluation period.

III. FEE SCHEDULE

Table III Total FY 2011 Fee

FY 2010 AWARD FEE		
FIXED FEE	30%	\$ 21,616,714
AT-RISK FEE	70%	\$ 50,439,000
TOTAL		\$ 72,055,714

Table IV: At Risk Fee

Objective		Subjective		\$ 50,439,000
Fee Essential	Fee Stretch	Fee Essential	Fee Stretch	TOTAL AT-RISK FEE
\$ 19,850,000	\$ 5,265,000	\$ 18,024,000	\$ 7,300,000	\$ 50,439,000
39%	10%	36%	14%	100%
25115000		25324000		
50%		50%		
Total Essential Fee		Total Stretch Fee		TOTAL AT-RISK FEE
37874000		12565000		\$ 50,439,000
75%		25%		100%
Programs	Operations	Business	Multi-Site	TOTAL AT-RISK FEE
\$ 19,065,000	\$ 16,550,000	\$ 9,824,000	\$ 5,000,000	\$ 50,439,000
38%	33%	19%	10%	100%

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Table V: Fee Per Measure

PBI/PO #	Focus Area	PBI/PO Title	Fee Type	Objective		Subjective		Fee Total
				Fee Essential	Fee Stretch	Fee Essential	Fee Stretch	
1	MULTI-SITE	Multi-Site Initiatives	Multi-Site	\$ 5,000,000				\$ 5,000,000
1.1.1		Ensure W76-1 LEP Production		\$ 800,000				
1.1.2		Complete B61 LEP Phase 6.2/2A Study		\$ 800,000				
1.1.3		Complete FY 2011 w78 Phase 6.1 Activities		\$ 400,000				
1.2.1		Enhanced Efficiencies in NSE through Modernization		\$ 200,000				
1.2.2		Complete NNSA-Approved Priority Activities		\$ 300,000				
1.2.3		Implement Multi-Site IT Strategic Plan Targets		\$ 400,000				
1.2.4		Achieve NNSA BMAC Cost Savings		\$ 200,000				
1.3.1		Achieve National Ignition Campaign FY 2011 Objectives		\$ 300,000				
1.3.2		Provide ASC Predictive Capability Assessment		\$ 400,000				
1.3.3		Demonstrate Key Physics for Certification		\$ 400,000				
1.3.4		Complete Barolo Experiments		\$ 400,000				
1.3.5		ASC Computer User Facility		\$ 400,000				
2	PROGRAMS	Program Capability Risk Management	Objective	\$ 1,200,000	\$ 1,165,000			\$ 2,365,000
2.1.1		Integrated Nuclear Planning		\$ 200,000				
2.1.2		Integrated Nuclear Planning Strategies			\$ 200,000			
2.2.1		Implementation of Plutonium Infrastructure and Sustainment Plans		\$ 400,000	\$ 100,000			
2.2.2		Plutonium Infrastructure and Sustainment Strategies		\$ 200,000				
2.3.1		Implementation of Risk Mitigation		\$ 400,000	\$ 365,000			
2.3.2		Risk Mitigation Strategies and Enhancements			\$ 500,000			
2.4		Contractor's Management Systems/Metrics						
3	PROGRAMS	Environmental Programs	Objective	\$ 2,500,000	\$ 200,000	\$ 1,000,000		\$ 3,700,000
3.1.1		Stipulated Penalty Deliverables		\$ 800,000				
3.1.2		Other Key Consent Order Deliverables		\$ 500,000				
3.2.1		Preparation of Transuranic Waste for Disposition		\$ 700,000				
3.2.2		Expansion of LANL Capabilities for Transuranic Waste Disposition		\$ 500,000	\$ 200,000			
3.3		Environmental Planning, Preparation and Execution				\$ 1,000,000		
3.4		Contractor's Management Systems/Metrics						
4	OPERATIONS	Institutional/Weapons Quality Assurance	Objective	\$ 750,000	\$ 250,000			\$ 1,000,000
4.1		Implementation of LANS Institutional QA Program		\$ 400,000				
4.2		Demonstrate Implementation of NQA-1, 2008 Edition within Nuclear Facilities			\$ 150,000			
4.3		Demonstrate Effective Product Review Capability		\$ 350,000	\$ 100,000			
4.4		Contractor's Management Systems/Metrics						
5	OPERATIONS	CMRR Delivery	Objective	\$ 700,000	\$ 900,000			\$ 1,600,000
5.1		CMRR RLUOB /REI Performance		\$ 300,000	\$ 300,000			
5.2		CMRR NF/SFE Performance		\$ 400,000	\$ 200,000			
5.3		CMRR and UPF Integration			\$ 465,000			
6	OPERATIONS	Project Management	Objective	\$ 700,000	\$ 500,000			\$ 1,200,000
6.1		Successfully Execute Projects		\$ 700,000	\$ 300,000			
6.2		Pajarito Corridor			\$ 200,000			
6.3		Contractor's Management Systems/Metrics						
7	OPERATIONS	High Hazard Operations & Emergency Management	Objective	\$ 2,550,000	\$ 550,000			\$ 3,100,000
7.1		Sustain Implementation of Formality of Operations		\$ 300,000				
7.2		Conduct of Operations Maturity		\$ 300,000				
7.3		Conduct of Training		\$ 300,000				
7.4.1		Formality of Operations Maturity		\$ 200,000				
7.4.2		Reduce TA-55 Seismic Nuclear Safety Risks		\$ 700,000				
7.4.3		Accelerate Reduction of TA-55 Seismic Nuclear Safety Risks			\$ 400,000			
7.5.1		Fire Protection Deficiencies within Legacy Facilities at LANL		\$ 300,000				
7.5.2		LANS Continued Training and Establishment of an Enduring Personnel		\$ 200,000				
7.6.1		Hazardous Material Inventory Reduction		\$ 250,000				
7.6.2		LANS Emergency Notification System			\$ 150,000			
7.7		Contractor's Management Systems/Metrics						

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8	OPERATIONS	Security	Objective	\$ 2,100,000	\$ 100,000			\$ 2,200,000
8.1.1		FY 2011 FS20 Annual Operating Plan		\$ 300,000				
8.1.2		Security and Safeguards Self-Assessments		\$ 200,000				
8.1.3		Execute an Effective Security Program		\$ 400,000				
8.1.4		Protective Force Subcontract Performance		\$ 200,000				
8.1.5		Security Systems Lifecycle Maintenance/System Upgrades			\$ 100,000			
8.1.6		Contractor's Management Systems/Metrics						
8.2.1		ISSP Consolidation		\$ 200,000				
8.2.2		Continuous Monitoring		\$ 100,000				
8.2.3		Cyber Security AOP Execution		\$ 300,000				
8.2.4		Cyber Security Program Performance Metrics		\$ 100,000				
8.2.5		Execute an Effective Cyber Security Program		\$ 300,000				
8.2.6		Contractor's Management Systems/Metrics						
9	OPERATIONS	Facilities, Infrastructure, Utilities & Energy	Objective	\$ 1,750,000	\$ 700,000			\$ 2,450,000
9.1		MSS Condition Assessment Program		\$ 150,000				
9.2		Fire Protection Program			\$ 200,000			
9.3		Vital Safety Systems Preventative Maintenance Program		\$ 250,000				
9.4		Infrastructure Investment / Footprint Reduction		\$ 500,000	\$ 200,000			
9.5		Energy Management Execution		\$ 800,000	\$ 300,000			
9.6		WECC Self-Certification and Transmission Operator Update		\$ 50,000				
9.7		Contractor's Management Systems/Metrics						
10	BUSINESS	Demonstrate Institutional Improvement	Subjective				\$ 1,800,000	\$ 1,800,000
11	PROGRAMS	Excellence in National Security Objectives	Subjective			\$ 4,500,000	\$ 2,000,000	\$ 6,500,000
12	PROGRAMS	Excellence in Science, Technology, and Engineering	Subjective			\$ -	\$ 3,000,000	\$ 3,000,000
13	OPERATIONS	Excellence in Operations & Facilities	Subjective			\$ 4,000,000	\$ 500,000	\$ 4,500,000
14	BUSINESS	Excellence in Business and Institutional Management	Subjective			\$ 8,024,000		\$ 8,024,000
15	OPERATIONS	Facilities, Infrastructure, Utilities & Energy	Objective	\$ 200,000	\$ 300,000			\$ 500,000
15.3		Occupancy of TTF & Issue Report		\$ 200,000				
15.4		Conduct First Tactical Exercise in TTF			\$ 100,000			
15.5		Construction of Indoor Firing Range			\$ 200,000			
18	AWARD TERM	Award Term	N/A	N/A	N/A	N/A	N/A	N/A
19	PROGRAMS	ARRA - Environmental Management		\$ 2,400,000	\$ 600,000	\$ 500,000		\$ 3,500,000
19.5		MDA-B Remediation		\$ 1,000,000				
19.6		Building Removal		\$ 900,000				
19.7		Additional Environmental Scope			\$ 600,000			
19.8		Well Drilling Program		\$ 500,000				
19.9		Environmental ARRA Planning, Preparation and Execution				\$ 500,000		

IV. 2011 LANL PERFORMANCE EVALUATION PLAN

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

FY 2011 PERFORMANCE BASED INCENTIVE			
PBI No. 1	Objective:		Multi-Site Initiatives
Objective Statement: Achieve overall improvements in the performance of the Nuclear Weapons Complex through accomplishment of NNSA Multi-Site Objectives. Lead or support the following Multi-Site Initiatives identified in the Milestone Report Tool (MRT) that use the HQs change control process.			
SECTION 1 GENERAL INFORMATION			
Revision Number and Date:	Revision No.: <u> 0 </u> Date: <u>August 24, 2010</u>		
Maximum Available Incentive Fee:	\$5,000,000 (Essential)		
Duration:	Annual		
Fee Payment Type:	Completion		
Principle LANS Owner:	C. McMillan, T. Harper		
Principle COR:	J. Griego, H. Brockelsby		
SECTION 2 PERFORMANCE REQUIREMENTS			
GATEWAYS: <i>(Describe Gateways (if applicable) that must be completed before fee can be paid.)</i>			
None			
SECTION 3 INDEX OF PERFORMANCE MEASURES			
		Allocated Fee	Fee Type E/S
Measure 1.1	Stockpile	\$2,000,000	E
Measure 1.2	Enterprise Integration	\$1,100,000	E
Measure 1.3	Science	\$1,900,000	E
SECTION 4 PERFORMANCE MEASURES			
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2011.</i>			
Measure 1.1	Stockpile		
Measure 1.1.1	Ensure W76-1 LEP Production (Objective/Essential)		
Expectation Statement: Ensure the W76-1 LEP production remains on schedule as identified in PCD W76-01 2011-A (as revised) for deliveries to the U.S. Navy			
Completion Target: This measure has been achieved when the Contractor has satisfied the following HQ defined criteria: 1. Meet quarterly production targets.			

2. Interface with Navy to confirm requirements.
3. Deliver PCD quantities to the Navy.

Fee Schedule:

Essential: \$800,000

0 missed = 100% of fee allocated
1 missed = 50% of fee allocated
2 or more missed = 0% of fee allocated

**Measure 1.1.2 Complete B61 LEP Phase 6.2/2A Study
(Objective/Essential)**

Expectation Statement:

Complete B61 LEP Phase 6.2/2A Option Down Select and Cost Study FY 2011 activities that enable a 2017 FPU.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Provide design options to support down select and costing in Phase 6.2A by February 2011.
2. Complete site inputs/deliverables to support Gate Package for Gate B and provide site inputs for Phase 6.2 report by June 2011.
3. Provide site inputs for MIR by June 2011.
4. Provide site inputs for WDCR by July 2011.
5. Provide IPR report by June 2011.
6. Complete site inputs/deliverables to support Gate Package for Gate C by August 2011.
7. Phase 6.2/2A Report is submitted for approval to the B61 Project Officers Group by September 30, 2011.

Fee Schedule:

Essential: \$800,000

0 missed = 100% of fee allocated
1 missed = 50% of fee allocated
2 or more missed = 0% of fee allocated

**Measure 1.1.3 Complete FY 2011 W78 Phase 6.1 Activities
(Objective/Essential)**

Expectation Statement:

Complete FY 2011 W78 Phase 6.1 activities.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Interface with DoD to identify, analyze and confirm requirements.
2. Interface with Campaign, Stockpile Services, and RTBF to identify and confirm reuse/remanufacture options, technologies, production capabilities, and facilities.
3. Identify design options.
4. Draft Program Plan to execute Phase 6.2/2a is developed and delivered for initial review by September 30, 2011

Fee Schedule:

Essential: \$400,000

Measure 1.2 Enterprise Integration

**Measure 1.2.1 Enhanced Efficiencies in NSE through Modernization
(Objective/Essential)**

Expectation Statement:

Achieve enhanced efficiencies in NSE through modernization consistent with SSMP.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Develop a long-term strategy that will describe the ST&E base required to meet the Stockpile Stewardship Program. The resulting report will be delivered to the Nuclear Weapons Council by June 30, 2011.
2. SNL and LLNL only.
3. Support business process transformation and relocation of the Kansas City Plant. Within allocated resources, and taking into account NNSA stockpile priorities, focus budget, resources, planning and execution to support KCP inventory reductions, requalification planning for relocated products and processes, and product build-ahead's in support of KCRIMS in order to minimize impact on delivery commitments.

Fee Schedule:

Essential : \$200,000

**Measure 1.2.2 Complete NNSA-Approved Priority Activities
(Objective/Essential)**

Expectation Statement:

Successfully complete NNSA-approved priority activities in support of Enterprise Reengineering:

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Fully implement performance-based contracting (Nonnuclear) model consistent with the respective site's approved project execution plan.
2. Transition to National Work Breakdown Structure (NWBS) and complete the corresponding Activity Data Sheets with full implementation by January 2011.
3. Implement a NNSA standardized integrated twenty-five year planning process for physical infrastructure that builds the plans for the future, identifies, assesses the near- and long-term actions required, and develops a process for alternatives assessment and course correction. Contractors will define their approach, based on the Y-12 model, and submit a plan NLT December 15, 2010.
4. Implement functional cost and assessment metrics consistent with plan submitted in FY 2010 and agreed to by HQ. The plan shall include each Sites planned ratios for the functional cost metric, the basis/logic for the ratios and an enterprise roll-up. The plan shall include two assessment (profile and effectiveness) metrics.

Fee Schedule:

Essential: \$300,000

**Measure 1.2.3 Implement Multi-Site IT Strategic Plan Targets
(Objective/Essential)**

Expectation Statement:

Implement elements from the approved FY 2010-2015 Multi-Site IT Strategic Plan Targets.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Cyber Security Risk Management:
 - a. Consistent with the Departmental risk management initiative and collaboratively with NNSA, develop a

cyber security risk management model for approval by the NNSA Risk Management Council by December 31, 2010.

- b. Develop a model for categorizing risks that enables enterprise consistency in FIPS-199 categorization of NSE IT systems and application by June 30, 2011.
2. Enterprise Wireless:
 - a. From the 2010 MITRE wireless report identify those opportunities (applications or use cases) that would have the most benefit for NSE, and for those identified opportunities, develop a common set of technology standards and an implementation approach to accelerate the use of the wireless technologies across NSE by March 30, 2011.
 - b. Deliver an execution plan of proposed wireless projects including their associated benefits for FY 2012 enterprise wireless funding consideration (DRAFT plan due May 30, 2011) (Final plan due August 30, 2011).
 - c. Put into practice the enterprise wireless security framework developed in FY 2010 and use it to obtain a complex-wide accreditation for one of the technologies by September 30, 2011.
3. Common, Core Services:
 - a. Identify Centers of Excellence (COE) for at least two (2) Common, Core Services and transition those identified services to the COE service model by September 30, 2011.
 - b. Develop a process to identify core, common services of value and update the recommended NNSA core, common services roadmap to reflect currently needed common services by September 30, 2011.
4. Cyber Incident Responses:
 - a. Implement the 2010 approved concept of operations for Cyber Tracers including sharing of incident data and cross-complex analysis of cyber incidents by December 31, 2010.
 - b. Identify the components of a training program to improve the professional development of cyber security analysts and incident responders by June 30, 2011.
 - c. Produce a report that documents efficiencies gained and lessons learned resulting from the sharing of FY 2010 incident data by September 30, 2011.

Fee Schedule:

Essential: \$400,000

**Measure 1.2.4 Achieve NNSA BMAC Cost Savings
(Objective/Essential)**

Expectation Statement:

Achieve cost savings of \$178M during FY 2011 for activities established by the NNSA Business Management Advisory Council (BMAC).

Completion Target:

This measure has been achieved when the Contractors collectively have achieved the savings target. Aggressively pursue and achieve cost savings in accordance with individual Site objectives, guided by the opportunities identified by the BMAC to ensure a contribution to overall NNSA cost efficiency goals.

Fee Schedule:

Essential: \$200,000

Assumptions Specific to This Measure:

- Site cost savings estimates and the basis of the estimate must be validated by the NNSA Office of the Chief Financial Officer.

Measure 1.3 Science

**Measure 1.3.1 Achieve National Ignition Campaign FY 2011 Objectives
(Objective/Essential)**

Expectation Statement:

Achieve National Ignition Campaign FY 2011 objectives.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Begin first integrated ignition experiments - demonstrate ignition conditions quantitatively and determine key ignition parameters, no later than the 4th Quarter of FY 2011.
2. Complete installation of all NIC tier one diagnostics including neutron imaging, burn history and ignition yield by the 2nd Quarter of FY 2011.

Fee Schedule:

Essential: \$300,000

**Measure 1.3.2 Provide ASC Predictive Capability Assessment
(Objective/Essential)**

Expectation Statement:

Provide ASC Predictive Capability Assessment.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Implement a formal methodology for quantifying progress toward predictive capability, demonstrate the capability on a limited set of NTS experiments, and provide this information to the Predictive Capability Framework planning process. This will include a framework for using both integral and small scale experiments to assess progress toward predictive capability as models advance, and a means for identifying key gaps and helping to prioritize needed improvements. This activity will be coordinated through the ASC V&V program element at each of the laboratories and is due by September 30, 2011.

Fee Schedule:

Essential: \$400,000

**Measure 1.3.3 Demonstrate Key Physics for Certification
(Objective/Essential)**

Expectation Statement:

Demonstrate key physics necessary for certification of an advanced surety method by September 30, 2011.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Demonstrate key physics necessary for certification of an advanced surety method by September 30, 2011.

Fee Schedule:

Essential: \$400,000

**Measure 1.3.4 Complete Barolo Experiments
(Objective/Essential)**

Expectation Statement:

Complete Barolo experiments at U1a by March 31, 2011.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Complete Barolo experiments at U1a by March 31, 2011.

Fee Schedule:

Essential: \$400,000

**Measure 1.3.5 ASC Computer User Facility Access
(Objective/Essential)**

Expectation Statement:

Provide reliable, quality service and access to any NNSA laboratory from any NNSA-designated ASC national user facility, independent of the location of the computing resource being utilized.

Completion Target:

This measure has been achieved when the Contractor has satisfied the following HQ defined criteria:

1. Access to any NNSA-designated computing user facilities will be available to all three Laboratories.
2. Implementation of a peer review process for access to each designated facility with criteria based on program priority; user facility will work to assure machine utilization rates of $\geq 85\%$.

Fee Schedule:

Essential: \$400,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- A revised Multi-Site is in development at the time of signing of this PEP. Modification is expected in the first 30 days of the fiscal year.

