

**Idaho National Laboratory (INL)  
Contract Management Plan  
Contract No. DE-AC07-05ID14517**

**Purpose**

The purpose of this Contract Management Plan (CMP) is to provide guidance to Department of Energy-Idaho Operations Office (DOE-ID) employees involved with the oversight of the management and operating (M&O) contract with Battelle Energy Alliance (BEA), LLC, Contract No. DE-AC07-05ID14517. The CMP defines the processes that DOE-ID will implement in alliance with BEA to assure the terms and conditions of the contract are met. The CMP will provide an overarching guide to DOE-ID employees on the roles and responsibilities involved with contract oversight and compliance with contract requirements. The CMP is required by the Department of Energy (DOE) Acquisition Guide, Chapter 42.5 for all DOE M&O contracts.

The CMP is to be:

- (1) a useful tool for administering the Contract;
- (2) an executive summary of the roles and responsibilities for this contract administration;
- (3) a description of contract administration activities and responsibilities;
- (4) a flexible tool and adaptable to changing circumstances.

A key component of effective contract management under this plan will be the use of an integrated INL team of DOE and contractor staff, focused on the common goal of successful performance of the contract.

The CMP is intended solely to provide guidance to Government employees and should not be construed to create any rights or obligations on the part of the DOE, the contractor or its employees. It is not intended to be either prescriptive or inclusive of all actions necessary to support and/or administer the contract.

**1.0 Contract Scope**

DOE-ID awarded a performance-based M&O contract, on November 9, 2004, to BEA for the operation of the Idaho National Laboratory (INL). The INL is a science-based, applied engineering Federally-Funded Research and Development Center (FFRDC). DOE's vision for the INL is to enhance the Nation's security by becoming the preeminent nuclear research, development, and demonstration laboratory within ten years. The INL will also establish itself as a center for national security technology development and demonstration. This requires that the INL be a multi-program National Laboratory with world-class nuclear capabilities. The INL will foster new Government, industry, academic and international collaborations to produce the investment, programs and expertise that assure this vision is realized.

## **2.0 Contract Administration**

This section provides a general description of contract administration activities required to ensure contract requirements are being met and performance is meeting expectations. These activities are the responsibility of the Contracting Officer and DOE-ID with support from the Office of Nuclear Energy, Science and Technology as the Lead Program Office. These activities include DOE-ID's oversight of the contractor's implementation of the Federal Acquisition Regulations (FAR) and Department of Energy Acquisition Regulations (DEAR) requirements and locally developed special clauses (Section H of the contract.)

Required contract administration functions are cited in FAR Subpart 42.3. Of major importance in contract administration is the coordination and monitoring of the technical, safety, regulatory, quality, security and business requirements to ensure that the contractor performs to such requirements. The following subsections, which are not all inclusive, highlight management and administrative functions that represent some of the more critical areas in the execution of the INL contract administration.

Contract administration is defined as those functions specified in FAR, Subpart 42.3. Typical contract administration functions specified within the FAR/DEAR include, but are not limited to:

- Contract Administration and Audit Services as specified in FAR Part 42;
- Cost Accounting Standards administration as specified in FAR Part 30;
- Contract modifications as specified in FAR Part 43 and contract clause I-53, "Changes";
- Subcontracting requirements as specified in FAR Part 44 and contract clause FAR 52.244-5, "Competition in Subcontracting", FAR 52.219-9, "Small Business and Subcontracting Plan", I.54, "Contractor Purchasing System";
- Government Property as specified in FAR Part 45 and contract clause I.55, "Property";
- Budgeting and obligating funds as specified in contract clause I. 42, "Payments and Advances," and I.44, "Obligation of Funds."

## **3.0 Authorities and Limitations of Contract Management Team (CMT)**

A Contract Management Team (CMT), as identified below, has been established to manage all dealings between the government and the contractor, from contract award until all workscope has been completed, accepted and final payment has been issued. The INL contract places duties and responsibilities on both the M&O contractor and DOE. Identifying these roles and responsibilities as well as applying the appropriate level of surveillance and risk mitigation is a priority for the CMT in successful execution of the CMP.

Successful management and administration of this contract requires the coordinated efforts of the CMT and includes the DOE-ID Manager, Deputy Manager, Assistant Managers, Legal Counsel, Contracting Officer (CO), Contracting Officer's Representatives (COR's), Technical Monitors (TM's), and Subject Matter Experts (SME's) such as the Industrial Relation Specialist, Property Administrator and Realty Specialist. This CMP delineates the authorities, roles, and responsibilities of the CMT and describes the responsibilities and authorities regarding key contract administration and oversight duties.

Head of Contracting Activity and Authority: The Manager, DOE-ID, is the Head of the Contracting Activity (HCA) for DOE-ID. All procurement authority at DOE-ID flows from DOE Procurement Executive through the HCA. All actions that require CO authority are executed by the HCA or by COs appointed by the HCA. As specified in the contract clause I.19, DEAR 970.5215-3, "Conditional Payment of Fee, Profit, and Other Incentives-Facility Management Controls," the DOE-ID Manager has unilateral determination authority to reduce earned fees if the contractor does not meet minimum contract requirements.

Contracting Officer Authority: The CO is designated in clause G-1 of the contract and has authority to enter into, administer, or terminate Federal Contracts for goods and services. The CO must ensure that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met. The CO is also responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the Contract, and safeguarding the interests of the United States in its contractual relationships. The Federal Acquisition Regulation (FAR) allows the CO wide latitude to exercise business judgment. This duty includes the balanced objective of safeguarding the interests of the United States in its contractual relationships and ensuring that contractors receive impartial, fair, and equitable treatment. FAR 1.602-1 and FAR 1.602-2 describe the authority and responsibility of the Contracting Officer.

The CO, through properly written modification(s) to the contract, is the only person authorized to make changes to cost, scope and schedule.

COR Authority: The COR is designated by the CO to advise and assist the CO in management of the contract pursuant to clause G.1 of the contract. The COR also has primary responsibility for providing technical direction, as stated in clause G.2 DEAR 952.242-70, "Technical Direction", to the Contractor and also performs contract management and performance oversight, with support from appropriate DOE-ID management and staff.