PBI No. 2
Program Capability Risk Management

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 2

Objective: **Program Capability Risk Management**

Objective Statement: Develop and apply science and technology to ensure the safety, security, and reliability of the U.S. nuclear deterrent. Be the premier national security science laboratory and realize the vision for a Science, Technology and Engineering capabilities based organization that is responsive to current and adaptable to anticipated national security needs.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$1,200,000(Essential)+\$1,165,000(Stretch)= \$2,365,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: C. McMillan
 Principle COR: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 2 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Programs
2. Earn an adjectival rating of at least "Very Good" in the essential Program Subjective measures

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E or S
Measure 2.1	Integrated Nuclear Planning	\$200,000	E
		\$200,000	S
Measure 2.2	Plutonium Infrastructure and Sustainment	\$600,000	E
		\$100,000	S
Measure 2.3	Risk Mitigation	\$400,000	E
		\$865,000	S
Measure 2.4	Contractor's Management Systems/Metrics	N/A	

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 2.1 Integrated Nuclear Planning
 Measure 2.1.1 Integrated Nuclear Planning Workshops
 (Objective/Essential)

Expectation Statement:

Use INP Program Management processes to support management and integration of CMR and TA-55 program/infrastructure activities as well as to ensure program continuity and reduction of programmatic risk due to waste operations.

Completion Target:

This measure has been achieved when the Contractor has:

1. Planned and conducted a robust INP workshop (by February 28, 2011) as a forum focused on the management and integration of CMR activities. A preliminary list of specific projected topics/issues include:
 - a. Progress in the execution of the CMRR Project,
 - b. CMR DSA Implementation,
 - c. Confined Vessel Disposition Activities,
 - d. CMR and related facility/infrastructure plans,
 - e. Materials and waste disposition,
 - f. Transition of key CMR Programs, and
 - g. FY 2011/FY 2012 CMR Programs' budgets and planning.
2. Planned and conducted a robust INP workshop (by May 31, 2011) as a forum focused on the management and integration of TA-55 and RLWF activities. At the workshop, build on the core plutonium strategy and plans to address all or part of the following projected topics/issues:
 - a. Progress in the execution of the TA-55 Reinvestment Project II,
 - b. Recommended plans and execution strategies for the TA-55 Reinvestment Project III,
 - c. Plans to support the occupation, start-up and operations of the RLUOB,
 - d. TA-55 and related facility/infrastructure plans,
 - e. Materials and waste disposition,
 - f. Integrated Priority List (IPL) implementation,
 - g. Integration/transition of LLNL operations,
 - h. FY 2010/FY 2011 Plutonium Programs' budgets and planning,
 - i. Pajarito Corridor Integration, and
 - j. Pu sustainment status and out-year planning.
3. Planned and conducted a robust INP workshop (by September 30, 2011) as a forum to update the Enduring Waste Management Implementation / Consolidated Waste Capability Plans and address specific issues among those identified in FY 2010 workshops. A preliminary list of specific projected topics/issues include:
 - a. Consent Order plans and execution,
 - b. Legacy Waste Disposition plans and execution and interdependencies to EWM,
 - c. Progress in design of the TRU Waste Project, including RCRA permit application,
 - d. Relocation of Low Level, Mixed Low Level and Haz-Chem Waste Operations, and
 - e. The Outfall Reduction Program long term compliance actions.

Deliverables:

- Document the first workshop through Workshop Notebook, Meeting Minutes, and Action Items within 30 days of conducting the workshop.
- Document the second workshop through Workshop Notebook, Meeting Minutes, and Action Items within 30 days of conducting the workshop.
- Document the third workshop through Workshop Notebook, Meeting Minutes, and Action Items within 30 days of conducting the workshop.
- Document summary action items for all workshops at the end of the year – due September 30, 2011.

Fee Schedule:

Essential: \$200,000

- 100% of fee to be paid for the completion of all deliverables as defined above.
- 35% fee reduction for each missed deliverable above.

Assumptions Specific to This Measure:

- Final selection of topics will be agreed upon between LANL and NNSA 30 days ahead of the workshop

**Measure 2.1.2 Integrated Nuclear Planning Strategies
(Objective/Stretch)**

Expectation Statement:

Demonstrate effective Program and Project Management to ensure cost effective delivery of major projects.

Completion Target:

This measure has been achieved when the Contractor has:

1. Evaluated options to optimize program and infrastructure requirements against current project cost drivers within the area of CMRR.
2. Developed and implemented a strategy to better align LANL Line Item Project proposals with the PPBE / DOE Order 413 cycle.

Deliverables:

1. CMRR Evaluation Team analysis and report finalized by January 31, 2011
2. CMRR Evaluation Team briefings and stakeholder communications completed by March 31, 2011.
3. Alignment between the PPBE cycle and the current path for major LANL projects as evidence by project schedules and acquisition strategies by February 28, 2011.
4. Submittal to the NNSA Construction Working Group for new projects, with PPBE and DOE Order 413 cycle constraints incorporated into proposed project timeliness in accordance with requirements and schedules issued by NNSA/HQ NA-16.

Fee Schedule:

Stretch: \$200,000

- 100% of fee to be paid for the completion of all deliverables as defined above.
- 30% fee reduction for each missed deliverable above.

Measure 2.2 Plutonium Infrastructure and Sustainment

**Measure 2.2.1 Implementation of Plutonium Infrastructure and Sustainment Plans
(Objective/Essential/Stretch)**

Expectation Statement:

Demonstrate effective utilization of resources in balancing operational and program risks while maintaining minimum essential, mission critical CMR and TA-55 facility capabilities needed in support of the core NNSA mission and other DOE nuclear programs.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed the Confined Vessel Disposition (CVD) equipment integration (installation) at CMR per the CMR Risk Mitigation Project.
2. Gloveboxes 1132, 1133 and XB 140 received and moved into PF-4 in support of sample preparation move from CMR.
3. Continued the risk based effort to disposition materials from the TA-55 vault.

Deliverables:

1. Installation of a CVD work station, hoist, GB, and stand by August 30, 2011.
2. GBs and XB installation initiated by August 30, 2011.
3. Manufacture ten 3013s to the 3013 specification for shipment to SRS in 2012 by September 30, 2011.
4. Package 20kg of MAR in drums for shipment as waste to WIPP and staged at TA-54 by September 15, 2011.

Fee Schedule:

Essential: \$400,000

- 100% of fee to be paid for the completion of all deliverables as defined above.
- 30% fee reduction for each missed deliverable above.

Stretch: \$100,000

1. Package an additional 10kg of MAR in drums for shipment as waste to WIPP and staged at TA-54 by September 30, 2011.

- Stretch fee paid linearly in whole 2kg increments.

Assumptions Specific to This Measure:

- Efforts are not duplicative of any other PBI measure.
- Initialization of installation is demonstrated by GBs and XB being moved into the secure area (PF-4).

**Measure 2.2.2 Plutonium Infrastructure and Sustainment Strategies
(Objective/Essential)**

Expectation Statement:

Demonstrate strategic planning to sustain the plutonium infrastructure through identification and development of priority project activities and productivity improvements.

Completion Target:

This measure has been achieved when the Contractor has:

1. Developed a coordinated set of TRP III scope recommendations considering operational, safety, program, and DNFSB 09-02 drivers.
2. Identified and implemented productivity improvements at TA-55 / RLW

Deliverables:

1. Submit revised scope package for the third phase of the TRP project by July 30, 2011.
2. Demonstrate consolidation of common RLW and TA-55 work packages into single work packages with split-program coding using common resources and common work package managers by September 1, 2011

Fee Schedule:

Essential: \$200,000

- \$125,000 to be paid for the completion of Deliverable 1 as defined above.
- \$75,000 to be paid for the completion of Deliverable 2 as defined above.

Measure 2.3 Risk Mitigation

**Measure 2.3.1 Implementation of Risk Mitigation
(Objective/Essential/Stretch)**

Expectation Statement:

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

Completion Target:

This measure has been achieved when the Contractor has:

1. Demonstrated progress in the reduction of stored newly generated TRU drums at Area G.
2. Demonstrated life extension support for RLW facility.
3. Implemented LINAC Risk Mitigation.
4. Utilized the LANL internal INP process and planning principles to develop a risk reduction / mission continuity plan for HE facilities.
5. Complete installation of a second ARIES DMO furnace in PF-4.

Deliverables:

1. Prepare 100 m³ of NG TRU waste for certification by September 1, 2011.
2. Design and construct a bypass for the gravity filter and replace the tubular ultra filter at the RLW by September 1, 2011.
3. Issue contract modification to vendor to start production run on replacement klystrons per the LINAC Risk Mitigation Plan by June 30, 2011.
4. Prepare an HE consolidation and revitalization plan with prioritized activities by June 30, 2011.
5. Acceptance of second ARIES DMO furnace installation

Fee Schedule:

Essential: \$400,000

- 100% of fee to be paid for the completion of all deliverables as defined above.
- 25% fee reduction for each missed deliverable above.

Stretch: \$365,000

1. Prepare an additional 100 m³ of NG TRU waste for certification by September 30, 2011.
 - Stretch fee paid linearly in 10m³ increments.

Assumptions Specific to This Measure:

- The actual shipment of TRU waste is not addressed in this PBI.
- NG TRU waste for certification includes the following:
 - 1) TRU waste received during FY 1999 thru FY 2011 prepared for certification in FY 2011, or
 - 2) Parent TRU waste containers not otherwise counted that have been repackaged or remediated and ready for certification. Volumes of waste that count toward the PBI target are based on the volume of the stored waste container prior to repackaging, remediation, or reclassification. Waste will not be retained elsewhere in amounts in excess of FY 2010 levels.

**Measure 2.3.2 Risk Mitigation Strategies and Enhancements
(Objective/Stretch)**

Expectation Statement:

Demonstrate effective strategic planning through balancing operational and program risks while sustaining mission critical facilities and waste management capabilities into the future.

Completion Target:

This measure has been achieved when the Contractor has:

1. Reduced the Site Treatment Plan inventory.
2. Supported the transition of hazardous-chemical and mixed low-level waste operations from Area G to Area L.
3. Developed a strategy to optimize limited RTBF funding in future years.
4. Developed a recommended path forward on the continuity of the RLWT capability.
5. Improved Visual Examination (VE) at TA-55.

Deliverables:

1. Reduce the volume of the current newly-generated STP inventory by 25% by July 30, 2011.
2. Complete required repairs and upgrades for permitted storage areas at Area L by September 15, 2011.
3. Document an implementation plan and schedule for a new or modified strategy that optimizes RTBF funding.
 - a. Cost sharing for portion of the scientific/process equipment capability (SPEC) by August 30, 2011,
 - b. Process for optimizing Facility/Infrastructure Transformation (FIT) projects by January 30, 2011.
4. Document a recommended path forward on the continuity of the RLWT capability and communicate to associated stakeholders by March 31, 2011.
5. Develop a project plan to obtain VE Certification at TA-55 by June 30, 2011, and submit required procedures to perform VE to LASO and CBFO for review by September 15, 2011. Perform LANS validation of readiness for CBFO certification.

Fee Schedule:

Stretch: \$500,000

- 100% of fee to be paid for the completion of all deliverables as defined above.
- 25% fee reduction for each missed deliverable above.

Assumptions Specific to This Measure:

- This measure addresses only actions within the control of LANS. Approvals and final certification are dependent on LASO and CBFO.

**Measure 2.4 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:

Evaluated in PBI 14.6

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 3
Environmental Programs

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 3

Objective: **Environmental Programs**

Objective Statement: Comply with Consent Order requirements in an effective and efficient manner; prepare legacy waste for disposition.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$3,500,000 (Essential) + \$200,000 (Stretch)= \$3,700,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: M. Graham
 Principle COR: G. Rael

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 3 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Programs.
2. Earn an adjectival rating of at least "Very Good" in the essential Program Subjective measures.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S	
Measure 3.1	Consent Order Compliance	\$1,300,000	E	
Measure 3.2	Legacy Transuranic Waste Disposition	\$1,200,000	E	
		\$200,000	S	
Measure 3.3	Environmental Planning, Preparation, and Execution	\$1,000,000	E	Subjective
Measure 3.4	Contractor's Management Systems/Metrics	N/A		

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 3.1 Consent Order Compliance
 Measure 3.1.1 Stipulated Penalty Deliverables
 (Objective/Essential)

Expectation Statement:

Complete agreed-to FY 2011 Consent Order Stipulated Penalty deliverables on schedule.

Completion Target:

This measure has been achieved when the Contractor has:

Submitted agreed-to FY 2011 stipulated penalty deliverables on time and substantially compliant so that no stipulated penalty is paid. LANL and LASO will mutually agree to a list of FY 2011 stipulated penalty deliverables that are technically achievable.

Fee Schedule:

Essential: \$800,000

- 0 missed = 100% of fee allocated
- 1 missed = 50% of fee allocated
- 2 or more missed = 0% of fee allocated

Assumptions Specific to This Measure:

- 13 of the 15 milestones are addressed in this measure. The RCRs for MDA T and L are excluded because they cannot be accomplished within this performance period.
- MDA H and L CME deliverables will be considered substantially compliant with available Groundwater data even if NMED determines them to be noncompliant due to insufficient Groundwater sampling data. Four quarters of data is not achievable from all well locations.
- The allocated fee for this PBI will not be reduced unless the total number of funded stipulated penalty deliverables addressed under this measure falls below 10.
- Should NMED modify a deliverable's requirements such that it cannot be achieved, that deliverable will be dropped from this PBI.
- In all cases, missed deliverables are those submitted after the stipulated penalty date or determined to be substantially non-compliant, and resulting in payment of a stipulated penalty.

**Measure 3.1.2 Other Key Consent Order Deliverables
(Objective/Essential)**

Expectation Statement:

Complete other major deliverables supporting cleanup under the Consent Order.

Completion Target:

This measure has been achieved when the Contractor has:

Submitted agreed-to non-stipulated penalty key deliverables on schedule and substantially compliant so that no fine is paid. Thirty technically feasible Consent Order deliverables will be agreed to by LANS and LASO and listed in an Appendix in the FY 2011 Work Plan.

Fee Schedule:

Essential: \$500,000

- 0 missed = 100% of fee allocated
- 1 missed = 50% of fee allocated
- 2 or more missed = 0% of fee allocated

Assumptions Specific to This Measure:

- The allocated fee for this PBI will not be reduced unless the total number of funded non-stipulated penalty deliverables addressed under this measure falls below 25.
- Should NMED modify a deliverable's requirements such that it cannot be achieved, that deliverable will be dropped from this PBI.
- In all cases, missed deliverables are those submitted after the due date or determined to be substantially non-

compliant, and resulting in payment of a fine.

Measure 3.2. Legacy Transuranic Waste Disposition

**Measure 3.2.1 Preparation of Transuranic Waste for Disposition
(Objective/Essential)**

Expectation Statement: Prepare legacy transuranic waste for disposition

Completion Target:

This measure has been achieved when the Contractor has prepared the cubic meters of transuranic waste for disposition as documented in the approved workplan.

Fee Schedule:

Essential : \$700,000

- Earn \$100K of the fee for completion of 75% of the target
- Earn \$500K of fee pro-rated on an increment of 24 drum equivalents (4.99 cubic meters) for completion of 75% to 100% of the target
- Earn \$100K of the fee when all above ground non-overpacked drums have been vented

Assumptions Specific to This Measure:

- Transuranic waste preparation performance is based upon appropriate funding to LANS for transuranic waste per the President's budget.
- ADW submitted by LANS is compliant with DOE Orders
- Funding and scope required to implement a new RCRA permit for legacy waste storage and disposition is not included in the PBS-0013 Funding-performance levels presented in the Completion Target section of this PBI.
- Waste prepared for disposition includes the following:
 - Parent TRU waste containers expressed as cubic meters that have been repackaged or remediated and successfully submitted to the Central Characterization Project for characterization and disposition at the Waste Isolation Pilot Plant
 - TRU waste (not counted in the above bullet) that is reclassified as MLLW and becomes road ready during FY 2011 for transport to a treatment facility.
 - Road ready status of MLLW is achieved when the designated volume of waste is identified; characterized; container data transferred and/or entered into the Chemical/Low Level Database; waste containers physically transferred to a designated staging location; packaged; labeled; marked; inspected; RP-1 surveyed and scanned; all shipping papers prepared; and the shipment contents have been accepted by the off-site Treatment Storage Disposal Facility.
- Volumes of waste prepared for disposition that count toward the PBI target are based on the volume of the parent (stored) waste container prior to repackaging, remediation, or reclassification. Reduced down to nearest cubic meter for fee calculation.
- Newly generated and OSRP waste is excluded from this measure. Newly generated waste is post 1998 in origin.
- Inventory of above ground unvented, non-overpacked TRU waste drums are estimated at 30 and will be documented in the Annual Workplan.
- If the funding level budget for PBS-0013 is not sufficient to support this level of fee, the PBI will be renegotiated.

**Measure 3.2.2 Expansion of LANL Capabilities for Transuranic Waste Disposition
(Objective/Essential/Stretch)**

Expectation Statement:

Effectively implement and complete Area G BIO Safety Basis requirements using the EM target time of 90 days. Complete readiness activities for Area G, WCRRF and box line.

Completion Target:

This measure has been achieved when the Contractor has:

- Declared implementation of the Area G BIO
- Completed readiness activities and pre-starts have been closed for Area G BIO
- Commenced WCCR higher activity operations (received authorization to commence)
- Commenced repackaging box line operations (received authorization to commence)

Fee Schedule:

Essential: \$500,000

- Earn \$200K of fee when LANS declares implementation for Area G BIO in less than 120 days from date of the SER approval and readiness is subsequently declared by the assigned authority within the agreed to number of days
- Earn \$150K of the fee when the WCCR higher activity operations have been authorized to commence per the approved implementation plan
- Earn \$150K of the fee when repackaging box line operations commence and at least 2 legacy boxes have been fully processed.

Stretch: \$ 200,000

- Earn an additional \$200K of fee when LANS declares implementation for Area G BIO in less than 90 days from date of SER approval and readiness is subsequently declared by the assigned authority within the agreed to number of days

Assumptions Specific to This Measure:

- Implementation of transuranic waste processing capabilities is based upon appropriate funding to LANS for PBS-0013 per the President's budget. The approved Work Plan will reflect the readiness requirements. Readiness will be integrated, coordinated and planned in advanced so it is not just in time readiness.
- Readiness activities associated with the start-up of the listed capabilities will not be greater than the level of readiness assessment specified in LANL's Start-up Notification Report to LASO or this measure will be renegotiated.
- RTBF provides planned FY 2010 and FY 2011 funding for the box repackaging line.
- Funding and scope required to implement a new RCRA permit for legacy waste storage and disposition is not included in the PBS-0013 Funding-performance levels presented in the Completion Target section of this PBI.
- Based on calendar days excluding official holidays and lab closures
- Implementation of the BIO is completed per the LANL and LASO approved Implementation Plan.
- If the funding level budget for PBS-0013 is not sufficient to support this level of fee, the PBI will be renegotiated.
- The Area G BIO SER control set will be substantially equivalent to the control set submitted by LANS, meaning that no additional substantial facility modifications will be required or any additions or modifications to safety class or safety significant systems, as provided in the July 2010 submission of BIO.

**Measure 3.3 Environmental Planning, Preparation and Execution
 (Subjective/Essential)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in the program area of Environmental Programs.

Fee Schedule: \$1,000,000

Criteria	Target
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3.3	Environmental Programs	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Planning, preparation, and execution of EM programs, projects and activities, with emphasis on relationship with the Customer and Regulator • Formal communication with NMED on EM scope is documented and made a matter of record • Consent Order deliverable reoccurring errors identified in NMED NODs • Project Management/Baseline Management to include cost and schedule indices • Progress on Identifying and Implementing Innovative technologies, processes, systems, benchmarks. Must provide quantifiable results in areas such as Safety Basis, Waste Management, etc • Regulatory Compliance with Environmental Requirements: Proactive steps taken to avoid violations, fines, penalties • Speed, Accuracy and Effectiveness addressing Operations and Program Challenges/Emergent Issues • Initiate Positive, Proactive News Coverage of the LANL Environmental Operations and Programs in Close Coordination with LASO • Integration of EM Projects/Operations for efficient execution and economies of scale • Proactive Management and Compliance with Individual Permit for Storm Water • Perform USQD analysis and implement High Energy RTR safety documentation for TRU Waste assay. <p>(It is CCP's responsibility to provide sufficient documentation to conduct USQD analysis)</p>	
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Measure 3.4 Contractor's Management Systems/Metrics (Subjective/Essential)

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:
Evaluated in PBI 14.6

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- LASO will provide funding on the schedule and in the amounts specified in the submitted FY 2011 workplan, until superseded by the approved workplan; should funding be less than these amounts at any point during the year, the affected elements of this PBI will be renegotiated.
- Deliverables under the Consent Order will be as specified in the order or as communicated by NMED in written direction; modifications in deliverable specifications or changes to due dates under this PBI will be effective upon receipt of written direction from NMED and mutual agreement of LASO and LANS.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- Performance under each element of this PBI is distinct from each other element and from any other FY 2011 PBI.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 4
Institutional/Weapons Quality Assurance

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 4

Objective: **Institutional/Weapons Quality Assurance**

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

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$750,000 (Essential) + \$250,000 (Stretch) = \$1,000,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: C. Cantwell/D. Wedman
 Principal COR: A. Leivo

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 4 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E or S
Measure 4.1	Implementation of LANS Institutional QA Program	\$400,000	E
Measure 4.2	Demonstrate Implementation of NQA-1, 2008 Edition within Nuclear Facilities	\$150,000	S
Measure 4.3	Demonstrate Effective Product Review Capability	\$350,000	E
Measure 4.4	Contractor's Management Systems/Metrics	\$100,000	S
		N/A	

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 4.1 Implementation of LANS Institutional QA Program (Objective/Essential)

Expectation Statement:

LANS will demonstrate consistent and compliant implementation of LANS contractual Quality Assurance Requirements

Completion Target:

This measure is achieved when the contractor has:

1. Delivered a formalized corrective action plan to resolve Price Anderson Amendment Act NTS reported deficiencies and deficiencies identified in the LANS self reporting 2010 Effectiveness Evaluation
2. Demonstrated completion of agreed upon key milestones identified in the formal corrective action plan
3. Provided objective evidence to formally close the Price Anderson Amendment Act NTS reported deficiencies and deficiencies identified in the LANS self reporting 2010 Effectiveness Evaluation.

Fee Schedule:

Essential: \$400,000

- \$50,000 for successful completion of Target 1
- \$150,000 for successful completion of Target 2, Value of Milestones will be equally apportioned
- \$200,000 for successful completion of Target 3

Measure 4.2 Demonstrate Implementation of NQA-1, 2008 Edition within Nuclear Facilities (Objective/Stretch)

Expectation Statement:

LANS will demonstrate implementation of NQA-1, 2008 Edition within nuclear facilities and nuclear facility construction to be consistent with the requirements of DOE O414.1x upon issuance. Milestones and targets will be agreed upon inclusion of requirements document within the LANS contract.

Completion Target: To Be Determined.

Fee Schedule:

Stretch: \$150,000

Measure 4.3 Demonstrate Effective Product Review Capability(Objective/Essential/Stretch)

Expectation Statement:

LANS will demonstrate implementation of a proficient Product Review Organization for Weapon and weapon related items and materials.

Completion Target:

This measure has been achieved when the Contractor has:

1. Demonstrated implementation of an independent QAD proficient Product Review Organization, through objective evidence, that will accomplish proficient product review, acceptance, and stamping activities for all weapon and weapon related materials or items incoming and outgoing.
2. Demonstrated product acceptance at the Percentage of Error Free (PATF) level of 90% by the end of FY 2011.
3. Demonstrated a level of Received Incoming Material Reports at no more than 2 during FY 2011.

Fee Schedule:

Essential: \$350,000

- \$150,000 for successful completion of Target 1
- \$100,000 for successful completion of Target 2 with a PATF \geq 90%
- \$50,000 for successful completion of Target 2 with a PATF \geq 85% and $<$ 90%
- \$25,000 for successful completion of Target 2 with a PATF $>$ 80% and $<$ 85%
- \$100,000 for successful completion of Target 3

Stretch: \$100,000

- Fee will be awarded upon successful completion of all Targets (i.e. 100% essential fee awarded in PBI 4.3)

Assumption Specific to this Measure:

- LANS will provide monthly and year end data that provides objective evidence regarding the proficiency levels achieved

**Measure 4.4 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:

Evaluated in PBI 14.6

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

**PBI No. 5
 CMRR Delivery**

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 5

Objective: **CMRR Delivery**

Objective Statement: Ensure mission accomplishments and capabilities by applying best practices, sound management, and innovation towards development and execution of the CMRR Project.

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$700,000 (Essential)+\$900,000(Stretch) = \$1,600,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: T. McKinney
 Principle COR: H. LeDoux

**SECTION 2
 PERFORMANCE REQUIREMENTS**

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

In order to earn any incentive fee in PBI 5 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

		Allocated Fee	Fee Type E or S
Measure 5.1	CMRR RLUOB/REI Performance	\$300,000	E
		\$300,000	S
Measure 5.2	CMRR NF/SFE Performance	\$400,000	E
		\$200,000	S
Measure 5.3	CMRR and UPF Integration	\$400,000	S

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 5.1 **CMRR RLUOB /REI Performance**
(Objective/Essential/Stretch)

Expectation Statement:

RLUOB Equipment Installation (REI) is executed ahead of schedule performance baseline and below cost performance baseline for FY 2011 and performance assures complete early delivery of REI and allows turnover of RLUOB/REI in early FY 2012.

Completion Target:

This measure has been achieved when the Contractor has:

1. All enclosures have been received, placed and all utilities are connected;
2. All SFE equipment deliveries are completed; and
3. CPI is equal or above 0.95.

Deliverables: Completion documentation for each milestone

Fee Schedule:

Essential : \$300,000

- \$150,000 for successful completion of Target 1
- \$150,000 for successful completion of Target 2
- No fee will be awarded if the Quarterly CPI (based on three months performance) is < 0.95

Stretch : \$300,000

- Fee will be awarded upon successful completion of both Target 1 and Target 2 above, if the Annual CPI is ≥ 0.95 .

Assumptions Specific to This Measure:

- Completion definition set by mutual agreement between NNSA CMRR FPD/COR and LANS CMRR Project Manager.
- Funding is obtained or authorized to execute in accordance with baseline funding needs.

**Measure 5.2 CMRR NF/SFE Performance
(Objective/Essential/Stretch)**

Expectation Statement:

Laboratory effectively manages CMRR NF/SFE progress in support of NNSA strategic objectives. Project will advance design.

Completion Target:

This measure has been achieved when the Contractor has:

1. Accomplished milestones as agreed to between NNSA CMRR FPD/COR and LANS CMRR Project Manager.

Deliverables:

Completion documentation for each milestone.

Fee Schedule:

Essential : \$400,000

- Fee will be split equally between the milestones identified by LANS and mutually accepted by NNSA.
- No fee if less than 75% of milestones successfully achieved

Stretch : \$200,000

- Fee will be awarded upon successful completion of all milestones (i.e. 100% essential fee awarded in PBI 5.2)

Assumptions Specific to This Measure:

- Nuclear Facility and SFE milestones/objectives set by mutual agreement between NNSA CMRR FPD/COR and the LANS Project Manager.
- Funding is obtained and authorized in accordance with execution requirements.
- Milestones set by mutual agreement between NNSA COR and LANS by October 1, 2010.

**Measure 5.3 CMRR and UPF Integration
(Objective/Stretch)**

Expectation Statement:

LANS will seek to work cooperatively with Y-12 and Parent Company resources to evaluate and address potential synergies between CMRR and UPF projects.

Completion Target:

Milestones and targets will be agreed upon between all parties.

Fee Schedule:

Stretch : \$400,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)
- Cumulative project CPI/SPI (Portfolio EVMS) performance will be considered in PBI 13.1.

PBI No. 6
Project Delivery

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 6

Objective: **Project Delivery**

Objective Statement: Ensure projects are executed in accordance with the approved baseline schedule by applying best practices, sound management, and innovation while meeting customer commitments.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$700,000 (Essential) + \$500,000 (Stretch) = \$1,200,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: T. McKinney
 Principle COR: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 6 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S
Measure 6.1	Successfully Execute Projects	\$700,000	E
		\$300,000	S
Measure 6.2	Pajarito Corridor	\$200,000	E
Measure 6.3	Contractor's Management Systems/Metrics	N/A	

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 6.1 **Successfully Execute Projects**
(Objective/Essential/Stretch)

Expectation Statement:

LANS will effectively manage the selected projects in support of NNSA/LASO strategic objectives. Projects are managed within established cost and schedule baselines, technical scope baselines are maintained.

Completion Target:

This measure has been achieved when the Contractor has:

Accomplished the mutually agreed to milestones and objectives for the following projects:

- RLWTF
- TRU Waste Facility
- TRP II
- SERF

Deliverables:

Completion documentation for each milestone/objective.

Fee Schedule:

Essential: \$700,000

- Fee will be split equally between each of the milestones/objectives

Stretch: \$300,000

- 100% of stretch fee to be paid for the completion of all target elements as defined above.

Assumptions Specific to This Measure:

- Milestones set by mutual agreement between NNSA COR and LANS by October 1, 2010.
- The milestone dates identified in the agreed to list do not include schedule contingency. Therefore, if completion of a milestone is within seven (7) calendar days of the scheduled milestone included in the agreed milestone list, this would constitute achievement.

**Measure 6.2 Pajarito Corridor
(Objective/Stretch)**

Expectation Statement:

Execute tasks/activities identified in the integrated plan in support of the Parajito corridor construction activities.

Completion Target:

This measure has been achieved when the Contractor has:
Accomplished the milestones and objectives for the agreed to set.

Deliverables: Completion documentation for each milestone/objective

Fee Schedule:

Stretch: \$200,000

- Available Stretch Fee will be evenly spread over the agreed to set of milestones/objectives

Assumptions Specific to This Measure:

- The milestone dates identified in the agreed to list do not include schedule contingency. Therefore, if completion of a milestone is within seven (7) calendar days of the scheduled milestone included in the agreed to milestone list, this would constitute achievement.

**Measure 6.3 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:
Evaluated in PBI 14.6

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 7
High Hazard Operations and Emergency Management

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 7

Objective: **High Hazard Operations and
 Emergency Management**

Objective Statement: Operate and maintain Laboratory facilities in a safe, secure, and environmental compliant manner to effectively achieve Laboratory mission objectives.

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$2,550,000(Essential)+\$550,000(Stretch)= \$3,100,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: R. McQuinn
 Principle COR: C. Keilers

**SECTION 2
 PERFORMANCE REQUIREMENTS**

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

In order to earn any incentive fee in PBI 7 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

		Allocated Fee	Fee Type E or S
Measure 7.1	Sustain Implementation of Formality of Operations	\$300,000	E
Measure 7.2	Conduct of Operations Maturity	\$300,000	E
Measure 7.3	Conduct of Training	\$300,000	E
Measure 7.4	Nuclear Safety Improvements	\$900,000	E
		\$400,000	S
Measure 7.5	Fire Protection	\$500,000	E
Measure 7.6	Emergency Management	\$250,000	E
		\$150,000	S
Measure 7.7	Contractor's Management Systems/Metrics	N/A	

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 7.1 Sustain Implementation of Formality of Operations
(Objective/Essential)

Expectation Statement:

Effective Implementation of Nuclear Facility Credited Safety Management Programs (SMPs) that are credited in a nuclear facility Documented Safety Analysis (DSA) should be implemented according to requirements.

Completion Target:

This Measure has been achieved when LANS has:

1. Demonstrated effective implementation of the SMPs credited in the DSA through a Facility Centered Assessment (FCA) at 2 nuclear facilities.

Deliverables:

1. FCA report showing performance to CRADs for each credited SMP.

Fee Schedule:

Essential: \$300,000

- 100% fee = Completion of two FCAs
- 50% fee = Completion of one FCAs

Assumptions Specific to This Measure:

- Laboratory effectively uses its Performance Feedback and Issues Tracking system to close identified findings/issues.
- The CRADs will be submitted to LASO, for concurrence, at least two weeks before the start of the FCA.

Measure 7.2 Conduct of Operations Maturity
(Objective/Essential)

Expectation Statement:

Maintain sustainability and continuous improvement of Conduct of Operations for the nuclear and high hazard facilities consisting of TA-55, RLW, CMR, WETF, Area G, RANT, WCRR, NES and LANSCE.

Completion Target:

This Measure has been achieved when LANS has:

Demonstrated compliance and improvement in implementation of Conduct of Operations (CoO), at nuclear and high hazard facilities for three programs:

1. Effective facility drill programs
2. Combustible Control/Minimization
3. Abnormal/Emergency operations

Deliverables:

Management Assessment (MA) report showing acceptable performance to CRADs, at each selected facility, for the three management programs.

Fee Schedule:

Essential: \$300,000

- 100% fee = Effective implementation of 27 programs (9 facilities x 3 programs).
- 80% fee = Effective implementation of 24 programs

- 60% fee = Effective implementation of 21 programs

Assumptions Specific to This Measure:

- Laboratory effectively uses its Performance Feedback and Issues Tracking system to close identified findings/issues.
- The CRADs will be submitted to LASO for concurrence at least two weeks before the start of the Management Assessment.

**Measure 7.3 Conduct of Training
(Objective/Essential)**

Expectation Statement:

Complete implementation of CAT 2/3 Nuclear Facility Conduct of Training, all positions identified in nuclear facility Training Implementation Matrices will be staffed with at least the minimum number of qualified workers necessary to sustain normal operations.

Completion Target:

This Measure has been achieved when LANS has:

Achieved fully qualified operations by completing qualification of an adequate number of workers in positions for which full qualification has not been achieved as of October 1, 2010, at the selected nuclear facilities (TA-55, RLW, CMR, WETF, Area G, WCCR, RANT, and NESs).

Deliverables:

1. A list constituting the “adequate number of workers for normal operations”, for each TIM position without the adequate number of qualified workers as of October 1, 2010, shall be submitted to LASO for concurrence no later than November 30, 2010.
2. Demonstrate qualification of an adequate number of workers for normal operations in identified positions.

Fee Schedule:

Essential: \$300,000

- 100% fee = 100% completion of qualification of an adequate number of workers, for normal operations, for all remaining TIM positions
- 40% fee = 60% completion (100% qualification of an adequate number of workers, for normal operations, for 60% of the remaining positions)
- Allocated fee to be paid linearly from 40% to 100% fee

Assumptions Specific to This Measure:

- Normal Operations is defined as the level of facility support to safely and reliably operate the facility for the expected programmatic mission recognizing that short periods may exist where a fully qualified worker is not present (vacation, sick). Expectation is that back-up can be provided by a worker that is in training (and under direct supervision) or a worker that is conditionally authorized as provided for by P781-1, *Conduct of Training Manual*.
- Only TIM positions not incentivized in FY 2010 are eligible to be incentivized in FY 2011
- Listed TIM positions and the “adequate number of workers for normal operations” is subject to formal change control.

Measure 7.4 Nuclear Safety Improvements

**Measure 7.4.1 Formality of Operations Maturity
(Objective/Essential)**

Expectation Statement:

Maintain sustainability and continuous improvement of Formality of Operations for the nuclear and high-

hazard facilities. Utilize effective metrics to drive sustainability and continuous improvement.

Completion Target:

This Measure has been achieved when LANS has:

Demonstrated sustainability and continuous improvement in implementation of Conduct of Operations (CoO), Conduct of Maintenance (CoM) and Conduct of Engineering (CoE).

1. Utilized maturity metrics developed in FY 2010.
 - Established and maintained quantitative objectives for 5 metrics that roll up to a performance index.
 - Demonstrated effective and sustainable management actions that are developed from documented analysis of performance trends including extent of condition, and are entered and tracked in PFITS
 - Incorporated metrics into the dashboard, as objectives are met, to monitor sustainability

Deliverables:

1. Submit initial metrics and objectives to NNSA for concurrence by November 15, 2010 .Submit list of management actions entered in PFITS for this measure monthly, by the 14th of the following month. PFITS records are expected to show timely status and effectiveness of management actions.
2. Evidence of incorporation of metrics into the dashboard to monitor sustainability of Formality of Operations by March 1, 2011.

Fee Schedule:

Essential: \$200,000

- 100% fee = Completion of both deliverable items (1. and 2.)
- 50% fee = Completion of 1.

**Measure 7.4.2 Reduce TA-55 Seismic Nuclear Safety Risks
(Objective/Essential)**

Expectation Statement:

Address long standing issues and demonstrate improvement on the Plutonium Facility seismic nuclear safety.

Completion Target:

This Measure has been achieved when LANS has completed the following:

1. Addressed DNFSB Recommendation 09-2, *Los Alamos National Laboratory Plutonium Facility Seismic Safety*, by completing the LANS FY2011 commitments described in 09-2 Implementation Plan, as transmitted to the DNFSB on July 13, 2010.

Deliverables:

1. Evidence of completion of LANS milestones by the due dates established in the DOE 09-2 Implementation Plan, July 13, 2010.

Fee Schedule:

Essential: \$700,000

- 100% fee = 100% completion of milestones
- 75% fee = if one milestone is missed
- 50% fee = if two milestones are missed
- 0% fee = if three or more milestones are missed

Assumptions Specific to This Measure:

- Scope and schedule can be revised, based on emergent events, with LASO concurrence.

**Measure 7.4.3 Accelerate Reduction of TA-55 Seismic Nuclear Safety Risks
(Objective/Stretch)**

Expectation Statement:

Accelerate the FY 2011 schedule for addressing longstanding issues and demonstrate improvement on the Plutonium Facility seismic nuclear safety.

Completion Target:

This Measure has been achieved when LANS has completed the following:

Completed commitments to address DNFSB Recommendation 09-2, *Los Alamos National Laboratory Plutonium Facility Seismic Safety*, by completing the LANS FY 2011 commitments described in the DOE 09-2 Implementation Plan (July 13, 2010), on average, sixty (60) days earlier.

Deliverables:

Evidence of completion of LANS milestones, described in the DOE 09-2 Implementation Plan, July 13, 2010, on average, sixty (60) days early.

Fee Schedule:

Stretch: \$400,000

- 100% fee = 100% completion of milestones, on average, at least 60 days early
 - 30% fee = Four milestones are completed, on average, at least 60 days early
- Fee to be paid linearly between 30% and 100% fee

Assumptions Specific to This Measure:

- Scope and schedule can be revised based on emergent events receiving LASO concurrence in PBI 7.4.2.
- Commitment 5.2.1, from the DOE 09-2 Implementation Plan, July 13, 2010, is excluded from this measure because an early (60 days) finish would have completion in September 2010 which is outside the performance period for the FY 2011 PEP.