The COR is not authorized to change any of the terms and conditions of this contract. The COR will have specific authorities related to technical guidance and inspection and the CO will prescribe these to him/her in writing. The CO will also notify the contractors in writing of the specific authorities granted to the COR. Specific tasks to be performed by the COR are described in detail in the COR designation letter.

DOE O 541.1B establishes the procedures governing the selection, appointment, and termination of DOE Contracting Officers and Contracting Officer Representatives.

**Functional Expert Authority:** The term “Functional Expert” is synonymous with a Subject Matter Expert (SME). A Functional Expert (FE) is the person assigned the functional responsibility as cited in OD-101, “Functions, Responsibilities, and Authorities”, as listed in the IDMS system, or described by their position description, or otherwise specified in DOE Directives that are incorporated in the contract. The FE may support the CO in performance of day-to-day contract administration activities. However, absent a specific delegation of authority, a Functional Expert does not have the authority to act as a designated CO or COR. Therefore, in executing their assigned responsibilities, FE is not authorized to change the terms and conditions of the contract, increase or decrease contract cost, or determine allowability or unallowability of costs. As with CORs, FE’s are subject to the Ethics in Government Act and the Procurement Integrity Act.

#### **4.0 Identification of Key CMT Members**

Various DOE-ID organizational elements have contract management responsibilities and ownership for actions associated with this contract such as integrated safety management, quality assurance, budget development and oversight, contract management, financial management, and program/project management as identified below.

**Manager:** The Manager serves as main operational interface in support of the Cognizant Secretarial Officers’ (e.g., NE, EM, etc.) responsibilities at the Idaho site and ensures conduct of programs for various DOE Program Offices and other Federal Agencies are consistent with program guidance and applicable local, state and federal laws and regulations. The Manager represents the Department in all matters related to contracts and agreements made under ID authority or assigned for execution.

**Deputy Manager (DM):** The DM is responsible to the Manager for Federal oversight of the DOE-ID office. Provides programmatic management, direction, policy, and monitoring of programs on site, as well as responsibility for institutional health, long-term planning, and landlord activities. Serves as main operational interface in support of NE’s Lead Program Officer responsibilities at the INL; ensures conduct of programs for various DOE Program Offices and other Federal Agencies are consistent with program guidance and applicable local, state and federal laws and regulations.

**Chief Operating Officer/Chief Financial Officer (COO/CFO):** The COO/CFO provides a single organizational focus for key management functions in the areas of operations management, human capital, financial management, information technology, acquisition management, operational safety, safeguards and security, environmental safety and health and quality assurance, as well as for selected organizational transformation initiatives; responsible for managing the day-to-day execution of the DOE-ID mission, including, but not limited to, staffing, organization, allocation of resources, scheduling, and procurement, through subordinate Assistant Managers and other personnel. The COO/CFO is the DOE-ID financial authority responsible for making all appropriations and authorizing all expenditures for DOE-ID.

**Senior Safety Advisor (SSA):** The SSA provides advice and assistance to the Manager, DM, and the COO/CFO on nuclear and industrial safety for all operations. The SSA is the recognized DOE-ID expert in all aspects of nuclear and industrial safety for all operations. The SSA formulates and conducts technical safety analyses of safety programs and their programmatic impacts on operations and provides high-level professional advice on all safety issues relating to safety and risk/preventative management strategies. The SSA conducts risk assessments of hazards identified through operational safety oversight, Facility Representatives, or in response to accident/incidents or requests from management.

**Office of the Chief Counsel (OCC):** OCC is the DOE-ID legal office. OCC provides professional legal counsel and legal interpretations of statutes, cases, regulations, and orders applicable to DOE-ID's programs, projects, and functions. OCC also addresses legal issues relating to management practices, economic productivity, environmental quality, national security, energy resources, and science and technology.

**Assistant Manager for Research and Development (AMRD):** The AMRD organization is responsible for oversight of INL contractor performance on nuclear energy, national security, and other research and development projects. The organization performs oversight to ensure adherence to contract cost, scope, and schedule commitments, as well as to ensure the projects are conducted safely and efficiently.

**Assistant Manager for Lab Operations (AMLO):** AMLO is responsible for oversight of INL facility and infrastructure operations, maintenance, planning, and other activities associated with safe and cost-effective facility and infrastructure operations at the INL. The organization is also responsible for the Radiological and Environmental Sciences Laboratory, a government-owned, government-operated laboratory on the Idaho site.

**Assistant Manager for Operational Support (AMOS):** AMOS is responsible for managing those federal resources that provide contractually and otherwise required oversight of the contractors' operations in the areas of operational safety, work control, safeguards and security, environmental safety and health, quality assurance, nuclear safety, and information technology. Responsibilities include recruiting, training, qualification, and requalification of adequate numbers of highly qualified facility representatives and subject matter experts. Operational Support personnel work closely with the federal line organizations to ensure that contractors perform and accomplish the assigned missions in a safe and effective manner in accordance with the contract requirements and guiding principles and core functions of integrated safety management.

**Assistant Manager for Administration Services (AMAS):** AMAS provides a comprehensive business perspective to its customers while aligning itself with the strategic goals of the office. The Assistant Manager is the Deputy CFO for DOE-ID. The organization encompasses five specific disciplines – Financial Services, Budget Services, Procurement Services, Human Resources and a multi-functional team dedicated to oversight of the INL and the ICP contracts.