Measure 7.5 Fire Protection

Measure 7.5.1 Fire Protection Deficiencies within Legacy Facilities at LANL (Objective/Essential)

Expectation Statement:

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

Completion Target:

This measure has been achieved when the Contractor has:

1. Maintained a consolidated list of prioritized fire protection deficiencies that are anticipated to cost in excess of \$50,000 each to correct. The list shall be the basis for selection and prioritization. The list is to be updated and submitted to LASO no less than semi-annually.
2. Developed a plan and schedule of activities and milestones that will lead to compliance with applicable DOE Orders and mandatory codes and standards for the identified deficiencies that are to be completed over the next several years, with agreed to FY 2011 milestones, to address the listed deficiencies. The plan shall be risk-based, use a graded approach, and consider the life expectancy of the facility.
3. Complete the milestones that are scheduled for FY 2011 on-schedule. Milestone dates may be revised through change control process.

Deliverables:

1. Prioritized list of legacy facility fire protection deficiencies - updated list for FY 2011 due October 29, 2010 to include remaining fire protection pre-existing conditions.
2. Plan and schedule of activities and milestones for FY 2011 submitted to LASO for review and concurrence. Draft due November 15, 2010. Final due within 30 days following the transmittal of

comments by LASO or as negotiated with LASO.

3. Evidence of completion of legacy fire protection deficiencies scheduled for completion in FY 2011.

Fee Schedule:

Essential: \$300,000

- 100% fee = 100% completion of milestones
 - 50% fee = 60% completion of milestones
- Fee to be paid linearly between 60% and 100% completion

Assumptions Specific to This Measure:

- The milestones established in these plans are under LASO approved change control. For the purpose of this PBI, milestones can be changed via approved change control when requested at least 30 days in advance of the scheduled milestone completion date. A Corrective Action Plan concurred by LASO, funding, preliminary design actions, drawings, evidence of continued progress, etc. are required to take credit for corrective actions expected to take several years to accomplish.

Measure 7.5.2 LANS Continued Training and Establishment of an Enduring Program for the Training of Fire Department Personnel (Objective/Essential)

Expectation Statement

In support of the NNSA - Los Alamos County Cooperative Agreement (CA) for fire department emergency services, LANS shall collaboratively establish an enduring training program for the Los Alamos Fire Department related to enhanced fire department services at the Laboratory, in addition to providing for necessary training in FY2011. Reference: LASO Memo #SO: 14BG-011, Los Alamos National Laboratory's Role and Responsibility with Respect to the Los Alamos County Cooperative Agreement Regarding Fire Department Services, dated December 10, 2008.

Completion Target:

This measure will be achieved when the Contractor has:

1. Collaborated with the Los Alamos Fire Department to formally establish an enduring training program and associated standards related to enhanced fire department services at LANL.
2. Collaborated with the Los Alamos Fire Department to provide for submittal of the CY 2011 Training Plan to LASO by January 28, 2011.
3. Training, skills, and competencies delivered, from LANL to, overall 90 percent of applicable LAFD firefighters, in FY2011, consistent with the 2011 Training Plan.
4. Facility tours/walk-downs, provided by LANS, for at least 50% of LAFD fire fighters in FY 2011, consistent with the CY 2011 LAFD Training Plan.
5. Coordinated for LAFD participation for 10 facility exercises.

Deliverables:

1. Three-party signed (LANS, LAFD, LASO) and issued Training Program document.
2. Evidence of LANL collaboration on the LAFD CY 2011 Training Plan submittal by January 28, 2011.
3. Copies of approved training plans (lesson plans, course materials) for and rosters of LAFD fire fighters completing LANL-developed and delivered training in FY 2011.
4. Copies of approved training plans (facility walk-down objectives, course materials) and rosters of LAFD fire fighters completing LANL-provided facility tours in FY 2011.
5. Copies of facility exercise After Action Reports documenting LAFD participation.

Fee Schedule:

Essential: \$200,000

- 100% fee = 100% completion of all deliverables (1-5)
- 60% fee = 100% completion of deliverables 1, 2 and 3
- 40% fee = 100% completion of deliverables 4-5

- 20% fee = 70% completion of deliverables 4-5
Fee to be paid linearly between 20% and 40% fee for completion of deliverables 4-5

Assumptions Specific to this measure:

- Training program will incorporate expectations for training (initial and refresher/continuing), new recruits, tour program, and facility exercise performance.
- Prioritized list of milestones is defined by LANS and concurred in by LASO by November 12, 2010.
- The milestones established in these plans are under LASO approved change control. For the purpose of this PBI, milestones can be changed via approved change control when requested at least 30 days in advance of the scheduled milestone completion date.

Measure 7.6 Emergency Management

**Measure 7.6.1 Hazardous Material Inventory Reduction
(Objective/Essential)**

Expectation Statement

LANS shall conduct facility assessments at Emergency Planning Hazards Assessment (hazardous material) facilities in order to identify opportunities for chemical and radiological inventory reduction efforts in order to attempt to significantly reduce emergency planning and response impacts.

Completion Target:

This measure will be achieved when the Contractor has:

1. Completed assessments of all Hazardous Material facilities, with responsible Facility Operations Director (FOD)/Responsible Associate Director (RAD) sign-off, noting both:
 - a. opportunities for long-term reductions in hazardous materials that have an emergency response impact (if any), and
 - b. recognition that hazardous material inventory limits, that have an emergency response impact, reflect mission-essential needs.
2. Submitted updated chemical inventory records, associated safety basis updates, and/or revised emergency planning documentation for EPHA hazardous material reductions, or a letter committing to a date for such an update, noting actual, significant reduction in hazardous material inventory at identified hazardous material facilities as per Completion Target 1.

Deliverables:

1. Inventory assessment for EPHA Hazardous Material facilities denoting any opportunities for long-term reductions of hazardous materials driving EPHA categorization and the acknowledgment that EPHA hazardous material inventories are required to support mission needs.
2. Evidence of significant reduction in EPHA hazardous materials identified in 1, along with updated chemical inventory records, associated safety basis updates, and/or revised emergency planning documentation. Alternatively, a letter to LASO with a plan, including dates, for updating documents to correspond with future reduction in EPHA hazardous material inventory.

Fee Schedule:

Essential: \$250,000

- Fee shall be awarded 100% if met as noted above.
- 60% of the fee will be awarded per completion of Deliverable 1
- 40% of the fee will be awarded per completion of Deliverable 2

Assumptions Specific to this measure:

- Completion of all activities of this measure shall be based on the potential hazardous material releases and defined hazardous material facilities as defined by LANL submitted Emergency Planning Hazards Analyses of October 1, 2010.
- Significant reduction of emergency planning and response impacts is considered a reduction in inventory

that reduces classification levels or lessens protective action distances by 25% or more.

- Change in mission activities after October 1, 2010 requiring new or additional inventories will not impact this incentive's results.
- Hazardous material facility assessments shall evaluate if inventory reduction is possible, and then follow with approach for any actual reduction. Each report will have signatures for the FOD and RAD, with the statement that the actual or proposed inventories are those required as "mission essential" as stated and whether any actual reduction are possible and committed to.

**Measure 7.6.2 LANS Emergency Notification System
(Objective/Stretch)**

Expectation Statement

Improve on the timeliness of both employee and public notification during an emergency impacting or potentially impacting Los Alamos National Laboratory.

Completion Target:

This measure will be achieved when the Contractor has:

1. Received LASO approval of pre-formatted news releases by March 31, 2011.
2. Established and exhibited performance of the LANL Emergency Operations Center to issue initial news releases for DOE Operational Emergencies within DOE complex expectations. Such performance will be verified via issuance of LANL procedure(s) and exercise (one functional and one full-scale) demonstration and formal evaluation of the LANL Emergency Operations Center ability to issue accurate initial news releases for Operational Emergencies within 60 minutes of categorization.
3. Established a timely and electronic method to notify potentially affected employees of a hazardous material release, consistent with the Emergency Action Levels protective actions distances.

Fee Schedule:

Stretch: \$150,000

- Fee shall be awarded 100% if met as noted above.
- 10% of the fee will be awarded per completion of Completion Target 1
- 30% of the fee will be awarded per completion of Completion Target 2
- 60% of the fee will be awarded per completion of Completion Target 3

Assumptions Specific to this measure:

- Pre-formatted news releases shall be consistent with DOE Guide 151 expectations and the Emergency Management Institute-Special Interest Group Emergency Public Information Subcommittee template.
- All initial news release activities are to be consistent with DOE Order 151.1C and associated Guides.
- Completion of all activities of this measure shall be based on the potential hazardous material releases as defined by LANL submitted Emergency Planning Hazards Analyses of October 1, 2010.

**Measure 7.7 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:

Evaluated in PBI 14.6

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 8
Security Programs

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 8

Objective: **Security Programs**

Objective Statement: Execute efficient and effective physical and cyber security programs.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$2,100,000 (Essential) + \$100,000 (Stretch) = \$2,200,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: M. Lansing, T. Harper
 Principle COR: H. Brockelsby

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 8 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S
Measure 8.1	Security and Safeguards	\$1,100,000	E
		\$100,000	S
Measure 8.2	Information Systems and Security	\$1,000,000	E

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 8.1 **Security and Safeguards**
Measure 8.1.1 **FY 2011 FS20 Annual Operating Plan**
 (Objective/Essential)

Expectation Statement:

Execute the 2011 Security & Safeguards Annual Operating Plan within cost, scope and schedule while ensuring LASO/SS has transparency into ADSS budget processes (planning, programming, budgeting and evaluation).

Completion Target:

This measure has been achieved when the Contractor has:

- Provided LASO/SS with the ADSS FY 2012 DNS budget request at least 10 working days prior to the NNSA

request.

- Provided LASO/SS with quarterly FS20 program status review presentations and Management Self Assessment Program (MSAP) Reports at least five working days prior to NNSA program reviews.
- Provide LASO/SS with the FY 2012 Annual Operating Plan at least five working days prior to the August 2, 2011 due date to NNSA.
- Developed and executed a plan to incorporate the use of security technologies and operational process improvements to avoid overall security program costs (or to re-allocate funds to other higher priority S&S areas), and successfully completed at least one cost-savings project.

Deliverables:

1. Quarterly MSAP reports
2. Quarterly LASO/SS program review presentations/minutes
3. FY 2012 Annual Operating Plan
4. ADSS Technology Project Plans and related project close-out reports

Fee Schedule:

Essential: \$300,000

**Measure 8.1.2 Security and Safeguards Self-Assessments
(Objective/Essential)**

Expectation Statement:

Complete comprehensive topical and sub-topical security and safeguards self-assessments and integrate LASO/SS involvement throughout the assessment process. Coordinate periodic meetings with LASO to status and reconcile corrective action plans (CAPs).

Completion Target:

This measure has been achieved when the Contractor has:

1. Provided documentation to LASO/SS that indicates all required assessments were completed.
2. Provided documentation to LASO/SS that indicates corrective action plans were completed on schedule.

Deliverables:

1. Annual Assessment Schedule
2. Topical and sub-topical Assessment Reports
3. Monthly CAP status reports
4. CAP reconciliation meeting minutes and related performance metrics data

Fee Schedule:

Essential: \$200,000

Assumptions Specific to This Measure:

- Necessary waivers/deviations/exceptions to DOE M 470.4-1 may require NNSA/DOE approvals.

**Measure 8.1.3 Execute an Effective Security Program
(Objective/ Essential)**

Expectation Statement:

Execute an effective security and safeguards program as demonstrated by the achievement of a "satisfactory" rating in the following topical and associated sub topical areas of the Safeguards and Security program:

- Program Management and Support
- Protective Force
- Physical Security
- Information Protection

- Personnel Security
- Nuclear Materials Control and Accountability

Ratings of satisfactory, marginal or unsatisfactory in each topical and sub-topical area will be assigned by LASO as a result of formal surveys, conducted throughout the fiscal year, of LANS effectiveness related to performance and compliance requirements.

Completion Target:

This measure has been achieved when the Contractor has:

1. Received no persistent-less-than-satisfactory (PLTS) ratings in any topical and associated sub-topical areas as evidenced by the LASO AMSS Survey reports.
 - A PLTS rating results from a deficiency that is not corrected or mitigated within 30 calendar days of formal notice of the deficiency from the LASO Assistant Manager for Safeguards and Security (AMSS)
 - A PLTS can take two forms, persistent marginal or a persistent unsatisfactory, and can be in either a topical areas or a sub topical area.

Deliverables:

1. A compilation of FY 2011 LASO/AMSS Safeguards and Security Survey Reports.

Fee Schedule:

Essential: \$400,000

FEE SCHEDULE (represents reduction of total fee allocated to this sub-element)	Persistent Unsatisfactory	Persistent Marginal	
One Topical Area	-50%	-25%	
Two Topical Areas	-100%	-50%	Impact to subjective evaluation can be expected
Three or More Topical Areas	-100%	-100%	Serious impact to subjective evaluation can be expected
One Sub topical Area within a Topical Area	-10%	-5%	
Two Sub topical Areas Area within a Topical Area	Topical Area Rating of Marginal may be assigned	-25%	
Three or more Sub topical Areas Area within a Topical Area	Topical Area Rating of Unsatisfactory may be assigned	Topical Area Rating of Marginal may be assigned	

Assumptions Specific to This Measure:

- Each finding issued by AMSS that impacts satisfactory performance may reduce fee as described in the Fee Schedule table above based on a final determination by the AMSS related to the findings impact on the security posture of the LANL.
- At the sole discretion of the AMSS, a corrective action plan submitted by LANS within 30 days of the notification of a sub-topical area deficiency and approved by the AMSS may result in the removal of a persistent marginal rating from computation of fee, as long as the CAP is executed in accordance with the plan.
- At the sole discretion of AMSS it may be determined that a deficiency is of sufficient concern (i.e. requiring immediate compensatory or corrective actions) to cause a topical area rating of marginal or unsatisfactory to be assigned regardless of the number of sub-topical issues found during the formal inspections.
- Repeat findings that are being addressed by an approved Corrective Action Plan, being executed in accordance with the plan, will not result in an additional rating impact.
- Pre-existing conditions that have been formally accepted by the AMSS as un-resolvable due to factors such as

resource constraints or program needs will not result in rating impacts. AMSS approval of these conditions can occur throughout the rating period as issues are identified and assessed. It is LANL's responsibility to formally request acceptance and to provide the necessary justifications and risk assessments within 30 days of identification or in accordance with an AMSS approved plan.

- Findings that are outside of the contractors control will not result in fee reductions.
- Cumulative Fee reductions will not exceed the total fee allocated to this sub-element.

**Measure 8.1.4 Protective Force Subcontract Performance
(Objective/Essential)**

Expectation Statement:

Effectively complete the transition of the Protective Force contractor by the end of the first quarter, FY 2011 that and ensure effective security services are provided to Los Alamos National Laboratory.

Completion Target:

This measure has been achieved when the Contractor has:

1. Provided LASO/SS with documentation that the Protective Force Transition Plan has been completed.
2. Provided LASO/SS with 1st Quarter 2011 protective force performance test reports that indicate effective detection/assessment/response criteria have been met, within 30 days after the end of the first fiscal quarter 2011.

Deliverables:

1. Protective Force Transition Plan schedule
2. Protective Force Transition Plan Completion Report
3. Performance test reports/data

Fee Schedule:

Essential: \$200,000

**Measure 8.1.5 Security Systems Lifecycle Maintenance/System Upgrades
(Objective/Stretch)**

Expectation Statement:

Plan, manage, and execute the multi-year Security Communications Infrastructure Upgrades Project (SCIUP) to meet its schedule and cost commitments.

Completion Target:

This measure is met for FY 2011 when the following are completed.

1. The designs for the five sub-projects of the Security Communications Infrastructure Upgrades Project are completed by the end of the first Quarter of FY 2011.
2. The construction for the following sub-projects (estimated at \$1.1M) are completed by the end of the first quarter of FY11:
 - Trunk from TA-3-1498 (LDCC) to TA-3-440 (SAS) completed no later than December 31, 2010
 - Trunk from TA-3-440 to TA-50-184 completed no later than March 31, 2011
 - Trunk from TA-16-1374 to TA-3-440 completed no later than June 30, 2011

Deliverables:

1. The five bid packages for the construction of the sub-projects.
2. Project close-out reports for the three sub-projects.

Fee Schedule:

Stretch: \$100,000

**Measure 8.1.6 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:

Evaluated in PBI 14.6

Measure 8.2 Information Systems and Security

**Measure 8.2.1 ISSP Consolidation
(Objective/Essential)**

Expectation Statement:

Consolidate the classified ISSPs to a manageable number.

Completion Target:

This measure has been achieved when the Contractor has:

1. Received LASO approval for the re-engineered and consolidated ISSPs.
2. Execute the completion milestones throughout the year, per the approved re-engineered ISSP plan.

Deliverables:

1. Approval memo from LASO for the ISSP re-engineering effort.
2. Evidence of completion for FY 2011 ISSP re-engineering milestones.

Fee Schedule:

Essential: \$200,000

- 25% of allocated fee will be paid upon completion of Target 1
- 75% of allocated fee will be paid upon completion of Target 2.

**Measure 8.2.2 Continuous Monitoring
(Objective/Essential)**

Expectation Statement:

LANS will integrate reporting of existing cyber security monitoring tools, identify gaps in current monitoring, and implement processes to demonstrate a trend of improvement for Windows workstations and servers connected to the Unclassified Core Network.

Completion Target:

This measure has been achieved when the Contractor has:

1. Identified existing sources of monitoring data (CPAT, SMS, SCAP, SEP11, and like tools for Windows systems) and developed risk scoring criteria for each, based on the Department of State continuous risk monitoring.
2. Integrated reporting of existing monitoring data and provided a dashboard view with trending.
3. Demonstrated performance improvement trend as measured on dashboard through the year.

Deliverables:

1. Listing of existing sources of monitoring data and like tools and risk scoring criteria for each by November 30, 2010.

2. Evidence of integrated reporting of existing monitoring data and a dashboard view with trending by end of second quarter.
3. Performance improvement trending from the dashboard by August 30, 2011

Fee Schedule:

Essential: \$100,000

- 25% of allocated fee will be paid upon completion of Target 1
- 25% of allocated fee will be paid upon completion of Target 2
- 50% of allocated fee will be paid upon completion of Target 3

Assumptions Specific to This Measure:

- LANL may make adjustments to scoring during the year. These adjustments will be documented and considered in evaluation of performance improvement trend.

**Measure 8.2.3 Cyber Security AOP Execution
(Objective/Essential)**

Expectation Statement:

Implement a management process and metrics to measure the effectiveness of information security operations.

Completion Target:

This measure has been achieved when the Contractor has:

Demonstrated that the Annual Operating Plan (AOP) is being executed according to the plan.

1. Quarterly reporting and quarterly reviews demonstrate AOP execution is managed according to the baseline plan or within the approved change request process, with an exception for extenuating circumstances and conditions beyond LANL control.
2. 5 AOP measures, which reflect the "major" program components and are indicative of the program health and progress, are selected by LANL and approved by LASO as part of the baseline AOP prior to the beginning of FY 2011.

Measures being considered include:

- a. Develop enterprise risk rating methodology in Q1 and then report updates each quarter thereafter
 - b. Host-based scanning(LCC5/6): percentage of NIE-managed servers and desktops participating in host-based CPAT scanning which are accessible to classified Core services
 - c. CSIRT central log support (LCC5/6): percentage of NIT-managed servers and desktops participating in CSIRT central logging which are accessible to classified Core services
 - d. CSIRT Supernova
 - e. Annual review and approval of the CSPP. (LCC1)
 - f. CAPS are approved, updated and closed per approved schedule with 100% rate of success with approved change control
3. Continue to demonstrate sustainability of Validation and verification process by completing validation and verification of 5 systems per quarter and providing the results to the LASO DAA within 30 days of the end of each quarter.

Deliverables:

1. Quarterly reports and Quarterly Review Reports
2. Evidence of completion for each of the selected AOP measures
3. Quarterly evidence packages for completion of 5 system validations and verifications.

Fee Schedule:

Essential: \$300,000

- \$100,000 (allocated 25% for each successful quarter) fee earned if Information security projects are managed within variance and exceptions as designated in Completion Target 1 above.
- \$100,000 (allocated 20% for each successful AOP measure) fee earned as designated in Completion Target 2 above.

- \$100,000 (allocated 25% for each successful quarter) fee earned upon completion of quarterly system validations and verifications.

**Measure 8.2.4 Cyber Security Program Performance Metrics
(Objective/Essential)**

Expectation Statement:

Demonstrate the effectiveness of the cyber security program as demonstrated by the performance of two topical areas including (1) Delivery of scheduled system security plan accreditations, and (2) Demonstration of continued progress on the multi-year effort to centralize management of IT infrastructure and systems in the unclassified environment for effective and efficient security health and accountability of computer equipment.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed the accreditation of 100% of scheduled system security plans in accordance with the LASO-approved schedule each quarter
2. Measured/monitored the security health and accountability of computer equipment on a quarterly basis.

Deliverables:

1. Evidence of timely completion of system security plan accreditations:
 - a. FY 2011 system security plan schedule baseline and Q1 accreditations (Q1)
 - b. System security plan schedule updates/inclusions per quarter (Q2, Q3, Q4)
2. Q1-4 Report progress on performance metrics for security health and accountability of computer equipment.

Fee Schedule:

Essential: \$100,000

- 50% of allocated fee will be paid upon completion of Target 1
- 50% of allocated fee will be paid upon completion of Target 2

**Measure 8.2.5 Execute an Effective Cyber Security Program
(Objective/Essential)**

Expectation Statement:

Execute an effective information systems security program as demonstrated by the achievement of a "satisfactory" rating in the following topical and associated sub topical areas of the Safeguards and Security program as identified in DOE Order 470.1-A, change 1:

- Classified Cyber Security
- Telecommunications Security
- Unclassified Cyber Security

Ratings of satisfactory, marginal or unsatisfactory in each topical and sub-topical area will be assigned by LASO as a result of formal surveys, conducted throughout the fiscal year, of LANS effectiveness related to performance and compliance requirements.

Completion Target:

This measure has been achieved when the Contractor has:

1. Received no persistent-less-than-satisfactory (PLTS) ratings in any topical and associated sub-topical areas as evidenced by the LASO AMSS Survey reports.
 - A PLTS rating results from a deficiency that is not corrected or mitigated within 30 calendar days of formal notice of the deficiency from the LASO Assistant Manager for Safeguards and Security (AMSS)
 - A PLTS can take two forms, persistent marginal or a persistent unsatisfactory, and can be in either a topical

area or sub topical area.

Deliverables:

A compilation of FY 2011 LASO/AMSS Survey Reports.

Fee Schedule:

Essential: \$300,000

FEE SCHEDULE (represents reduction of total fee allocated to this sub-element)	Persistent Unsatisfactory	Persistent Marginal	
One Topical Area	-50%	-25%	
Two Topical Areas	-100%	-50%	Impact to subjective evaluation can be expected
Three or More Topical Areas	-100%	-100%	Serious impact to subjective evaluation can be expected
One Sub topical Area within a Topical Area	-10%	-5%	
Two Sub topical Areas Area within a Topical Area	Topical Area Rating of Marginal may be assigned	-25%	
Three or more Sub topical Areas Area within a Topical Area	Topical Area Rating of Unsatisfactory may be assigned	Topical Area Rating of Marginal may be assigned	

Assumptions Specific to This Measure:

- Each finding issued by AMSS that impacts satisfactory performance may reduce fee as described in the Fee Schedule table above based on a final determination by the AMSS related to the findings impact on the security posture of the LANL.
- At the sole discretion of the AMSS, a corrective action plan submitted by LANS within 30 days of the notification of a sub-topical area deficiency and approved by the AMSS may result in the removal of a persistent marginal rating from computation of fee, as long as the CAP is executed in accordance with the plan.
- At the sole discretion of AMSS it may be determined that a deficiency is of sufficient concern (i.e. requiring immediate compensatory or corrective actions) to cause a topical area rating of marginal or unsatisfactory to be assigned regardless of the number of sub-topical issues found during the formal inspections.
- Repeat findings that are being addressed by an approved Corrective Action Plan, being executed in accordance with the plan, will not result in an additional rating impact.
- Pre-existing conditions that have been formally accepted by the AMSS as unresolvable due to factors such as resource constraints or program needs will not result in rating impacts. AMSS approval of these conditions can occur throughout the rating period as issues are identified and assessed. It is LANL's responsibility to formally request acceptance and to provide the necessary justifications and risk assessments within 30 days of identification or in accordance with an AMSS approved plan.
- Findings that are outside of the contractors control will not result in fee reductions.
- Cumulative Fee reductions will not exceed the total fee allocated to this sub-element.

Measure 8.2.6 Contractor's Management Systems/Metrics (Subjective/Essential)

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:
Evaluated in PBI 14.6

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 9
Facility, Infrastructure, and Energy

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 9

Objective: **Facilities, Infrastructure, and Energy**

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

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$1,750,000 (Essential)+\$700,000(Stretch) = \$2,450,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: T. McKinney
 Principle COR: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 9 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measures.

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S
Measure 9.1	MSS Condition Assessment Program	\$150,000	E
Measure 9.2	Fire Protection Program	\$200,000	S
Measure 9.3	Vital Safety System Preventative Maintenance Program	\$250,000	E
Measure 9.4	Infrastructure Investment / Footprint Reduction	\$500,000	E
		\$200,000	S
Measure 9.5	Energy Management Execution	\$800,000	E
		\$300,000	S
Measure 9.6	WECC Self-Certification and Transmission Operator Update	\$50,000	E
Measure 9.7	Contractor's Management Systems/Metrics	N/A	

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 9.1 **MSS Condition Assessment Program (Objective/Essential)**

Expectation Statement:

Complete Condition Assessments equivalent to 2,265,270 square feet in FY 2011. This is an acceleration of one third to enable completion of the five year cycle in 2013 instead of 2014. This is an increase of 577,352 square feet in FY 2011.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed condition assessment equivalent to 2,265,270 square feet per the agreed upon set of buildings. An assessment by MSS-DO of quality of the CAS inspection product.

Deliverables:

1. CAS Inspection Reports as they are completed throughout the year.
2. Assessment Report by MSS-DO of quality of the CAS inspection product.

Fee Schedule:

Essential: \$150,000

Assumptions Specific to This Measure:

- A list of CAS inspections will be agreed to with LASO by October 1, 2010.

**Measure 9.2 Fire Protection Program
(Objective/Stretch)**

Expectation Statement:

Establish a five year program with Fire Protection Division, Engineering and NHHO, IS and RTBF for the design and execution of projects to replace fire panels and sprinkler heads more than 25 years old. The projects will be prioritized based on risk, mission and age.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed the LASO and LANL agreed to FY 2011 list of milestones during the first quarter of FY 2011 after funding levels have been achieved.

Deliverables:

1. Objective evidence of the completed FY 2011 list of milestones.

Fee Schedule:

Stretch: \$200,000

**Measure 9.3 Vital Safety Systems Preventative Maintenance Program
(Objective/Essential)**

Expectation Statement:

Develop and issue quarterly Preventive Maintenance (PM) performance reports for VSS systems as defined as of October 1, 2010. LANS maintain a 98% PM completion rate for credited Vital Safety Systems (VSS).

Completion Target:

This measure has been achieved when the Contractor has:

1. Demonstrated $\geq 98\%$ PM completion rate for VSS quarterly.

Deliverables:

1. Completed 1st quarterly report in January 2011, demonstrating $\geq 98\%$ completion.
2. Completed 2nd quarterly report in April 2011, demonstrating $\geq 98\%$ completion.
3. Completed 3rd quarterly report in July 2011, demonstrating $\geq 98\%$ completion.
4. Completed partial 4th quarterly report by September 30, 2011, demonstrating $\geq 98\%$ completion.

Fee Schedule:

Essential: \$250,000

Assumptions Specific to This Measure:

- VSS systems as defined as of October 1, 2010.
- Effectiveness of non-VSS Preventative Maintenance (PM) will be evaluated utilizing PBI 13.5.

**Measure 9.4 Infrastructure Investment / Footprint Reduction
(Objective/Essential/Stretch)**

Expectation Statement:

In FY 2010 the Laboratory Director initiated an institutional program to reinvest in the Lab's aging infrastructure. A multi-year plan will be developed to prioritize investments by year amongst the following categories;

- 1) New construction,
- 2) Life extension,
- 3) Footprint reduction,
- 4) D&D, and
- 5) Utility investments.

The Director will determine the FY 2011 infrastructure reinvestment amount, and the FY 2011 milestones will be developed and executed. The Multi-year plan will be used by Senior management and our customers to assist with funding prioritization decisions. Through this measure the plan will be finalized and FY 2011 infrastructure and footprint reduction investments will be selected and executed.

Completion Target:

This measure has been achieved when the Contractor has:

1. Completed prioritized plan approved by the Director and the completion of the FY 2011 milestones.

Deliverables:

1. Completed prioritized multi-year investment plan and agreed to FY 2011 milestones
2. Objective evidence of completed milestones.

Fee Schedule:

Essential: \$500,000

- \$100,000 for the completed plan and achievement of $\geq 60\%$ of the FY 2011 milestones
- \$400,000 achieve 90% of the FY 2011 milestones

Stretch: \$200,000

- \$200,000 fee earned linearly between 90% and 100% in whole 2% increments

Assumptions Specific to This Measure:

- Footprint Reduction milestones will be agreed to by October 1, 2010.

**Measure 9.5 Energy Management Execution
(Objective/Essential/Stretch)**

Expectation Statement:

LANL will work to institute wholesale cultural change to factor sustainability and Green House Gas emissions reductions into all corporate management decisions; planning, executing, evaluating and continually improving operations to maximize sustainable use of energy and natural resources by implementation of the LANL Energy Management program through the Site Sustainability Plan (former the Executable Energy Management Plan). LANL will revise the sustainability plan for FY 2011 and beyond to ensure continued progress toward meeting the DOE 0 430.2B goals. LANL will strive to execute all elements defined in the plan in addition to those

specifically identified as completion targets.

Completion Target:

Measure is achieved when the Contractor has executed the following specific elements, some of which are included in the FY 2011 executable plan:

1. Completed FY 2011 facilities of the quadrennial energy audit plan (per EISA 2007) and clearly show how the overall program goals of 100% of enduring space will be audited every four years.
2. Completed implementation FY2011 HPSB Plan milestones in the Site Sustainability Plan.
3. Completed installation of all FY2011 scheduled advanced electric meters
4. Published FY 2011 Site Sustainability Plan to meet FY 2010 DOE FEMP guidance.
5. Completion of at least 80% of FY 2011 milestones identified in Site Sustainability Plan.
6. Completion of an updated Metering Plan, which includes analysis of Electric, Water, Thermal, and Natural Gas metering needs and documents the expected implementation schedule.
7. Development of a Utility Modernization Program Plan by the end of the second quarter to support the budget development process, which ensures the LANL, will have reliable, cost effective utilities and associated infrastructure available to support the growing and changing missions of NNSA. This plan will include a list of all expected projects, both line items and General Plant Projects as well as the milestones for the various project and other key activities.
8. Develop and implement a formal process for documenting energy savings.
9. Apply at least 50% of the last year's expected savings into the following year's energy & natural resources program to ensure a funding stream for energy and water efficiency improvements and the installation of on-site renewable energy projects.
10. Complete modifications and implement night setbacks at facilities with implementation costs of less than \$10,000.
11. Develop and implement innovative approaches to address the requirement for achieving LEED Gold for new projects (i.e. Core & Shell, Neighborhood/campus, etc.) that could also be used across the complex.
12. Completed installation of all advanced electric meters (assumes that Target #3 is met as well)
13. Complete at least one building fully compliant with HPSB Guiding Principles.

Deliverables:

1. Evidence packages for progress on or completion of each of the targets above by September 30, 2010
2. Quarterly status reports on execution of completion targets and energy management plan.

Fee Schedule:

Essential: \$800,000

- \$300,000 for completion of Targets 1-8
20% reduction in fee for each target not achieved.
- \$500,000 for completion of Targets 9-13
25% reduction in fee for each target not achieved.

Stretch: \$300,000

1. Additional fee for completion of all FY 2011 milestones identified in the Site Sustainability Plan.

Assumptions Specific to This Measure:

- LANL Metering plan targets, if executed, will meet EPA 2005 compliance and DOE O 430.2B compliance deadlines.
- HPSB milestones are part of a multi-year plan that if executed will comply with DOE O 430.2B.
- DOE guidance on the Site Sustainability Plan is available at least two months nominally before submittal due date if only minor changes from previous year's guidance. If significant changes in DOE guidance, the guidance will be available at least three months before submittal due date.

**Measure 9.6 WECC Self-Certification and Transmission Operator Update
(Objective/Essential)**

Expectation Statement:

Operate and maintain the LANL transmission, distribution, and generation assets in accordance with the applicable Western Electric Coordinating Council (WECC)/North American Reliability Corporation (NERC) requirements per the Energy Act of 2005. Due to changes in management of the utility program and within the PBI structure, a quarterly management review of the status of WECC compliance will be conducted to ensure that expectations are understood and issues resolved in a timely manner. Periodically perform evaluation of registrations and where appropriate, update.

Completion Target:

Measure is achieved when the Contractor has:

1. Completed required self-certification of all WECC/NERC requirements
2. Completed the submittal of a request to be removed as a registered Transmission Operator (TOP) consistent with WECC guidance expected in the fall of 2010

Deliverables:

1. Completed annual self-certifications
2. Completed submittal of a request to be removed as a registered Transmission Operator. The deliverable is expected by January 31, 2011.
3. Quarterly status reports on execution of completion targets and WECC requirement compliance.

Fee Schedule:

Essential: \$50,000

Assumptions Specific to This Measure:

- LANL transmission, distribution, and generation systems are registered as WECC entities
- Distribution Provider (DP), Generator Owner (GO), Generator Operator (GOP), Load Serving Entity (LSE), Transmission Owner (TO), and Transmission Operator (TOP).
- WECC will issue new guidance on Transmission Operators at least 2 months prior to submittal date.
- NNSA will provide timely reviews and approval of WECC documents to support mutually agreed upon schedules.

**Measure 9.7 Contractor's Management Systems/Metrics
(Subjective/Essential)**

Expectation Statement:

The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in mission, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

Fee Schedule:

Evaluated in PBI 14.6

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

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

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Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.

- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

**PBI No. 10
 Demonstrate Institutional Improvement**

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 10

Objective: **Demonstrate Institutional Improvement**

Objective Statement: Make substantive progress toward goals, objectives and commitments affecting the business aspects of the institution

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$1,800,000 (Stretch)**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: I. Richardson
 Principal LASO Owner: R. Snyder

**SECTION 2
 PERFORMANCE REQUIREMENTS**

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

None

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

Measure 10	Demonstrate Institutional Improvement	Allocated Fee	Fee Type E/S	
	Goals	\$1,800,000	S	Subjective
10.1	Facilitation of Experimental Science, Technology and Engineering			
10.2	Acquisition Improvement Across the Institution			
10.3	Project Delivery Improvement Across the Institution			
10.4	IT System Standardization			
10.5	Readiness Process Improvement			
10.6	Innovation in Support of CMRR-NF			
10.7	NQA-1 Implementation			

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

**Measure 10 Demonstrate Institutional Improvement
 (Subjective/Stretch)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's leadership and management of LANL, in particular, its effectiveness, initiative, and responsiveness toward accomplishment of these goals and thereby improving overall performance.

Completion Target:

<p>Goal 10.1 Facilitation of Experimental Science, Technology and Engineering</p> <p>Enhance ability to perform laboratory and field experiments while maintaining safety, security, and business requirements.</p>
<p>Goal 10.2 Acquisition Improvement Across the Institution</p> <p>Institutional acquisition improvement in activities required to effectively and efficiently identify, specify, and obtain necessary program/project goods and services.</p>
<p>Goal 10.3 Project Delivery Improvement Across the Institution</p> <p>Projects of all sizes are efficiently developed and executed to minimize rework, promote successful delivery, and satisfy mission need in a timely, successful, and cost effective manner. Requirements are adopted based on cost-benefit.</p>
<p>Goal 10.4 IT System Standardization</p> <p>Demonstrated progress in replacement, superseding, or supplanting of redundant, outdated, and inefficient systems such that operations are streamlined, compliance is assured, and the cost of business is reduced.</p>
<p>Goal 10.5 Readiness Process Improvement</p> <p>Programs and facilities plan, coordinate within the Laboratory, and prepare for startup and restart of activities and operations, including appropriate verification of readiness and level of startup authority such that programmatic and mission activities are not adversely impacted. Adequate time is allowed in schedules for independent verification of readiness and disposition of issues identified by readiness reviews.</p>
<p>Goal 10.6 Innovation in Support of CMRR-NF</p> <p>Opportunities are executed in support of the CMRR-NF that reduce cost, improve schedule, and enhance overall project delivery during final design and construction execution.</p>
<p>Goal 10.7 NQA-1 Implementation</p> <p>Demonstrate progress in implementation of NQA-1 for appropriate work performed in nuclear facilities and nuclear construction.</p>

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9).
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.

**PBI No. 11
Excellence in National Security Objectives**

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 11

Objective: **Excellence in National Security Objectives**

Objective Statement: Ensure highly effective leadership, integration, and excellence in performance and planning of programs at the Los Alamos National Laboratory in support of DOE and the National Security Enterprise.

**SECTION 1
GENERAL INFORMATION**

Revision Number and Date:	Revision No.: <u>0</u> Date: <u>August 24, 2010</u>
Maximum Available Incentive Fee:	\$4,500,000(Essential) + \$2,000,000 (Stretch) = \$6,500,000
Duration:	Annual
Fee Payment Type:	Completion
Principal LANS Owner:	C. McMillan, W. Rees, T. Wallace
Principal LASO Owner:	J. Griego

**SECTION 2
PERFORMANCE REQUIREMENTS**

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

In order to earn any incentive fee in PBI 11 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Programs.
2. Earn an adjectival rating of at least "Very Good" in the essential Program Subjective measures.

**SECTION 3
INDEX OF PERFORMANCE MEASURES**

		Allocated Fee	Fee Type E/S	
Measure 11	Excellence in National Security Objectives			
	<u>Set A</u>	\$4,500,000	E	Subjective
	11.1 Defense Programs Objectives			
	11.2 Defense Nuclear Nonproliferation Programs			
	11.3 Intelligence and Counterintelligence Programs			
	11.4 Emergency Response Programs			
	11.5 Other Programs			
	11.6 Program Execution, Leadership & Management			
	11.7 Management of Emergent Program Issues			
	<u>Set B</u>	\$2,000,000	S	Subjective
	11.8 Appropriate Planning and Phasing of Deliverables			
	11.9 Exceeding MOX/PDCF Commitments			
	11.10 Support of the International Stage			

**SECTION 4
PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

**Measure 11 Excellence in National Security Objectives
 (Subjective/Essential/Stretch)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in program areas that distinguish the Laboratory as a premier national security institution.