## CMT Members

Manager/HCA	Elizabeth D. Sellers	208-526-5665
Contracting Officer	Michael L. Adams	298-526-5277
Deputy Manager	Vacant	208-526-2497
Chief Operating Officer	M. Chris Ott	208-526-5711
Senior Safety Advisor	Robert Stallman	208-526-1995
Chief Counsel	Amy Grose (COR)	208-526-3078
Acting AM for Research & Development	Ray Furstenuau (COR)	208-526-0193
Acting AM for Laboratory Operations	Roger Wilbur (COR)	208-526-3508
Acting AM for Operational Support	G.L. Beausoleil	208-526-5558
Acting AM for Administration Services	Paul B. Keele (COR)	208-526-1064
Security & Emergency Mgt. Div.	Robert L. Green (COR)	208-526-2216
Deputy Chief Counsel, Intellectual Property	Dan Parks	630-252-2176
Industrial Relations Specialist	Kelly D. Lemons	208-526-5453
Property Administrator	Carla Dunn	208-526-9249
Real Estate Specialist	Mike Stephens	208-526-1411

\* Temporary COR

## 5.0 Contract Identification

Contract Title: Management and Operations of the Idaho National Laboratory

Contractor Name: Battelle Energy Alliance, LLC

Contract Type: Cost Reimbursement with performance-based incentives

Contract Number: DE-AC07-05ID14517

Performance Period: November 9, 2004 through September 30, 2014

Total Contract Value: \$4.8B

## 6.0 Contractor Key Personnel

In accordance with contract clause DEAR 952.215-70 -- Key Personnel, the personnel positions listed below and the specific individuals listed in the contract are considered essential to the work being performed under this contract. Before removing, replacing, or diverting any of the listed or specified personnel, the Contractor must: (1) notify the Contracting Officer reasonably in advance; (2) submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this contract; and (3) obtain the Contracting Officer's written approval.

## Position

Laboratory Director  
Deputy Laboratory Director for Next Generation Nuclear Plant  
Deputy Laboratory Director for Operations  
Associate Laboratory Director, Science and Technology, Chief Research Officer  
Associate Laboratory Director, Nuclear Programs  
Associate Laboratory Director, National and Homeland Security  
Associate Laboratory Director, Nuclear Operations  
Associate Laboratory Director, Specific Manufacturing Capability  
Director, Business Management and Chief Financial Officer  
Director, Environmental, Safety, Health, and Quality  
Director, Communications  
Director, Facilities and Site Support  
Director, Science and Technology Strategic Planning  
Director, Infrastructure Optimization, Integration, and Planning  
Director, Technology Partnerships  
Director, Education, Training, and Research Partnerships

## **7.0 DOE-ID Elements and Methods of Contractor Oversight**

### **7.1 Contract Oversight Model (COM)**

DOE-ID oversight activities related to contractor performance and deliverables will ensure that work being conducted by the contractor is consistent with the established contract, approved processes and oversight plans, and those applicable requirements (e.g., statutes, Federal, State, and Local Laws/Regulations, DOE Orders, and policies). In accordance with FAR 42.302, periodic project, program, or functional surveillances and assessments may be performed to evaluate the contractor progress and identify any factors that may delay performance or adversely affect environmental protection or protection of worker health and safety. Inspection criteria, acceptance criteria and contractual risk determinations, will be identified and monitored based on the Contract Oversight Model (COM), and applicable contract clauses and provisions. The CO, COR, and other designated staff will perform periodic surveillances against established criteria in the contract and the COM. The DOE-ID Manager is responsible for determining the extent of surveillances to be performed.

Contractor performance oversight at DOE-ID will be conducted in accordance with the COM that implements a consistent organization wide process for directing appropriate contractor oversight based on risk and consequence. The COM is based on the identification of management systems required by contract, specific programs or projects, or major functional activities that require appropriate oversight by both the government and contractor. Once the elements have been identified, each is

subjected to a two-part assessment of risk including the severity of the potential consequences and the probability of the risk occurring. On the basis of the risk determination, the element is assigned an oversight technique. Both the risk assessment and the assignment of oversight techniques will be based on the application of the contractor's Assurance System (CAS). When fully deployed, the COM process will permit DOE-ID to focus resources on appropriate oversight areas and to adjust oversight based on the contractor's success in implementing its Contractor Assurance System.

All oversight elements will be analyzed to determine their overall risk. Risk is defined as possible consequence expressed in terms of severity and probability. Oversight elements will be risk evaluated using a structured and quantifiable process (consequence multiplied by probability). The risk determination process will allow DOE-ID to view risk on a comprehensive institutional basis and therefore facilitate the assignment of oversight resources, ensure oversight rigor/depth is consistent with risk levels, and provide an additional tool for management in establishing priority and emphasis.

In the application of the COM, DOE-ID's objective is to increase the consideration of performance-based results in oversight activities, ensure that oversight is graded to risk, increase contractor accountability, increase the utilization of systems validation versus transactions verification, and provide for a deliberate approach for all DOE-ID oversight activities. DOE-ID's oversight model is categorized into six major elements:

- Identification of oversight elements
- Completion of risk determinations
- Integration of program/projects and functional elements
- Assignment of oversight techniques
- Creation of formal oversight plans
- Evaluation of the Contractor's Assurance System (CAS)

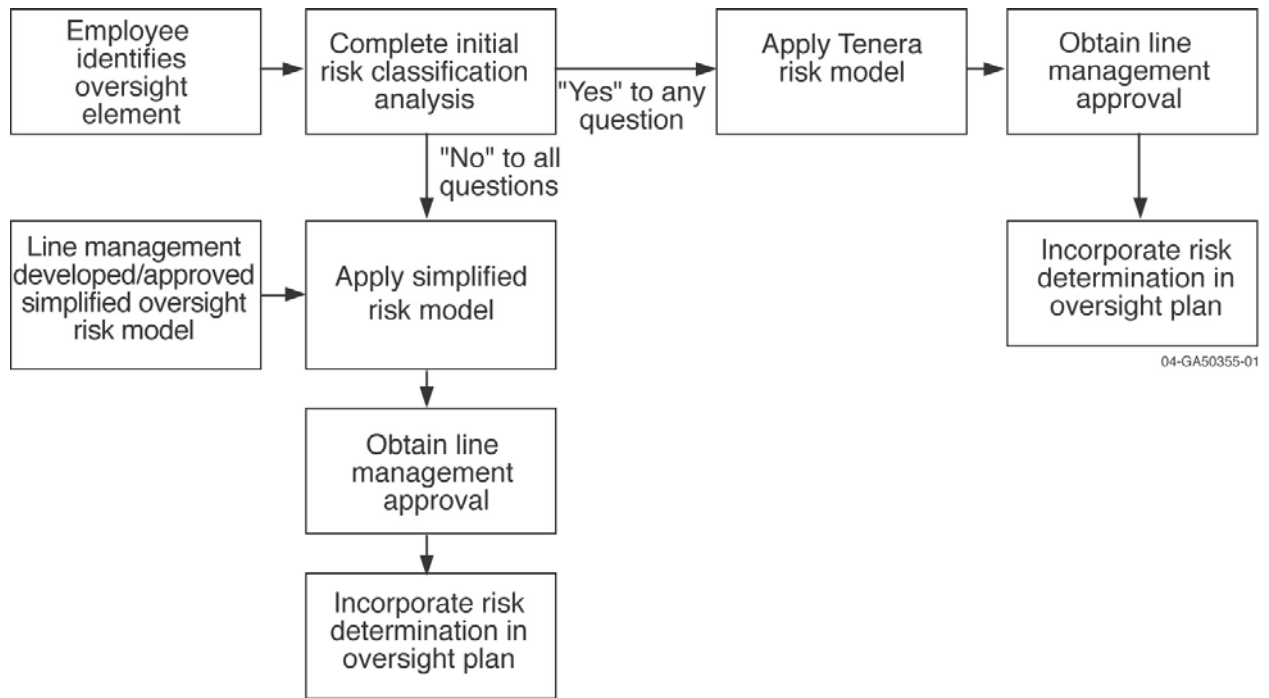
## 7.2 Risk Assessment

A common oversight principle of the COM will be the determination of risk factors for being successful in achieving the requirements of the contract. Risk is defined as a possible consequence expressed in terms of severity and probability. Risk quantifies potential impacts to programs, safety and the environment. Contractor oversight will take hazards, risk, and past performance into account. The oversight of high-risk, immature, or poorly performing areas will be more frequent or in greater depth.

Oversight activities will be based on clearly communicated expectations and oversight activities. Oversight activities will be reduced in scope and frequency as DOE-ID line management gains confidence in the contractor assurance process and as performance indicators and measures are validated.



DOE-ID Risk determination process:



7.3 Contractor Assurance System

Contract provision, H.4. requires the contractor to develop a Contract Assurance System that as a minimum has the following key attributes: comprehensive description of risks, validation process, notification to the Contracting Officer, independent assessment reviews, trending reports with metrics and an implementation plan for the Contractor Assurance System.

It is envisioned that when the CAS is implemented and matures, oversight will be conducted from a system level or perspective. The goal is to reduce evaluations when the contractor demonstrates an effective self-assessment program that includes self-identification, taking appropriate corrective actions, and successful follow-on action to prevent recurrence and improve performance. If the contractor's performance is deficient, and management processes have not produced the desired results, DOE-ID can increase evaluations in order to protect the government's interest. A general exception to the systems level oversight approach will be for high hazard nuclear facilities and activities.

#### 7.4 Oversight Activities

Oversight activities, including surveillances, may include formal reviews or informal observation and review of work activities. All DOE-ID offices responsible for supporting the DOE-ID Manager in conducting contractor oversight will include in their office procedures or practices, details of their approach for performing such oversight activities. Anyone involved in performing oversight activities will avoid any action that may; (1) be inadvertently inconsistent with any contract requirements, or (2) result in claims or waivers, changes, or other contract modifications.

Oversight may also include or utilize readiness reviews, periodic program assessment, status reports, performance incentive measures, peer reviews, evaluation of contractor self-assessment and improvement processes and independent oversight conducted by HQ, or other external entities.

#### 7.5 Contract Data Requirements List (CDRL)

Section J, Attachment I, “Contract Data Requirements List,” contains the deliverables required by the contractor during contract performance to be submitted to DOE for review, approval or information. The CDRL is a unique contract tool that identifies source requirements for the deliverable to DOE such as contract provisions or clauses, DOE orders, operating or policy manuals, program and management plans, interagency agreements, other contracts or agreements. It also identifies the type of DOE submittal titles, the level of required reviews and approvals, submission dates, review time-period and responsible staff member. These deliverables provide much of the information required to monitor the contractor’s performance relative to the contract requirements.

#### 7.6 Contract Clauses and Provisions

The following contract clauses provide for contractor requirements and government remedies associated with a comprehensive oversight approach to administering the BEA contract.

I.19. DEAR 970.5215-3, “Conditional Payment of Fee, Profit, and Other Incentives-Facility Management and Operating Contracts,” provides for a unilateral reduction of the contractor’s fee if the contractor does not comply with the terms and conditions of the contract relating to environment, safety and health (ES&H), including performance under an approved Integrated Safety Management System, or does not meet minimum requirements for specified level of performance or does not meet minimum requirements for cost performance

I.10. DEAR 970.5203-1, "Management Controls," holds the contractor responsible for integrating effective management control systems for both administrative and programmatic functions satisfactory to DOE. The contractor is responsible for maintaining, as a part of its operational responsibilities, a baseline quality assurance program that implements documented performance, quality standards, and control and assessment techniques.

I.22. DEAR 970.5223-1, "Integration of Environment, Safety, and Health into Work Planning and Execution" requires that on an annual basis, the contractor shall review and update, for DOE approval, its safety performance objectives, performance measures, and commitments consistent with and in response to DOE's program and budget execution guidance and direction. Accordingly, the System shall be integrated with the contractor's business processes for work planning, budgeting, authorization, execution, and change control.

H.22. "Internal Audit," defines the approach the Contractor shall follow in meeting DEAR 970.5232-3 (h)(3)(i). The contractor shall conduct an internal audit and examination program in accordance with the DOE Cooperative Audit Strategy as outlined in Department of Energy Acquisition Guide, Chapter 70, Part 4; Government Auditing Standards (yellow book, dated May 2002) and Internal Auditing Standards (red book, dated January 2002) for records, operations, expenses, and transactions with respect to costs claimed to be allowable and allocable under this contract. The requirements of this clause may be satisfied by the Contractor Assurance System if the referenced standards are included or used in the validation process of that system. (This is a direct quote from H.22.)

H.41. "Performance Guarantee" requires signature by all parent companies, members, partners, or other similar parent entities that have ownership or management rights over the contractor and is incorporated into the contract in Section J, Attachment C.

I.52. DEAR 970.5242-1 – "Penalties for Unallowable Costs" provides for penalties if a contractor includes unallowable costs in a submission for settlement for cost incurred as defined in the clause.