Completion Target:

Criteria	Target
11.1 Defense Programs Objectives:	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Overall performance (including the manner of accomplishment) in support of Programs apart from deliverable Incentives. • Mission Facility Utilization Performance. • Compliance with the statutorily-required deliverables specified in Section 3141 of the FY03 National Defense Authorization Act: Annual assessment reports for the B61 bomb and W76, W78, and W88 warheads; Red Team report to the Director; Director's Annual Assessment letter. • Participation in DOE Secretary-directed peer review for Annual Assessment Process. • Participation in the annual U.S. Strategic Command Stockpile Assessment Conference. • Technical Support of Code Blue Needs and weapons responses to NSE. • Weapons Program Strategic Review. • Utilization of DARHT dual-axis capabilities to meet requirements of the National Hydrotest Plan. • Level 1 and Level 2 MRT Milestone achievement. • Voice of the Customer (VOC) results and actions to improve program integration and performance within the Laboratory. • Science, ICF and other program commitments (documented in program plans, spreadsheets, etc). • Performance on FY 2011 Commitments under Laboratory Goal related to Defense Programs. • Enterprise Reengineering related activities. • Technical leadership for Life Extension Programs (LEPs). • Execute activities in support of US-UK mutual defense agreement. • Utilization of transportation resources.

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	<p>11.2 Defense Nuclear Nonproliferation Programs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Overall performance (including the manner of accomplishment) in support of Defense Nuclear Nonproliferation Programs. • The Laboratory will conduct research and development activities for Defense Nuclear Nonproliferation (NA-20), including but not limited to developing and deploying: satellite instruments, nuclear-detection sensors, optical and RF sensors, and instruments to measure proliferation signatures and observables. • Mission support to MOX and PDCF • The Laboratory will support deployment activities for NA-20, including but not limited to: MPC&A systems and systems to detect SNM movement. • The Laboratory will support US Government nonproliferation policy in many areas, including but not limited to: safeguards systems design and implementation (particularly the Next-Generation Safeguards Initiative), the denuclearization of the DPRK, New START, CTBT, FMCT (as the need arises), conducting IAEA training events, export control activities, and other emerging issues. • The Laboratory will support threat reduction initiatives, including but not limited to: elimination of weapon grade materials, converting nuclear reactors to low-enrichment fuel, recovering sources, and protecting vulnerable materials. 	
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<p>11.3 Intelligence and Counterintelligence Programs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Overall performance (including the manner of accomplishment) in support of the DOE and Intelligence Community programs. • The Laboratory will conduct research, development, analysis, and other activities in support of Intelligence Programs originating with the DOE Office of Intelligence and Counterintelligence. • The Laboratory will conduct the Counterintelligence program for Los Alamos National Laboratory as directed by the DOE Office of Intelligence and Counterintelligence. • The Laboratory will effectively manage and perform Intelligence Work For Others (IWFO) activities under the oversight of the DOE Office of Intelligence and Counterintelligence 	
<p>11.4 Emergency Response Programs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Overall performance (including the manner of accomplishment) in support of NA-40 Programs. • The Laboratory will provide design and other nuclear weapons expertise to further the assessment of improvised and/or foreign nuclear device designs. 	

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FY 2011 PERFORMANCE EVALUATION PLAN

<p>11.5 Other Programs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Achievement of other programs in the national interest in a mutually beneficial manner. • Targeted programs include those in support of the DOE Offices of OE, EERE, NE, FE, and Science, the Department of Homeland Security, and other federal agencies. • Balanced performance of work in support of all programs. • “Balance” for this measure is defined as facility utilization and risks, including Laboratory relevance, security, and health, safety, and environment. 	
<p>11.6 Program Execution, Leadership, and Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Integration, alignment, and balancing of institutional resources to deliver on program commitments • Integration in and proactive resolution of performance and management concerns. • Integration and synergy across the institution. • Preparation for and management of a continuing resolution. • Management of institutional resources to position the Laboratory for FY 2011 and beyond. • Risk to DOE/NNSA and laboratory continuity by LANS action or inaction. • LANS management and mitigation of site risks. • Consideration of any increases or decreases in site risks. • Effective participation with WFO partners to contribute to national security missions and provide stewardship of Laboratory national security mission capabilities. 	

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<p>11.7 Management of Emergent Program Issues</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements. • Other items, concerns, and programs. 	
<p>11.8 Appropriate Planning and Phasing of Deliverables</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Pit Production Throughput Demonstration Quarterly • Time Critical Design Release Deliveries for the Power Program • Weapon program deliverables and weapons surveillance commitments are effectively planned and executed to prevent the need for year-end and milestone related heroics • NNSA and DOE deliverables requiring certification or acceptance by LASO QA are effectively planned and executed to prevent the need for year-end and milestone related heroics. 	
<p>11.9 Exceeding MOX/PCDF Commitments</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • The contractor has converted more than the baseline established quantity of surplus Pu metal to oxide certified as feed to the MFFF and package for shipment to SRS. • Maintain NQA-1 certification with MOX Services as certified supplier. • Implement risk mitigation strategies to improve reliability and throughput, and reduce worker dose. • Meet or exceed the established PDC Project milestones for D&T and GFE design activities. 	

<p>11.10 Support of the International Stage</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Establishment of a new, high-level US Government-supported relationships with a foreign government or apparatus of that government, such as a research laboratory, ministry, or professional society; • Serve in leadership positions within an international organization of relevance to US Government national security policy, such as the International Atomic Energy Agency, the World Institute for Nuclear Security, the World Health Organization, United Nations Comprograms, Panels, or Ad Hoc Working groups, NATO, INTERPOL, or an equivalent organization; • Support to the negotiation of or ratification of international treaties such as New START, the Comprehensive Test Ban Treaty, a Fissile Material Cut-off Treaty, Bilateral or Multi-lateral conventions, or equivalent agreements; • Support on-site inspections, compliance activities, or disaster relief activities; • Support to US Government diplomatic missions; • Overseas support of the US Intelligence Community. 	
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**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9).
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.

PBI No. 12
Excellence in Science, Technology and Engineering

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 12

Objective: **Excellence in Science, Technology and Engineering**

Objective Statement: Science, technology, and engineering underpin and enable Los Alamos to provide knowledge and technologies to execute its national security missions. State of the art equipment and facilities enable science to push the frontiers of knowledge; however, capabilities rely on the appropriate mix of people and resources. Leadership, competence and insight drive science and position the institution for success.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$3,000,000 (Stretch)**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: T. Wallace
 Principle COR: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

GATEWAYS: *(Describe Gateways (if applicable) that must be completed before fee can be paid.)*
 None

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S	
Measure 12	Excellence in Science, Technology, and Engineering	\$3,000,000	S	Subjective
Measure 12.1	Leadership in Scientific, Technology, and Engineering Challenges of National Importance			
Measure 12.2	Quality of Science, Technology & Engineering			
Measure 12.3	Capability Based Science Laboratory			
Measure 12.4	Energy Frontiers & Challenges			
Measure 12.5	Technology Transfer Programs			
Measure 12.6	Work for Others Management			
Measure 12.7	Science, Technology, and Engineering Leadership and Management			

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

**Measure 12.1 Excellence in Science, Technology, and Engineering
 (Subjective/Stretch)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in

Completion Target:

This measure has been achieved when the Contractor has:

Criteria	Target
12.1 Leadership in Scientific, Technology and Engineering Challenges of National Importance	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Pursue national security missions in the national interest that are mutually beneficial to NNSA and other customers. • Willingness to pursue novel approaches and/or demonstration of innovative solutions to problems that are important to the Nation and Laboratory's customers. • Effectiveness in driving the direction and setting the priorities of the community in a research field.
12.2 Quality of Science, Technology & Engineering	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <p>Impact and contribution to the scientific community as measured by:</p> <ul style="list-style-type: none"> • Peer reviewed publications generated. • Significant awards (R&D 100, FLC, society fellows, etc.). • Assessments by 2011 LANL capability reviews. • Feedback from programmatic customers on LANL's science, technology, and engineering performance. • Invited talks, citations, making high-quality data available to the scientific community. • Development of tools and techniques that become standards or widely-used in the scientific community. • Staff members visible in leadership positions in the scientific community.

<p>12.3</p>	<p>Capability Based Science Laboratory</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Develop strategic and implementation plans for the three strategic STE pillars, materials for the future, information science and technology focused on integrative and predictive science, and Science of Signatures. • Alignment of skills and capabilities with NNSA mission and three STE pillars using workforce capabilities tool. • Institutional investment in science infrastructure. • Effectiveness in leveraging (synergy with) other areas of research and Laboratory programs. • Provide planning and acquire facilities and infrastructure required to support the continuation of the Laboratory's mission and programs. • Scientific user facility utilization. • Accountability to institution and institutional practices. • Provide efficient and effective communications and responsiveness to customer needs by responding to customer requests with accurate and timely information 	
<p>12.4</p>	<p>Energy Frontiers & Challenges</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Focus Laboratory's energy research community on sustainable nuclear energy, mitigating the impacts of energy demand growth, and developing materials and concepts for clean energy. • Address recommendations from 2010 review of Laboratory's Energy Security Science Strategy. • Implement staffing and facilities plans, consistent with institutional investment to support Energy Security mission. • Effectiveness of joint planning (e.g., workshops) with outside community. • Diversify funding base to maintain core science, technology and engineering base. 	

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	<p>12.5 Technology Transfer Programs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Effectiveness and efficiency of the management of technology transfer programs to the benefit of the Laboratory's mission performance. • Leveraging CRADAs appropriately. • Leverage intellectual property for cooperative research projects. 	
	<p>12.6 Work for Others Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Effectiveness and efficiency of the management of work for others (WFO) other than national security to the benefit of the Laboratory's mission performance. • Effective participation with WFO partners to contribute to national security missions and provide stewardship of Laboratory national security mission capabilities. 	

	<p>12.7 Science, Technology, and Engineering Leadership and Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Integration, alignment, and balancing of institutional STE resources to deliver on mission commitments. • Integration in and proactive resolution of performance and management concerns. • Integration and synergy across the institution. • Management of institutional resources to position Laboratory for FY 2011 and beyond • Risk to DOE/NNSA and Laboratory continuity by LANS action or inaction • LANS management and mitigation of site risks • Consideration of any increases or decreases in site risks • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements. 	
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**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9).
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.

PBI No. 13
Excellence in Operations and Facilities

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 13

Objective: **Excellence in Operations & Facilities**

Objective Statement: Ensure highly effective integration and excellence in operational aspects of the Los Alamos National Laboratory

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$4,000,000 (Essential)+\$500,000(Stretch) = \$4,500,000**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: M. Mallory
 Principal LASO Owner: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 13 stretch measures, the following two gateways must be met:

3. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
4. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measure.

SECTION 3
INDEX OF PERFORMANCE MEASURES

	Allocated Fee	Fee Type E/S	
Measure 13 Excellence in Operations & Facilities			
Set A	\$4,000,000	E	Subjective
13.1 Project Management			
13.2 Safeguards and Security Program			
13.3 Information Systems and Cyber Security Program			
13.4 ES&H Performance			
13.5 Site, Infrastructure, and Facilities Stewardship			
13.6 Hazardous Operations			
13.7 Operations Execution, Leadership & Management			
13.8 Improve Worker Safety and Health			
Set B	\$500,000	S	Subjective
13.9 Energy and Green House Gas Reduction			
13.10 Infrastructure Revitalization			

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

**Measure 13 Excellence in Operations & Facilities
 (Subjective)**

Expectation Statement:

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

Completion Targets:

Criteria	Target
13.1 Project Management	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Performance on FY 2011 Commitments under Laboratory Goals related to project management and sustainment of improvement efforts from past years apart from performance covered under objective Incentive At-Risk Fee measures. • Project performance leveraging from lessons learned and best practices from other projects, including reduction in repeat finding from internal and external reviews and readiness for DOE critical decisions. • Adherence to internal processes in a proactive and responsible manner. • Adequacy of internal LANS surveillances. Reviews and assessments demonstrate Project readiness for critical decisions without significant project performance deficiencies. • Utilization of Parent Company resources in functional process and project execution reviews. • Strengthen Integrated Project Teams by defining and achieving staffing needs, streamlining R2A2's, defining clear execution expectations. • Consistent process application across projects. Project documentation reflects a high standard for quality. • Cumulative project CPI/SPI or portfolio EVMS. CPI/SPI indices are at or above 0.90. • Manner of Project Management execution. Project activities and resources are effectively planned and integrated to ensure the performance baseline is maintained. • Acquisition planning to support success in this area. • Laboratory efforts to apply and exploit projectization and utilize project management tool sets outside traditional construction and EM funded environments. • Project reporting is timely and consistent with Departmental requirements. PARS is maintained with current and accurate project data. • Project communications are responsive and well coordinated. Project communication plans are documented and implemented for line item projects. • Integration of safety and security into the design and construction of all projects, with nuclear and high hazard line item projects demonstrating compliance with STD 1189. • Cost and risk informed decision making. Risk management plans/activities are reviewed and reported on a routine basis to ensure the mitigation strategies are effective. • The disciplined application of project management systems and practices to meet project management requirements, consistent with DOE O 413.3A.

<p>13.2 Safeguards and Security Program</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Performance on FY2011 Commitments under Laboratory Goal related to Safeguards and Security and sustainment of improvement efforts from past years apart from performance covered under objective Incentive At-Risk Fee measures. • Timeliness and effectiveness of response to physical security issues • Timeliness and effectiveness of response to LASO/SS security issues • Proactive identification and management of issues • Manner of success in Safeguards and Security Program execution • Acquisition planning to support success in this area • Quality of Security and Safeguards deviation submittals • Effective implementation of the NNSA S&S policy documents (NAPs) 	
<p>13.3 Information Systems and Cyber Security Program</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Manner of success in Cyber and Information Security Program execution to include performance on FY 2011 Commitments under Laboratory Goal related to Information Security and sustainment of improvement efforts from past years apart from performance covered under objective Incentive At-Risk Fee measures. • Timeliness and effectiveness of response to cyber security systems and LASO/SM security issues. • Proactive identification and management of issues. • Acquisition planning to support success in this area. • Demonstrate progress in IT Roadmap • Demonstrate continued improvement in the management of IT assets throughout the IT life cycle across LANL. Topical areas evaluated will be IT Governance, IT portfolio/project management, IT Standards implementation and monitoring, and IT Contractor Assurance Systems (CAS). 	

	<p>13.4 ES&H Performance</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Performance on FY 2011 Commitments under Laboratory Goal: Safe, Secure Workplace • Sustainment of improvement efforts from past years. <ul style="list-style-type: none"> ○ Exposure Assessment Program (LANS and Subcontractor, new assessments and updated old assessments) ○ Behavior Based Safety ○ Integrated Safety Management (Annual Declaration) ○ 10 CFR 851 Program Compliance ○ Electrical Safety ○ 10 CFR 835 Radiation Protection • Voluntary Protection Program (VPP) <ul style="list-style-type: none"> ○ Maintain Merit “Status” and pursue “Star” • Integrated Work Management <ul style="list-style-type: none"> ○ Special focus on PEP completion and effectiveness • Human Performance Continuous Improvement • The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts. • Support NRDA Activities • Environmental Protection <ul style="list-style-type: none"> ○ RCRA ○ NPDES ○ Construction Storm Water ○ Environmental Management System (ISO 14001) 	
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	<p>13.5 Site, Infrastructure, and Facilities Stewardship</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none">• Performance on FY 2011 Commitments under Laboratory Goal related to facilities and infrastructure and sustainment of improvement efforts from past years apart from performance covered under objective Incentive At-Risk Fee.• Progress toward a single integrated planning organization and/or process that drives Lab infrastructure and facility planning and provides a single interface for communication and coordination.• Implement an aggressive continuous improvement program for Facilities Maintenance/Support.• Improve facility and infrastructure condition.• Address long standing deficiencies.• Promote effective execution of the energy savings performance contract (ESPC) including timely reviews of all submittals, facilitation of escort needs, logistical integration with FODs, etc.• Progress toward energy and water goals.• Improve fidelity of facilities data.• Workforce of the future.• Manner of success in Site Facilities, and Infrastructure Program execution.• Acquisition planning to support success in this area.	
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<p>13.6 Hazardous Operations</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Performance on FY 2011 Commitments under Laboratory Goal related to nuclear and high hazard operations and sustainment of improvement efforts from past years apart from performance covered under objective Incentive At-Risk Fee measures. • Demonstrate improvement in appropriate management response to events. • Safety Basis, including: <ul style="list-style-type: none"> Document Quality, DSA Annual Updates, and USQD Quality assessment • Criticality Safety. • Start-up/Re-start support activities. • Maturity of Formality of Operations. • Facility Maintenance. • Facility QA Implementation. • Facility Radiation Protection Implementation. • Operational/ Nuclear Safety risk reduction. • Operational Lessons Learned/Extent of Condition. • CAS Effectiveness in Facilities to include leading metrics and ConOps Index. • Demonstrate continuous Emergency Management Program improvements. • Demonstrate continuous Fire Protection Program improvements. • FHAs • Manner of success in High Hazard Operations execution. • Acquisition planning to support success in this area. • Support disposition (as necessary) on Sandia Am 241 Box work. • Vital Safety System Operability and Functionality Awareness is continuously maintained. • Conduct of Engineering and Maintenance Program Integration is improved. • Conduct of Engineering is continuously improved. 	
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	<p>13.7 Operations Execution, Leadership, and Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Integration, alignment, and balancing of institutional resources to deliver on operational commitments. • Integration in and proactive resolution of performance and management concerns. • Integration and synergy across the institution. • Preparation for and management of a continuing resolution. • Management of institutional resources to position Laboratory for FY 2011 and beyond. • Risk to DOE/NNSA and laboratory continuity by LANS action or inaction. • LANS management and mitigation of site risks. • Consideration of any increases or decreases in site risks. • Effective leveraging of WFO to offset and/or minimize landlord costs. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements. • Manner of success in Operations Execution, Leadership, and Management execution. • Timely identification and effective action to resolve emerging performance concerns and issues including non-conformances and non-compliances. • Other items, concerns, and operational issues. • Manner of success in Management of Emergent Operations Issues execution. 	
	<p>13.8 Improve Worker Safety and Health</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Reserved for common ES&H measure. 	

<p>13.9 Energy and Green House Gas Reduction</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Measure of the site's compliance with Executive Orders (EO) 13423 and 13514 as well as DOE O 430.2B and implementing NNSA Guidance in meeting reductions in Green House Gas (GHG) emissions, energy intensity, water consumption; expanding energy use from on-site renewable sources; metering electrical, thermal, and water usage; achievement of LEED Gold Certification for all new construction and major building renovations. • Submission of an Executable Energy Plan that identifies site contributions towards meeting mandated DOE-wide goals.
<p>13.10 Infrastructure Revitalization</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Efforts to revitalize, modernize, and/or replace site infrastructure, common use facilities, utilities, etc. • Compliance maintained with Western Electric Coordinating Council and North American Reliability Corporation NERC requirements with regards to the LANL electrical distribution and transmission infrastructure. • Support the efforts of the Los Alamos Power Pool to procure reliable, diverse, and cost-effective electricity.