H.23. "Project Management System" requires the contractor to establish and maintain a Project Management System containing the policies, procedures, and tools that assure projects are completed on time and within budget. The contractor shall apply this system to all work scope, using a graded approach based upon the nature, complexity, risk, size, and sensitivity of the work being performed. Attributes of this system shall include the following: definition and organization of the work scope, planning, scheduling and cost estimating, work authorization, performance assessment, change management, reporting and closeout.

H.24. “Unallowability of Certain Costs” states that “purchases made by contractor employees not authorized through the purchasing system or by written direction of the Contracting Officer are unallowable”.

## **8.0 Project Management Control System**

The contractor is implementing a Project Management System in accordance with H. 23. The system must describe the policies, procedures, and tools that assure projects are completed on time and within budget. The system will address how this will be applied to all work scope, using a graded approach based upon the nature, complexity, risk, size, and sensitivity of the work being performed. Elements of the system will include the Project Management Control System, a description of the development and control of the Baseline, and a description of baseline status reporting. Attributes of this system shall include: definition and organization of the work scope, planning, scheduling and cost estimating; work authorization; performance assessment; change management; reporting; and closeout.

## **9.0 Integrated Safety Management System (ISMS)**

DOE-ID is responsible for ensuring that work performed at its sites is conducted efficiently and in a manner that ensures protection of workers, the public, and the environment. To formalize this responsibility, the DOE-ID Integrated Safety Management System (ISMS) establishes a formal, organized process, based on key guiding principles and core functions, to ensure that work hazards are identified and mitigated and that safety, health, and environmental considerations are factored into all work activities. The DOE-ID ISM is described in the organization's Safety System Description Document.

The principles that guide implementation of ISM systems are: (1) line management is directly responsible for the protection of the public, the workers, and the environment; (2) clear and unambiguous lines of authority and responsibility for ensuring safety are established and maintained at all organizational levels within the Department and its contractors; (3) personnel possess the experience, knowledge, skills, and abilities that are necessary to discharge their responsibilities; (4) resources are effectively allocated to address safety and programmatic considerations; (5) hazards are evaluated and an agreed-upon set of safety standards and requirements are established to ensure adequate protection from adverse consequences; (6) administrative and engineering controls are established to prevent and mitigate hazards; and (7) conditions and requirements for operations to be initiated and conducted are clearly established and agreed upon by all involved parties.

## 10.0 Key Contract Aspects

The Doe's vision is for the INL to enhance the Nation's energy security by becoming the preeminent, internationally recognized nuclear energy research, development, and demonstration laboratory within ten years. The INL will also establish itself as a major center for national security technology development and demonstration. This requires that the INL be a multi-program National Laboratory with world-class nuclear capabilities. The INL will foster new academic industry, Government, and international collaborations to produce the investment, programs and expertise that assure this vision is realized. In order to successfully achieve DOE's vision for the INL the following vulnerabilities will need to be managed by the CMT, contractor and DOE-ID:

- Identify national or commercial standards and best business practices that can be used in place of DOE requirements based on DOE approval.
- Implement the DOE-ID Contract Oversight Model for contract administration with an emphasis on risk levels and oversight of contractor's processes rather than transactions.
- Establish and maintain collaborative relationships to ensure substantial financial and technical support for INL programs.
- Establish an employee management system that assures successful accomplishments of all contract activities and resolves issues pertaining to employee transition, pay and benefits, and labor relations.
- Establish a world-class reputation as a National Laboratory.
- Foster new academic, industry, Government, and international collaborations to produce the investment, programs and expertise that assure this vision is realized.
- Obtain from INL collaborative partners substantial financial and technical support for INL programs.
- Develop and use innovative strategies for financing and investing in the laboratory's facility and capital infrastructure requirements and programs. Reduce non-core services and functions through innovative business arrangements as validated by DOE.
- Challenge laboratory practices and policies that do not provide a favorable cost-benefit return to program missions.
- Manage the long-term separation and provision of mandatory and other site services between INL contractor and other site contractors.

## **11.0 Contract Transition Planning with Other Site Tenants**

In 2003 the Secretary of Energy announced the department's decision to compete and award separate contracts to implement the Department's plan to revitalize the nuclear energy mission at the Idaho Laboratory complex under the Office of Nuclear Energy, Science and Technology and to accelerate the environmental cleanup of the site under the Office of Environmental Management (EM). The award of the INL contract was accomplished on November 9, 2004, and the EM contract or Idaho Cleanup Project (ICP) was awarded on March 3, 2005. The following actions were initiated to support this decision:

Requirements were established in the INL contract to ensure the successful transition between the INL contract and the ICP contractor and other site tenants. Interface agreements between the site contractors are required to ensure successful transition on cross-cutting issues such as safeguards and security, facility and program transfers, regulatory requirements and other arrangements of mutual benefit.

SOW, Section C, 2.3.G, Relationship with Existing Site Tenants and the ICP Contractor, requires the INL contractor to assume all existing Memoranda of Understandings, other contracts for service, and support INL tenants described in Section J, Attachment J-F entitled, "Tenant Agreements."

The INL contractor is required to provide "Mandatory Site Services" as required in the SOW, Section C, 2.3.G.2.a., (Relationship with Existing Site Tenants and ICP Contractor), and in Section J, Attachment F-6.1 entitled "Mandatory Site Services Provided to ICP Contractor."

The INL contractor is also required to have a formal agreement in place with the ICP contractor describing how the "Other Site Services" as required in the SOW, Section C, 2.3.G.2.b., (Relationship with Existing Site Tenants and ICP Contractor), and in Section J, Attachment F-6.2 entitled "Other Site Services," will be implemented.

## **12.0 Performance Evaluation Measurement Plan (PEMP) Approach and Process**

### **12.1 Approach**

The DOE intends to capitalize on the expertise and experience of the contractor while increasing contractor accountability for high performance and responsiveness under this performance-based contract. The performance-based fee earned is linked to the overall performance of the contractor in meeting mission requirements and ES&H, business management, operational and other aspects of the management and operations of the laboratory. The contractor is encouraged to propose outcome based, and where appropriate, multi-year performance measures with long-term benefits for the INL.

Where long-term outcomes are identified, fee may be paid as established interim milestones are achieved until the outcome is met. Due to the nature, variety and complexity of the work performed, opportunities exist to utilize multiple fee arrangements. The performance fee amount may consist of an incentive fee component for objective performance measures and an award fee component for subjective performance measures, or some combination of both.

Also, DOE may determine that partial fee be paid in recognition of partial achievement of a performance incentive (e.g. late delivery of a product or late achievement of an incentive) that results in a tangible benefit to the government. Fee payments for an incentive may be reduced based on DOE's assessment of the overall quality or timeliness of the performance measure deliverable provided by the contractor.

Performance-based management for this contract includes clearly identifying the goals and outcomes, which will lead to the overall success of the INL in meeting customer needs; determining performance objectives for meeting these needs; deciding what to measure and the appropriate data collection methods; establishing challenging yet realistic performance expectations; maintaining operational awareness; and collecting performance data, assessing actual performance against measures, and using the results to improve performance.

Prior to the beginning of each performance period under the contract, the CO will enter into negotiations with the contractor to establish performance objectives, measures, and allocation of fee. In the event that the Government and the contractor fail to agree on any of these PEMP areas, a unilateral determination will be made by the CO. At the conclusion of each evaluation period, the contractor's performance of all requirements, including performance-based incentives completed, will be evaluated. Based on the contractor's performance, a final determination of the total available fee amount earned by the contractor will be made by the DOE-ID Operations Office Manager.

The total available fee for the contract is provided in contract Section B.2, Fee, and has been established for all contract periods. Fee is subject to adjustment only under the provisions of the clause in Section I, DEAR 970-5243-1, "Changes."

## 12.2. PEMP Process

The contract utilizes a perform-based management system to measure progress of the contractor in satisfying the Statement of Work and contract terms and conditions. A multi-year PEMP will be negotiated between the DOE-ID and the INL based on the vision of the Statement of Work, objectives of the Laboratory Strategic Plan (multi-year), and the Laboratory Agenda (annual). Part III Section J, Attachment K, "Performance Evaluation Measurement Plan (PEMP)," identifies the process of establishing performance objectives and incentives by which the contractor's performance will be measured by DOE-ID.

The PEMP will establish performance requirements and measures for evaluation of performance and distribution of potential fee to be earned in accordance with Section I.17, DEAR 970.5215-1, "Total Available Fee: Base Fee Amount and Performance Fee Amount."

Contract clause H.28, Unearned Fee, states unearned fee cannot be carried over or used to fund other incentive arrangements of this contract. Other conditions affecting the payment of contractor fee are provided at contract clause I.42 DEAR 970-5232-2, "Payments and Advances," contract clause I.19. DEAR 970.5215-3, "Conditional Payment of Fee, Profit and Other Incentives –Facility Management Contracts," and Section J, Attachment K, "Performance Evaluation Measurement Plan."

The fee allocation strategy for the laboratory contract is based on the principle that performance-based fee should be viewed as a benefit to the government; that as the contractor performs well, more fee should be earned than if the contractor did not perform well. This strategy is consistent with contract reform. This principle leads to a strategy of incrementally rewarding exemplary performance rather than incentivizing particular activities and deliverables. Such a strategy transcends a narrow focus on individual outputs and elevates the performance discussion to the allocation strategy aligned with the DOE Strategic Plan and Strategic Plan for the Laboratory. It should represent the collective wisdom, formed in partnership, of the senior leadership of DOD-HQ, DOE-ID, and the Contractor. The fee paid to the contractor will also reflect the basic principles underlying the Department's fee policy at DEAR 970.1504-4-, that the amount of available fee should reflect the financial risk assumed.

The PEMP reporting system is a shared electronic database that is used by DOE-ID and BEA to manage PEMP performance status. The system includes reporting, change control and close-out tools that facilitate efficient management of the PEMP processes. System characteristics include easy retrieval of input performance data, system reports, electronic approval capabilities, e-mail messaging to prompt awaiting approval reviews, and document progress tracking.

DOE-ID and INL PEMP Outcome Owners (with assistance from their respective Contracting Officer or Prime Contract offices) are responsible for designating personnel who will provide input to the on-line status reporting system.

All status-reporting activities are to be completed on-line by the user at the following site:

<http://webhome4/pempfy06/>

Monthly Status Report - DOE-ID PEMP status information and reports are due to the HCA on a monthly basis. Note: DOE-ID users can view the DOE-ID monthly status reports; they cannot view INL monthly status reports. INL users can view the INL monthly status reports; they cannot view DOE-ID monthly status reports.



Additional Reports - The “Available Fee Totals” report is available to all users. This report is a list of all measures showing the accountable individual, due date, and fee amount. The “Status Comparison” report is only available to PEMP administrators; it is a side-by-side listing for each open measure of the monthly status projected achievement ratings (high/ medium/ low) as reported by DOE-ID and INL. The “Monthly Measure” report, available to all users, is the current monthly status.

Change Control - Any revisions to the Outcome measures must be processed through the established change control process. Electronic approvals are completed by the DOE-ID COR and Owner, and the INL Leadership Management (LM) and Owner. Following these approvals, the change control Form 210.01 is printed for the required Contracting Officer’s and Fee Determining Official’s approvals, and then incorporated by contract modification.

Close-out of Measures - Upon completion of a measure/expectation, close-out is entered by the BEA person with status rights for that measure. It is then routed for review by assigned DOE-ID/BEA Technical Monitors (TM), and routed for approvals to INL Management and DOE-ID COR, the BEA Outcome Owner, and the DOE-ID Outcome Owner.

The close-out and approval of measures/fee are to be based on the specific expectation and fee statements in the performance measure. DOE-ID will also provide a quality assessment for each measure in close-out. The close-out process will not be a negotiation between INL and DOE-ID, but rather an independent evaluation of the contractor performance in accordance with the specified measures. Once all measures have been closed out, the INL Prime Contract office submits a request for payment of fee letter to the DOE-ID CO, who approves/disapproves the fee amount.

If there are any conflicts regarding the monthly status or final disposition of performance evaluation, it should be elevated to the COR and then to the CO. The COR is requested to identify to the CO and the Prime Contract Manager any measures that require a “judgment” decision on their part, due to issues raised between INL and DOE-ID during the close-out process.