**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9).
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.

PBI No. 14
Excellence in Institutional Management and Business

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 14

Objective: **Excellence in Business and Institutional Management**

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

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$8,024,000 (Essential)**
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: I. Richardson
 Principal LASO Owner: R. Snyder

SECTION 2
PERFORMANCE REQUIREMENTS

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

None

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocated Fee	Fee Type E/S	
Measure 14	Excellence in Business and Institutional Management	\$8,024,000	E	Subjective
Set A				\$6,024,000
14.1	Business Systems, Success, Efficiency, and Excellence			
14.2	Acquisition Execution			
14.3	Supply Chain Management			
14.4	Workforce Management			
14.5	Financial Stewardship and Performance Initiatives			
14.6	Performance-Based Management Execution			
14.7	Communications and Government Affairs			
14.8	Community Programs			
14.9	Legal Counsel			
14.10	Parent Organization Governance and Reachback			
14.11	Management of Contractual Interfaces and Requirements			
14.12	Integration with LLNL			
14.13	Governance Reform			
14.14	Elimination of Non-Value Added Efforts			
14.15	Institutional Management			
14.16	Integrated Business Baselines			

Set B
14.17

Site Office Manager Initiatives

\$2,000,000

SECTION 4
PERFORMANCE MEASURES

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

**Measure 14 Excellence in Institutional Management
 (Subjective)**

Expectation Statement:

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

Completion Target:

Criteria	Target
14.1 Business Systems, Success, Efficiency, and Excellence	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Performance on FY 2011 Commitments under Laboratory Goals and Performance Improvement Strategy related to business processes. • Performance against small business goals. • Reduction in Business vulnerabilities, liabilities, and non-compliances. • Efficient, effective and economic Innovation and support to site objectives. • Efficient and effective stewardship of site resources • Timely and compliant Subcontract Closeouts • The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts. • Continued improvement of business processes and sustainment of improvement efforts from prior years.

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<p>14.2 Acquisition Execution</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Management of acquisition actions. • Acquisition planning. • Acquisition compliance • Degree of federal intervention required • Demonstrated procurement performance throughout the year that instills federal confidence such that a recommendation to increase the procurement consent package threshold could be considered by LASO
<p>14.3 Supply Chain Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <p>The Contractor shall continue supporting all Supply Chain Management functions by:</p> <ul style="list-style-type: none"> • Optimize utilization of eProcurement tools with an emphasis on SCMC provided tools(i.e. eSourcing, eStore) or resident equivalent tools as a means to drive supply chain cost savings • Provide personnel and actively participate on SCMC commodity teams • Increase the utilization of SCMC developed commodity agreements/contracts as a means to drive supply chain cost savings • Provide personnel to participate on a multi-site demand management work group. Work group shall focus on development of a "demand management" definition, benchmarking and sharing of best practices. • Continue development and execution of NSE wide human capital roadmap • Support SCMC growth strategy development

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 FY 2011 PERFORMANCE EVALUATION PLAN

<p>14.4 Workforce Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Human Resources Management, performance, and metrics. • Provide managers with timely human capital information on workforce-related measures (e.g., workforce skills mix, external hires, attrition, internal movement, etc.) and associated tools and processes • Plan for future workforce needs, address skills gaps, plan cross-training and development, and engage in Lab-wide sharing of human resources to align with mission requirements/deliverables. • Appropriate use of appointment types within the organization • Proactive workforce support and integration promoting mission achievement in an efficient and effective manner.
<p>14.5 Financial Stewardship and Performance Initiatives</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Number and severity of accounting corrections. • OFFM Performance and Metrics. • Real Estate and Property Performance and metrics. • LOCAS Business Metrics for CFO functions. • Internal Audits and Assessments meeting 2011 Assessment Plans Commitments. • Closeout of issues and concerns • Management of American Recovery & Reinvestment Act Projects

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<p>14.6 Performance Based Management Execution</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Continue to mature the implementation and effectiveness of CAS by executing improvements identified in the FY10 CAS Self-Assessments and other performance feedback entered into PFITS. • Demonstrate improved performance in the FY11 CAS Self-Assessment and in the frequency and severity of Government interventions required. • Demonstrate overall CAS deployment and utilization in functional areas based on performance reported in PBIs 2-9, with the exception of PBI 5. • The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.
<p>14.7 Communications and Government Affairs</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Congressional, Tribal, State, and Local elected officials interface in coordination with NNSA. • Manage and enhance internal communication. • Enhance LANL's reputation as part of the NNSA enterprise through effective external communication on scientific endeavors and economic benefits to the region. • Manage communication and media interest (including NNSA coordination) around controversial issues, emergencies, protocol visits, and issues of national interest. • Evaluate publications and other communications for effectiveness, consistency, and cost benefit • The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.

14.8 Community Programs	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none">• Execution of a regional approach to fulfill community commitments and strategically connect LANL with its diverse northern New Mexico constituencies.• Expand economic development opportunities in northern New Mexico.• Coordinate LANL-wide education initiatives.• Stimulate and track effectiveness of LANL/LANS community-giving investments in northern New Mexico.• Regularly evaluate and improve the effectiveness of LANL communications with community stakeholders.• Partnering with key LANL organizations and resources, such as the Tribal Relations Leader, to ensure effective integration of community programs.• The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.
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14.9 Legal Counsel	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none">• Implementation of a compliant Legal Management Plan (LMP).• Demonstration of effective internal controls and continuous improvement in the management of litigation designed to minimize the following to the extent feasible: litigation costs, outside counsel fees and costs, and the cost of judgments, awards, and settlements.• Minimization of legal risk through adaptive use of 1) in-house controls and 2) efficient and cost-effective management of outside litigation. Reduce the use and cost of outside counsel as appropriate for the legal risks of the institution and the resources of the legal function.• Effective outreach to all levels of LANS management.• The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.
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14.10 Parent Organization Governance and Reachback	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none">• Targeting Parent Oversight Functional Management Assessments (POFMAs) in areas of moderate to high risk• Management of issues and corrective actions resulting from POFMAs• Demonstrating benefit, value added and risk reduction afforded through effective & efficient use of Parent resources and involvement• Demonstrate parent efforts to apply best-in-class approaches from across complex as well as commercial practices• Parent effort to develop and implement a continuous improvement strategy that results in more efficient parent oversight activities• Executing the Parent Organization Oversight Plan• Pro-active Parent engagement including laboratory operations• Parent integration and collaboration.• LANS-parent interface management• The Contractor's organization applies management tools, techniques, and supporting metrics to ensure systematic improvement in programs, operations, and business functions. Leaders, managers, and practitioners manage risk/resources, and demonstrate improvements in performance through effective use of management systems/CAS processes and tools to make decisions, manage risk, and improve performance. Management assures its use of performance-based management is transparent and communicated to NNSA counterparts.
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DEPARTMENT OF ENERGY NATIONAL NUCLEAR SECURITY ADMINISTRATION
FY 2011 PERFORMANCE EVALUATION PLAN

<p>14.11 Management of the Contractual Interfaces and Contract Requirements</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Ongoing management of the Performance Evaluation Process. • Management of emergent Contract issues and non-compliances. • Effective use of the LASO/LANS Zipper Plan and improved contract management communications. • Management of performance direction channels. • Contractual Compliance. • Requirement Management. • Pre-existing conditions as of the time of contract assumption are responsively and proactively resolved.
<p>14.12 Integration with LLNL</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Efforts to drive greater commonality where beneficial. • Utilization of common approaches where practical. • Application of joint, common or compatible systems where appropriate.
<p>14.13 Governance Reform</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Make significant progress on Governance Reform in accordance with the joint LANL/LASO Project Execution Plan including demonstrable improvements in effectiveness and efficiency that enable mission and build trust and confidence.

<p>14.14 Elimination of Non-Value Added Efforts</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Undertake meaningful efforts to reduce current and future costs, both as cost savings and cost avoidance across the Laboratory in: <ul style="list-style-type: none"> -- PADST&E -- PADWP -- PADGS -- PADOPS -- Environmental Programs 	
<p>14.15 Institutional Management</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Management and balance of site resources to achieve short- and long-term effectiveness and efficiency • Response to changing mission and operational requirements. • Response to and implementation of new NNSA, DOE, Presidential and/or Congressional initiatives and requirements. • Proactive, responsive and accountable Institutional Leadership. • Aggressive and timely resolution of cross institutional issues affecting site performance, efficiency, and effectiveness. • Sustainment of prior year commitment and achieved improvements. • Transition excess skill-sets to needed skill-sets • Minimize unallocated labor account utilization • Make significant progress toward Laboratory goals for the future Weapons Complex, embracing the NNSA vision to achieve a smaller, safer, more secure, and less expensive Nuclear Security Enterprise and assuring the continuing fulfillment of the LANL role as the Center of Excellence for Nuclear Design and Engineering, the Center of Excellence for Plutonium Science and Manufacturing, and a Platform Host Site for Supercomputing. • Investment in laboratory systems, infrastructure, and facilities to promote continuance of mission capability, reduce risk, reduce deferred & current operating costs & improve morale. • Future LANL Enterprise Positioning 	

<p>14.16 Integrated Business Baselines</p>	<p>LANS will pursue development of integrated business baselines in FY 2011. The business baselines will include cost, performance, and schedule consistent with the FY 2011 President's Budget request and related FYNSP.</p> <p>These business baselines will include the NNSA Uniform Program Cost Reporting Structure format elements (labor, fringe, materials, other direct costs, and be compatible with and in a WBS format ready for incorporation into the NNSA Cost Management Initiative database</p> <p>LANS will develop tools to 1) manage mission changes in scope, cost, and schedule, 2) compare actual costs of work performed (ACWP) to budgeted costs of work performed (BCWP), 3) accurately forecast estimated costs to complete (ETC) and estimated total costs at completion (EAC), and 4) document deviations from the performance measurement baseline and, on a timely basis, notify the Contracting Officer of such changes;</p> <p>Purpose of this HQ directed measure is to create business baselines that will be used to more effectively manage and validate the actual costs at the site. Baselines will be measurable to enable development and/or validation of cost savings or efficiency performance targets for subsequent years, and also aid in the formulation of future budgets.</p> <p>The measure has been modified in consultation with HQ in recognition of the establishment of PBI 18 (ATI).</p>
<p>14.17 Site Office Manager Initiatives</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Degree of effort and results in pursuit of Site Office Manager directed initiatives • Movement toward common metrics • Timely Site Management Communication/Partnership • Issues & objectives that emerge during the year

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- Criteria Targets represent subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or areas of concern may be commented on under each criterion.
- Set A and Set B may address elements of concern and/or success associated with a common driver, deliverable or initiator. The Government reserves the right to move fee from Set B to Set A and vice versa. Fee awards for SET B may be parsed differently than other subjective measures.
- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
- Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.

PBI No. 15
Security Training Capabilities (Multi-Year PBI)

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 15 Objective: **Security Training Capabilities**

Objective Statement: Expediently and efficiently design, construct, and commission the Tactical Training Facility (TTF) and Indoor Range Facility.

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Fee: **\$200,000 (Essential) (2010) +
 \$200,000 (Essential) (2011) + \$300,000 (Stretch) (2011) +
 \$200,000 (Stretch) (2012)**
= \$900,000
 Duration: Annual
 Fee Payment Type: Completion
 Principal LANS Owner: T. McKinney / M. Lansing
 Principal LASO Owner: J. Griego

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 15 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Operations.
2. Earn an adjectival rating of at least "Very Good" in the essential Operations Subjective measure.

33% of objective essential fee associated with PBI 15 (measures 15.1, 15.2, 15.3 and 15.4 only) awarded in FY 2010 and FY 2011 may be deducted from fee earned in FY 2011 if the Tactical Training Facility is not completed, commissioned and in use prior to September 30, 2011.

SECTION 3
INDEX OF PERFORMANCE MEASURES

	Fee	Allocated	Fee Type
<i>FY 2010 Measures: Tactical Training Facility</i>			
Measure 15.1	Initiate Tactical Training Facility Demonstration Pilot	\$50,000	E
Measure 15.2	Award & Mobilize Design-Build contract	\$150,000	E
<i>FY 2011 Measures: Tactical Training Facility</i>			
Measure 15.3	Achieve Beneficial Occupancy of TTF & Issue Report	\$200,000	E
Measure 15.4	Conduct First Tactical Exercise in TTF	\$100,000	S
<i>FY 2011 Measures: Indoor Firing Range</i>			
Measure 15.5	Construction of Indoor Firing Range	\$200,000	S

<i>FY 2012 Measures: Indoor Firing Range</i>		
Measure 15.6	Conduct First Tactical Exercise in Indoor Firing Range \$200,000	S
SECTION 4		
PERFORMANCE MEASURES		
<i>List associated performance measures, expectations, targets, and fee schedules for FY 2011</i>		
Measure 15.1	Initiate Tactical Training Facility Demonstration Pilot (FY 2010) (Objective/Essential)	
Measure 15.2	Award & Mobilize Design-Build Contract (FY 2010) (Objective/Essential)	
*Measure specifics are addressed in the FY 2010 PEP.		
Measure 15.3	Achieve Beneficial Occupancy of TTF & Issue Report (FY 2011) (Objective/Essential)	
Expectation Statement: Achieve Beneficial Occupancy of TTF. Closeout the Demonstration Pilot and issue the Demonstration Report.		
Completion Target: This measure has been achieved when the Contractor has completed the following:		
<ol style="list-style-type: none"> 1. Achieved Beneficial Occupancy by June 30, 2011. 2. Complete punch list and closeout cost codes associated with the project by August 31, 2011. 3. Issued the Demonstration Pilot report addressing lessons learned, analysis of impacts of the pilot, and suggestions for the next pilot or modification of LANS standard practices as a result of the pilot by August 31, 2011. 		
Fee Schedule: Essential: \$200,000		
Assumptions Specific to this Measure:		
<ul style="list-style-type: none"> • Success in this measure is contingent upon project achieving a cumulative CPI ≥ 0.95 measured at the end of the FY. • Any issues beyond LANS or its subcontractor's control will be reviewed by LASO for exclusion. 		
Measure 15.4	Conduct First Tactical Exercise in TTF (FY 2011) (Objective/Stretch)	
Expectation Statement: Occupy the facility and conduct the first Tactical Exercise in the TTF by September 30, 2011.		
Completion Target: This measure has been achieved when the Contractor has completed the following by September 30, 2011:		
<ol style="list-style-type: none"> 1. Occupied the Facility with the appropriate training staff and equipment 2. Completed Hazards Identification and received safety approval to conduct exercises 3. Conducted the first full speed training exercise including non supervisory protective force members 		
Fee Schedule: Stretch: \$100,000		

**Measure 15.5 Construction of Indoor Firing Range (FY 2011)
(Objective/Stretch)**

Expectation Statement:

Substantial construction completion of the Indoor Firing Range by September 30, 2011.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2011:

1. To be determined once sufficient funding has been identified.

Fee Schedule:

Stretch: \$200,000

Assumptions Specific to this Measure:

- A Change Control action will be used to add Targets as funding becomes available.
- It is LANS and NNSA intent to be aggressive with the implementation schedule once funding is determined available.
- If sufficient funding is not identified to reach substantial completion, incentive fee (in part or in whole) may be applied elsewhere.

**Measure 15.6 Conduct First Tactical Exercise in Indoor Firing Range (FY 2012)
(Objective/Stretch)**

Expectation Statement:

Occupy the facility and conduct the first exercises in the Indoor Range by December 30, 2011.

Completion Target:

This measure has been achieved when the Contractor has completed the following by December 30, 2011:

1. Occupied the Facility with the appropriate training staff and equipment
2. Completed Hazards Identification and received safety approval to conduct exercises
3. Conducted the first live training exercises including non supervisory protective force members

Fee Schedule:

Stretch: \$200,000

**SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- This PBI shall be considered an element in the "operation" focus area for rollup and summarization purposes.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

**PBI No. 18
 Award Term**

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 18

Objective: **Award Term Incentives**

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

**SECTION 1
 GENERAL INFORMATION**

Revision Number and Date: Revision No.: 0 Date: August 24, 2010
 Maximum Available Incentive Fee: **\$0**
 Duration: Annual
 Fee Payment Type: Completion
 Principle LANS Owner: I. Richardson
 Principle COR: R. Snyder

**SECTION 2
 PERFORMANCE REQUIREMENTS**

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

Must achieve 4 of 5 measures in PBI 18 as well as the other gateways defined in the PEP in order to be eligible for award of an additional year to the contract.

**SECTION 3
 INDEX OF PERFORMANCE MEASURES**

		<u>Fee Type</u>
Measure 18.1	Multi-year Plans for Laboratory Sustainability	Award Term
Measure 18.2	Demonstrate Leadership in Plutonium Science	Award Term
Measure 18.3	Delivery of CMRR and NMSSUP II	Award Term
Measure 18.4	Reduce Site Nuclear Safety and Worker Safety Risks	Award Term
Measure 18.5	Strategic Supercomputing Applications and Technologies	Award Term

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2011.

Measure 18.1 **Multi-year Plans for Laboratory Sustainability
 (Award Term)**

Expectation Statement:

Devise integrated, resource loaded multi-year plans addressing laboratory sustainability.

Completion Target:

Develop and implement integrated, resource loaded multi-year plans to address the following:

- 1) Reduction in the cost of doing business at the site
- 2) Energy, water conservation & green house gas goals
- 3) Footprint reduction
- 4) Infrastructure investment

These plans will align to Departmental and Administration goals and objectives while assuring sustainment of the site capability and improving efficiency.

Deliverables:

Delivery of these objectives will occur when the Laboratory develops intermediate and endstate goals and objectives address laboratory sustainability. For the purposes of this Award Term measure, successful delivery of Draft plan(s) by May 1, 2011 and Final plan(s) by August 1, 2011 shall be documented by:

- 1) A high level Strategic Plan(s), from which the Technical Plans will be derived.
- 2) An integrated, resource loaded multi-year plan addressing site "Reduction in the cost of doing business at the site"; this plan will establish verifiable baselines and establish site specific targets as well as target areas
- 3) An integrated, resource loaded multi-year plan addressing site "Energy, water conservation & green house gas goals"; this plan will establish verifiable interim targets aligned to endstate goals assigned to the site
- 4) An integrated, resource loaded multi-year plan addressing site "Footprint reduction"
- 5) An integrated, resource loaded multi-year plan addressing site "Infrastructure investment" which includes both revitalization and removal aspects of investment

Assumptions Specific to This Measure:

- It is recognized that these plans overlap and have mutually synergistic aspects and may be packaged in to a single document. As aspects of each of these plans will be underway in FY 2011, these plans shall denote FY 2011 PEP efforts as well as any additional site efforts in FY 2011, while focusing on the period beyond FY 2011. It is expected that these plans will provide a foundation for objective measures in future PEPs (but not future ATIs).
- A 30 day comment period follows issuance of the draft plan(s).
- Resource loading is intended to associate anticipated actions with a planning cost estimate (by year) as a basis needed to assure sustainability and continued progress against the plan. The plan may be modified in future years as required due to changing priorities and resource availability. Plans are expected to be less detailed in out-years.
- Site budget impacts of plan execution will be weighed annually against competing priorities in coordination with NNSA, as appropriate.

**Measure 18.2 Demonstrate Leadership in Plutonium Science
(Award Term)**

Expectation Statement:

Begin implementation of the multi-year multi-program integrated *Plutonium Science and Research Strategy* developed in FY 2010 that supports cultivation and maturation of plutonium and actinide science. Identify educational and experience gaps, and develop a strategy to assure retention of senior personnel, and a pipeline of future viable mission talent in support of the plutonium and actinide missions of the laboratory.