## **13.0 Stop Work Authority**

### **13.1 DOE Employees**

Due to the immediate need to stop work where the contractor’s acts or failures to act cause substantial harm or present an imminent danger to the environment or health and safety of employees or the public, any DOE employee may exercise the stop work authority contemplated in Section I clause entitled, “Integration of Environment, Safety, and Health Into Work Planning and Execution” (DEAR 970.5223-1).

### 13.2 Contracting Officer (CO)

Contract section H.13, Stop Work and Shutdown Authority, states that in accordance with Section F-5, entitled “Stop Work Order” (FAR 52.242-15), only the CO is allowed to stop work or shutdown facilities for reasons other than imminent danger to the environment or health and safety of employees and the public.

## **14.0 Work Authorization System**

The SOW, Section C, is the broad statement of requirements that the contractor is expected to provide to the Government. The SOW is the work description that establishes the basis by which all other work direction is prepared. As a multi-program laboratory, INL will be expected to support all of the DOE’s program offices, including the Office of Nuclear Energy, Science and Technology; the Office of Science; the National Nuclear Security Administration; the Office of Energy Efficiency and Renewable Energy; the Office of Fossil Energy; the Office of Civilian Radioactive Waste Management; the Office of Environmental Management; and the Office of Electricity Transmission and Distribution. In addition, INL will support a broad range of other Federal agencies, academia and the private sector.

The contract establishes several requirements for work authorization and control. These requirements include DEAR 970.5203-1 “Management Controls”, DOE O 412.1A “Work Authorization System,” DOE 413.3-1 “Project Management for the Acquisition of Capital Assets,” DOE O 481.1A “Reimbursable Work for the Department of Homeland Security,” DOE O 481.1B “Work For Others,” DOE O 482.1 “DOE Facilities Technology Partnering Programs,” DOE O 483.1 “DOE Cooperative Research & Development Agreements,” and Contract Clause H.23 “Project Management System.” Authorizations to the contractor to proceed with work will be provided through approved work authorization processes described in appropriate contract requirements such as multi-year work plan, work authorization statements and work for others requests. Work is not authorized to commence until the contractor receives both funding and related work authorization guidance.

As stated in H.2, “Defining the Federal/Contractor Relationship,” the Government shall provide program and performance direction regarding what is expected in each program area. The Contractor shall determine how the program requirements are to be executed and shall be accountable for performance in accordance with the terms and conditions of this contract. The Contractor shall use the flexibilities granted under this contract to exercise its expertise and ingenuity in determining the optimal approach to accomplish assigned work in the most effective and efficient manner. As detailed in Section G, the Government shall issue technical direction only through a warranted CO or a designated COR. All other Federal staff are specifically precluded from tasking contractor personnel.

Non-DOE funded work scope and associated funding may be added to the contract throughout the budget execution year, if the work is considered appropriate under the current contract scope. Work scopes, funding, deliverables, reporting requirements etc. will be defined by the funding customer. Non-DOE funded work will be placed on the contract by the CO through appropriate mechanisms.

Laboratory management systems will need to be flexible and adaptable to accommodate customer requirements, types of work to be conducted, and funding arrangements.

### **15.0 Integrated Safety Management System (ISMS)**

The DOE, in response to the Defense Nuclear Facilities Safety Board (DNFSB) Recommendation 95-2, committed to implementing a plan to institutionalize a Safety Management System (SMS) across the DOE complex. The plan uses contract clauses that require contractors to follow ISMS objectives, guiding principles and core functions, and to describe the approach for implementing and tailoring SMS to the operating contractor activities.

In managing and operating the INL, the contractor will be held accountable for safety management performance as stated in SOW Section 2.4, “Environmental, Safety, and Health Requirements.” This is also accomplished by incorporating the DEAR Clause 970.5223-1, “Integration of Environmental, Safety, and Health into Work Planning and Execution,” into the contract and as a flow down provision to subcontractors performing complex and hazardous work at the laboratory.

It is the policy of DOE-ID that the SMS described within Section J, Attachment G, List of Applicable DOE Directives, DOE Policy 450.4 “Safety Management System Policy,” will be used to integrate safety into management and work practices at all levels so that missions are accomplished while protecting the public, the worker, and the environment. This is accomplished through effective integration of safety management into facets of work planning and execution.

Performance metrics are negotiated annually between DOE-ID and the contractor. These metrics describe what is to be measured and contain target performance objectives and commitments that are used to rate performance as part of an annual contract appraisal process. Both parties monitor performance during the year, and performance is evaluated at the end of the year. The ES&H performance metrics are designed to evaluate both the ES&H outcomes and the management systems that produce those outcomes. The Site Manager is responsible for ensuring that the plan is implemented.

### **16.0. Contract Communication Process**

The following guidance is provided related to communications between DOE and the contractor in executing the contract and interfacing with the public.

16.1 Public Communications.

As stated in H.11 “Public Communications”, a communication strategy in accordance with DEAR 952.204-75 will be developed to support communicating with the public regarding the government’s missions in energy, national security, science and the environment and building informed consent that will allow the INL to move forward with new, but potentially controversial projects that contribute to these missions. This responsibility shall be carried out in such a manner that the public has a clear understanding of activities at the INL.

16.2 Formal Communications with the Contractor.

All formal direction to the contractor is issued by the DOE-ID Manager (as HCA), or as delegated, the CO, or the COR within designated authority in accordance with G.3. Such direction should be in writing, but may be provided orally. A written record of direction should be created for such oral directions. All formal written correspondence to the contractor should include the contract number within the subject line. Correspondence will include the following statement, where applicable:

"The Government considers this action to be within the scope of the existing contract and therefore, the action does not involve or authorize any delay in delivery or additional cost to the Government, either direct or indirect."

The following caveat should be included within the body of correspondence issued by the COR:

“The action taken herein is considered to be within the scope of work of the existing contract and does not authorize the Contractor to incur any additional costs (either direct or indirect) or delay delivery to the Government. If the Contractor considers that carrying out this action will increase contract costs or delay of delivery, the Contractor shall promptly notify the Contracting Officer orally, confirming and explaining the notification in writing within five (5) working days. Following submission of the written notice of impacts, the Contractor shall await further direction from the Contracting Officer..”