Goal 1 – Rejuvenate and strengthen plutonium science and engineering. (*Strategies 1-8*)

1. Meet five of the FY11 strategies described in the implementation plan, examples include: initiate studies on the role of impurities on plutonium properties, studies to better understand thermal properties of plutonium alloys, develop new separations processes for plutonium, improved fuel systems, improved understanding of chemical bonding, etc. (*Strategies 1-8*)

Goal 2 – Recapitalize the scientific infrastructure for plutonium.

1. Re-establish the capability to cast alpha phase plutonium. (*Strategy 10.2*)

2. Initiate an effort to acquire and utilize Pu-242 to conduct small scale R&D in radiological facilities. *(Strategy 11.1)*
3. Develop a practical mechanism to ensure that TA-55 adequately supports plutonium and actinide science. *(Strategy 10.1)*
4. Maintain an institutional priority for plutonium science in the LDRD program. *(Strategy 9.1)*

Goal 3 – Increase workforce strength.

1. Develop an outline for updating the plutonium handbook, and an assessment of what resources (personnel and funding) it would take to complete the update. *(Strategy 14.1)*
2. Establish a baseline for plutonium and actinide science and engineering publications, and develop a mechanism for future year tracking. *(Strategy 14.1)*
3. Establish a technical working group series in plutonium and actinide science. *(Strategy 13.1)*
4. Host an external visiting scholar in plutonium or actinide science. *(Strategy 13.1)*
5. Develop a plutonium/actinide science visitor program and host four external lectures as part of the Seaborg lecture series. *(Strategy 13.1)*
6. Offer three “Plutonium Topics” summer lecture series as part of the Materials Science Summer Student Lecture series. *(Strategy 13.2)*
7. Complete a plutonium workforce gap analysis which identifies technical areas for focused recruitment. *(Strategy 13.2)*
8. Offer at least three summer Internships for targeted graduate students in plutonium science via the Seaborg Institute. *(Strategy 13.2)*

Completion Target:

This measure has been satisfied when the Contractor has completed the three goals and submitted summary reports demonstrating achievement by September 30, 2011.

Deliverables:

1. A summary report demonstrating completion of the actions taken in FY 2010 and FY 2011 to rejuvenate and strengthen plutonium science, to develop a practical mechanism for conducting plutonium science in PF-4.
2. A summary report demonstrating completion of actions taken in FY 2010 and FY 2011 to recapitalize the scientific infrastructure and establish the capability for casting alpha phase plutonium, and conducting small-scale R&D in radiological facilities using Pu-242.
3. A summary report demonstrating completion of the actions taken in FY 2010 and FY 2011 to increase workforce strength through visiting scholars, summer schools, working groups, new awards, etc.
4. A summary report demonstrating completion of the actions undertaken in FY 2010 and FY 2011 addressing areas of substantial collaboration with LLNL and external entities, onsite and remotely.
5. Provide deliverable updates to LASO at quarterly meetings and semi-annual updates to NNSA/DOE HQ.

**Measure 18.3 Delivery of CMRR and NMSSUP II
(Award Term)**

Expectation Statement:

LANS will accelerate and/or complete key Nuclear Materials Safeguards and Security Upgrades (NMSSUP) Phase II and CMRR milestones as well as integration and planning of the Pajarito Road corridor.

Completion Target:

This measure has been achieved when the Contractor has by September 30, 2011:

A. NMSSUP2

1. All Physical Construction is complete and accepted for the following subprojects: Utility Trunk, Utility Building and SWDS; North PIDADS; South PIDAS Enhancements and West Vehicle Access
 - Site conditions are returned to the desired endstate and associated temporary facilities, security compensatory measures, and construction impacts have been removed/remediated for the WVA.
 - Associated transition to Operations and Systems startup activities are complete and the security systems are operational for the WVA, UT/UB, and SWDS.

- Training requirements have been met and sufficient operators are in place. The MSA/AVCO will not be completed for the South PIDAS Enhancements.
 - Sector 7, 17, and transitions physical construction are complete.
2. Entry Control Facilities sub-project is well underway.
- All GFE equipment has been procured and delivered.
 - Associated PIDADS physical construction complete
 - Achieve at least a three (3) month Early Finish acceleration of the entire baseline ECF schedule activities (measured against the beneficial occupancy milestone as of September 20, 2011).

B. CMRR

- Actions necessary to issue and execute construction contracts for Infrastructure Package(s) in FY 2011 are achieved on schedule.
- Nuclear Facility basemat and structural design achieve planned maturity and schedule goals.
- Demonstrate acceleration of the RLUOB REI scheduled completion from FY 2013 to FY 2012.

Assumptions Specific to This Measure:

- CMRR schedules assume appropriate NEPA documentation is completed prior to March 30, 2011.
- For the purpose of this measure, South PIDAS efforts reflect only NMSSUP II funded work.
- Transition sectors are assumed to be part of the associated subproject effort.
- No other CMRR interface points change/interfere with South PIDAS enhancements.
- Construction substantial completion may include reasonable outstanding punchlist items.

**Measure 18.4 Reduce Site Nuclear Safety and Worker Safety Risks
(Award Term)**

Expectation Statement:

Address longstanding safety issues and demonstrate improvement on the following: Plutonium Facility seismic safety; nuclear facility safety bases and controls; work planning and work control.

Completion Target:

This Measure has been achieved when LANS has completed the following by September 30, 2011:

- A. 1. Addressed DNFSB Recommendation 09-2, *Los Alamos National Laboratory Plutonium Facility Seismic Safety*, by completing LANS FY 2011 commitments, described in 09-2 Implementation Plan, as transmitted to the DNFSB on July 13, 2010, by September 30, 2011.
- A. 2. Submitted FY 2011 annual updates as defined in a NNSA concurred list, submitted final Implementation Plans, as required, within 30 days of NNSA approval and (as scheduled in the Implementation Plan) implemented annual updates to documented safety analyses (DSAs) and technical safety requirements (TSR). Active management of annual DSA update submittals and implementation of the approved updates will be used to demonstrate that the annual update process required by 10 CFR 830, *Nuclear Safety Management*, is implemented at the Los Alamos National Laboratory.
- B. Improve activity-level work planning and work control for research and development activities, as well as other activities, as evidenced by:
- Executing upon the *Moderate Hazard Research & Development Safety Improvements at Los Alamos National Laboratory Integrated Project Execution Plan*, dated April 15, 2010.
 - Achieve a satisfactory rating from a federal work planning and work control assessment, anticipated for the fourth quarter of FY 2011, with no major issues identified.

Deliverables:

1. Evidence demonstrating completion of each LANS deliverable from the in 09-2 Implementation Plan commitment list.
2. Evidence demonstrating completion of each safety basis annual update submittal; the NNSA acceptance action ; the implementation verification review (IVR) report or an implementation status report, demonstrating implementation is on schedule if implementation is not completed if required.
3. Evidence demonstrating completion of the actions taken in FY 2010 and FY 2011 to improve activity-level work planning and work control; the LANS effectiveness reviews and follow-up reviews that demonstrate that the

improvements are implemented and sustained; the federal assessment, constituting federal acceptance of these improvements with no major issues identified.

Assumptions Specific to This Measure:

- Scope can be revised, based on emergent events, with LASO concurrence.
- For item 2, the annual update requirement can be found in 10 CFR 830, Subpart B, 830.202(c).
- For item 2, the DSA update milestones and due dates, as well as Implementation Plan milestones and due dates, can be changed with LASO concurrence. Due dates will be proposed by November 1, 2010.
- For item 3, the expected activity-level work planning improvements are outlined in the cited integrated project execution plan and in LASO memorandum SO: 21CC-240186, dated March 16, 2010. The federal assessment will utilize the NNSA criteria and review approaches (CRAD) document as its basis.
- Evidence packages may be submitted through summary reports referencing other submittals when appropriate

**Measure 18.5 Strategic Supercomputing Applications and Technologies
(Award Term)**

Expectation Statement:

Strategy and implementation of computational science and technology to meet national security programmatic needs.

Completion Target:

This measure has been achieved when the contractor has:

1. Developed strategies and plans for a exascale technology roadmap, in partnership with DOE/NNSA Laboratories, universities, and industry for:
 - a. Co-design of applications (models, methods, and codes) and exascale computing environment (hardware and software);
 - b. Next generation file systems;
 - c. System and application resilience;
 - d. Uncertainty quantification
 - e. Science simulation at scale
2. Developed multi-year facilities requirements to support exascale applications and systems.
3. Successful delivery, acceptance, and utilization of the Cielo supercomputer.

Deliverables:

1. Lead development of an Exascale technology roadmap (in an integrated manner with participation and peer review by other laboratories, universities, and industry), to include: programmatic needs and targeted applications in nuclear weapons science, climate, energy and materials; co-design methodologies spanning hardware, software, and experimental data; science and technology partnerships involving DOE/NNSA Laboratories, universities, and industry; staffing strategy for recruiting and retaining Laboratory staff consistent with roadmap and programmatic funding.
2. Multi-year Facilities plan for exascale systems
3. Begin verifiable programmatic work on Cielo (1.03 PF system) for NNSA Tri-Lab community prior to June 30, 2011.

Assumptions Specific to This Measure:

- LANS will confirm receipt of sufficient direct funding and endorsement by appropriate sponsors and stakeholders to fully execute this measure by January 15, 2011.

SECTION 5
ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS

List foreseeable impacts to performance.

- The NNSA and LANS, LLC will agree within 30 days of receipt of final appropriations, or by mutually agreed to date if under a long-term Continuing Resolution, that the funding is sufficient to accomplish these measures. If by this date, Continuing Resolution funding or final appropriation is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 30 calendar days. If interim Continuing Resolution funding is less than the President's Budget Request, LANS shall identify any impacts to the FY 2011 PEP measures within 15 business days following the approval of the Continuing Resolution.
- If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2011.
- If LANS cannot meet/complete an Award Term Incentive (ATI) because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated.
- All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)

PBI No. 19
ARRA – Environmental Management (Multi-Year PBI)

FY 2011 PERFORMANCE BASED INCENTIVE

PBI No. 19

Objective: **ARRA - Environmental Management**

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

SECTION 1
GENERAL INFORMATION

Revision Number and Date: Revision No.: 0 Date: August 24, 2010

Maximum Available Fee: **\$2,506,000 (Essential) (2010) +**
\$2,900,000 (Essential) (2011) + \$600,000 (Stretch) (2011) =
\$6,006,000

Duration: Annual

Fee Payment Type: Completion

Principal LANS Owner: M. Graham

Principal LASO Owner: G. Rael

SECTION 2
PERFORMANCE REQUIREMENTS

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

In order to earn any incentive fee in PBI 19 stretch measures, the following two gateways must be met:

1. Earn ≥80% total objective essential fee in the aggregate fee area of Programs.
2. Earn an adjectival rating of at least "Very Good" in the essential Program Subjective measures.

33% of objective essential fee associated with PBI 19 awarded in FY 2010 and FY 2011 may be deducted from fee earned in FY 2011 if ARRA funded EM stimulus scope as defined in the FY 2009 (Measures 19.1, 19.2, 19.3, 19.5, 19.6, and 19.8) is not completed prior to September 30, 2011

SECTION 3
INDEX OF PERFORMANCE MEASURES

		Allocate Fee	Fee Type E/S	
<u>FY 2010 Measures</u>				
Measure 19.1	MDA-B Remediation	\$800,000	E	
Measure 19.2	Building Removal	\$531,000	E	
Measure 19.3	Well Drilling Program	\$675,000	E	
Measure 19.4	Environmental ARRA Planning, Preparation & Execution	\$500,000	E	Subjective
<u>FY 2011 Measures</u>				
Measure 19.5	MDA-B Remediation	\$1,000,000	E	
Measure 19.6	Building Removal	\$900,000	E	
Measure 19.7	Additional Environmental Scope	\$600,000	S	

Measure 19.8	Well Drilling Program	\$500,000	E	
Measure 19.9	Environmental ARRA Planning, Preparation & Execution	\$500,000	E	Subjective

**SECTION 4
 PERFORMANCE MEASURES**

List associated performance measures, expectations, targets, and fee schedules for FY 2011

Measure 19.1	MDA-B Remediation (FY 2010) (Objective/Essential)
Measure 19.2	Building Removal (FY 2010) (Objective/Essential)
Measure 19.3	Well Drilling Program (FY 2010) (Objective/Essential)
Measure 19.4	Environmental ARRA Planning, Preparation and Execution (FY 2010) (Subjective/Essential)

*Measure specifics are addressed in the FY 2010 PEP

Measure 19.5 **MDA-B Remediation (FY 2011)
(Objective/Essential)**

Expectation Statement:

Complete FY 2011 remediation of MDA-B

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30,2011.

1. Submit Investigation/Remediation Completion Report to the New Mexico Environmental Department (NMED) in accordance with the Consent Order established date.
2. Complete waste disposition and site restoration.
3. Submit CD-4 completion package.

Fee Schedule:

Essential: \$ 1,000,000

- \$800,000 for successful completion of Target 1
- \$100,000 for successful completion of Target 2
- \$100,000 for successful completion of Target 3

Assumption Specific to this Measure:

- If NMED adjusts the Consent Order completion report due date, the delivery date in this measure is adjusted accordingly.
- LANL and LASO will agree on content of MDA B CD-4 package (with HQ concurrence) by January 31, 2011.
- CD-4 completion package will be submitted based on receiving NMED (Regulator) concurrence by April 30, 2011 that remediation of MDA B is complete.
- If any of the 2 above dates cannot be met, the measure and fee for target 3 will be reevaluated.
- If an appropriate disposal path is unavailable or requires a disposal schedule beyond September 30, 2011, then that waste volume will be excluded from Target 2.

- If NMED requires additional field activities to achieve an end state or substantive new requirements are placed on the project then completion dates and FY11 targets will be renegotiated.

**Measure 19.6 Building Removal (FY 2011)
(Objective/Essential)**

Expectation Statement:

Complete FY 2011 TA-21 Building Decontamination and Demolition

Completion Target:

This measure has been achieved when the Contractor has completed the following by the stated time periods:

1. Demolished down to the slab the following buildings at DP West: 21-3, 21-314/21-4, 21-5 and 21-315/21-116 by end of Q3 of FY2011
2. Demolished buildings 21-152 and 21-209 at DP East; demolished slab for DP East buildings 21-166, 21-167, 21-370, 21-152 and 21-209 by end of Q3 of FY2011
3. Completed sub-grade soil remediation and site restoration for the buildings demolished at DP East; completed site restoration of the TSTA facility footprint by end of Q4, 2011.

Fee Schedule:

Essential: \$ 900,000

- \$300,000 for successful completion of Target 1
- \$250,000 for successful completion of Target 2
- \$350,000 for successful completion of Target 3

**Measure 19.7 Additional Environmental Scope (FY2011)
(Objective/Stretch)**

Expectation Statement:

Complete additional scope not required by the initial ARRA Work Authorizations.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2011:

1. Accomplished \$5 to \$15M of additional work scope within the Environmental Program.

Fee Schedule:

Stretch: \$600,000

- 100% fee will be earned if \$15M or more of additional scope is performed
 - 0% fee will be earned if \$5M or less of additional scope is performed
- Fee will be proportioned based on a ratio of the additional scope performed

Assumption Specific to this Measure:

- LASO approves BCP(s) identifying \$15M of additional scope, by Dec. 31, 2010 (goal to complete by end of FY11)
- Dollar value of additional scope will be calculated based on Earned Value, using existing baseline estimates to identify \$15M of scope
- Additional specific assumptions will be developed when the scope for this measure is definitized

**Measure 19.8 Well Drilling Program (FY 2011)
(Objective/Essential)**

Expectation Statement:

Complete the well drilling program approved for execution under the ARRA Project

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2011:

1. Completed drilling well R-60 at MDA C
2. Submitted the Well Completion Reports to NMED by the date/timeframe required by the Consent Order for each of the regional and intermediate wells drilled in FY 2010 and FY2011
3. Complete the waste management disposition activities for the wells drilled in FY 2010 and FY2011
4. Completed restoration activities at the drilling sites for the wells drilled in FY 2010 and FY2011

Fee Schedule:

Essential: \$500,000

Assumption Specific to this Measure:

- Well drilling is considered completed when "NMED Complete" has been achieved as defined in the Consent Order and the well has been completed on or before the date specified in the Consent Order or in NMED written guidance to LANL.
- In the event that NMED materially changes the content or schedule of the well drilling plan, LANL and LASO will renegotiate the target and/or fee for this measure
- In the event LANL encounters hazardous or mixed low level waste (MLLW) resulting in waste disposition delays, LANL and LASO will renegotiate this measure.
- If NMED adjusts a completion report due date, the delivery date in this measure is adjusted accordingly.
- If an appropriate disposal path is unavailable or requires a disposal schedule beyond September 30, 2011, then that waste volume will be excluded from target #3.

**Measure 19.9 Environmental ARRA Planning, Preparation and Execution
(Subjective/Essential)**

Expectation Statement:

The NNSA will subjectively evaluate the contractor's performance in areas that enable it to meet EM ARRA work objectives.

Completion Target:

This measure has been achieved when the Contractor has completed the following by September 30, 2011:

Fee Schedule:

Subjective/Essential: \$ 500,000

<p>19.9 Environmental ARRA Planning, Preparation, and Execution</p>	<p>The list below represents subject areas to be considered for scoring. Less than expected performance in a given area does not necessarily equate to a failed score. Similarly, this list is not considered all inclusive and other topics, issues, or area of concern may be commented on under this criterion.</p> <ul style="list-style-type: none"> • Demonstrate excellence and professionalism in the planning, preparation, and execution of EM ARRA programs, projects and activities, with emphasis on relationship with Customer and Regulator. • Receipt of Notice of Violations (NOVs) from NMED for work under the scope of ARRA. • Cost and schedule indices • Formal communication with NMED on ARRA scope is documented and made a matter of record. • Proactive management of external and internal interfaces. • Management of emergent issues • ARRA project closeouts
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**SECTION 5
 ASSUMPTIONS / TECHNICAL BOUNDARY CONDITIONS**

- List foreseeable impacts to performance.*
- If LANS cannot meet/complete a PBI because of conditions or events that are outside of LANS' ability to control, the PBI will be renegotiated with the associated technical justification.
 - This PBI shall be considered an element in the "programs" focus area for rollup and summarization purposes.
 - In the event there is redirection on scope from HQ or NMED, LANL and LASO will revisit scheduled scope and/or PBI measures.
 - All calculations for determining performance ratings shall be rounded to one tenth of a decimal point. (e.g., 88.88 = 88.9)
 - Performance Objectives (POs) 3.3, 10, 11, 12, 13, 14, and 19.9 may each address elements of concern and/or success associated with a common driver, deliverable or initiator.
 - Subjective POs are divided into "bins" only to facilitate communication. Each "bin" contains suggested topics to aid in monthly discussion and monitoring. Outcome of a topic is not individually indicative of success or failure; nor do topics limit the range of discussions or range of evaluation under a PO.
 - Site restoration includes grading, hydro-seeding and measures to mitigate stormwater run-off. If no specific due date is referenced with any of the PBI completion elements, the due date of that element is to be September 30, 2010 and 2011 respectively.
 - Scope detail is contained in the specific ARRA baseline documents.

~ End of Document