The CO must be on concurrence for all correspondence to the contractor (e.g., technical direction by the COR) and receive a copy when issued. Only the CO has the authority to interpret the contract terms and conditions or make changes to the contract.

To ensure correspondence control, all formal correspondence should be addressed to the contractor's local contract manager, and cite the contract number and applicable contract provision and/or CDRL item in the letter's subject line. Formal communication from the contractor should follow a formal contract correspondence tracking system with commitments appropriately assigned and tracked for timely completion.

Informal communications with the Contractor. Informal communications can occur between DOE-ID employees and any contractor employees. This type of communication is non-binding for both the government and the contractor and does not constitute contract direction (i.e., formal communication). Informal communication can take the form of electronic mail, retrievable databases, telephone, facsimile, presentations, meetings, and other means.

Informal communications between DOE-ID and contractor staff are needed for proper oversight coordination. This communication should be constructive in nature. Avoid requesting information obtainable by other means. In their informal communications, DOE-ID staff need to avoid the impression the communications are formal. When the CO or COR is engaging in informal communications, s/he must be careful to identify those communications as non-binding.

Other Communications. During the performance of this contract, the Contractor will also be required to communicate with non-DOE-ID member(s) in conjunction with its responsibilities and work scope. The following parties most likely to be involved are DOE-Headquarters, other federal agencies and offices including the Environmental Protection Agency and General Accountability Office, other site contractors and officials from state agencies including the Idaho State Department of Health and Welfare. Because these entities are outside of the contractual relationship between the Contractor and DOE-ID, their communications to the Contractor may not be construed as contractual direction to change the scope or terms and conditions of the contract. It is expected, however, that these interactions will be fully coordinated with the appropriate DOE-ID project and communications staff.

In addition, DOE-ID will emphasize the need to coordinate all interaction with local, state, regional and national media with the DOE-ID Communications Office, and headquarters counterparts. All news releases, media interviews and other formal interactions with media need to be coordinated with the DOE-ID Communications Team Lead, or his designee. DOE-ID will ensure that all the appropriate headquarters approvals and clearances for these activities are obtained. These activities are currently governed by the March 24, 2004, memo from former DOE Under Secretary Robert Card entitled "Prior Notifications," and the July 28, 2004, Memorandum from William Magwood, Director, Office of Nuclear Energy, Science and Technology, entitled "Actions Requiring DOE-1 Approval."

These documents specifically identify the types of communications that need previous headquarters approval. These limitations also apply to interactions with congressional members and their staffs.

## **17.0 DOE-ID Training**

A seven-month training effort to examine all aspects of contract management and the role of the Government employee in oversight of the contract has been completed at the Idaho Operations Office. All DOE employees were required to attend a Contract Management Seminar Series to better understand the contract requirements and oversight responsibilities for the INL and ICP contracts.

## **18.0 Unique contract terms and conditions**

The following contract terms and conditions are unique to the INL contract.

F.1 Contract Term The contract term is for a period of ten (10) years to ensure a long-term contractual relationship is established to revitalize the nuclear energy mission at the Idaho Laboratory complex, and achieve the INL vision for becoming the preeminent nuclear research, development, and demonstration laboratory. The contract may be extended for a period(s) not to exceed five years.

F.4 Special Assessment of Contractor Performance DOE shall conduct a Special Assessment of the Contractor's overall performance, to date, by September 30, 2008. This assessment shall include (1) performance against established performance standards as a part of the Performance Evaluation Measurement Plan, required by the Section I clause entitled "Total Available Fee: Base Fee Amount and Performance Fee," and (2) performance of contract requirements not incentivized through the Performance Evaluation Measurement Plan including achievement and/or progress toward the objectives of the overall Statement of Work. This Special Assessment is in addition to the periodic performance appraisals and evaluations otherwise required by this Contract. If the results of the Special Assessment indicate, in DOE's sole discretion, that the level of the Contractor's performance has not met performance expectations, the contract term may be reduced unilaterally by the Contracting Officer.

H.14 Work Force Transition and Human Resources Management. A significant aspect of contract performance involves the INL contractor's approach to labor relations. The contract contains a number of requirements addressing not only how the INL contractor will attract, retain, and motivate a highly-skilled work force to accomplish the DOE vision, but also how the contractor will address difficult issues associated with transitioning the work force from the two incumbent contractors into a seamless organization.

The contractor is required to establish the management structures necessary to conduct employee relations and develop a comprehensive plan describing the Contractor's Employee Management Program. This plan must demonstrate how the Contractor will (1) ensure realignment of INL resources while ensuring an orderly transition from Bechtel BWXT Idaho, LLC (BBWI) and the University of Chicago (collectively referred to as the "incumbent contractors"); (2) be fair to employees while maintaining a productive and flexible work force; (3) promote the stability of collective bargaining relationships; (4) minimize the cost of transition and its impact on DOE programs; and (5) assure access to a sufficient work force with the skills necessary to meet contract requirements.

This contract provision also requires the contractor address the transition of non-management employees and management employees, pay and benefits, pensions and other employee benefits, post contract responsibilities, senior executive compensation and labor relations.

H.34 Agreements and Commitments. Incorporates resources into the contract as committed by the contractor in their proposal to enhance INL nuclear energy, national security, and science and technology programs. Failure to provide or make progress toward achieving these agreements are subject to the Section I clause, "Conditional Payment of Fee, Profit and Other Incentives—Facility Management Contracts." Resource commitments are incorporated into the contract as an attachment in Section J, Attachment R. The contract requires a plan for integrating these resources into the INL, including how the agreements and commitments will be managed, funded, made available and contribute to INL programs.

Section J, Attachment I, Contract Data Requirements List. This attachment contains the contract deliverables required by the contractor during contract performance to be submitted to DOE for review, approval, or information. The CDRL is a unique contract tool that identifies source requirements for the deliverable to DOE such as contract provisions or clauses, DOE orders, operating or policy manuals, program and management plans, interagency agreements, other contracts, or agreements. It also identifies the type of DOE submittal titles, the level of required reviews and approvals, submission dates, review time-period and responsible staff member. These deliverables provide much of the information required to monitor the contractor's performance relative to the contract requirements.