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WHETSTONE

RFP NRO000-11-R-0394

Award Fee Plan

6 May 2011

Approved: _____ Date: _____
Fee Determining Official

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1. Introduction

1.1. Purpose

This award fee plan prescribes the responsibilities, procedures, and criteria required to evaluate contractor performance on the [redacted] Systems Support Services contract and to determine the amount of fee to be awarded/earned by the contractor pursuant to the award fee provisions of the contract. Award fee covers the contract work effort that can be evaluated qualitatively and subjectively. When the contract contains defined deliverables or other schedule/milestone-based requirements, the award fee plan must focus primarily on schedule attainment. Because all other potential factors for consideration cannot be defined precisely, award fee evaluations, recommendations, and determinations will not be strictly limited to the guidelines of this plan. The Government may consider any item affecting contractor performance. Award fee determinations are made by the Fee Determining Official (FDO). These determinations and the methodology for determining the award fee are unilateral decisions made solely at the discretion of the Government.

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1.2. Definitions

Award Fee Pool is the total of the available award fee for each evaluation period and base fee (if applicable) for the life of the contract.

Award Fee Period is a period of time specified in the Award Fee Plan which may be defined by a fixed start date and end date, or by completion of technical events, during which the contractor's performance is evaluated against pre-defined evaluation criteria to determine the amount of award fee earned.

Award Fee Evaluation is the formal process by which the members of the Government's Award Review Board (ARB) assess contractor performance during an award fee period for purposes of recommending to the Fee Determining Official (FDO) an appropriate amount of award fee to award.

Award Fee Earned is that portion of the award fee pool for a particular award fee period that the FDO determines has been earned by the contractor based on the Government's evaluation of the contractor's performance during the period.

Award Fee Unearned is the balance of the award fee pool remaining after paying the contractor the award fee earned for a given award fee period.

1.3. Objectives

- Communicate clearly Government objectives and priorities to the contractor as they relate to contract performance.
- Incentivize the contractor to improve performance, identify and execute cost efficiencies, and exceed contract objectives.
- Enhance Government-contractor communications in all areas of contract performance.
- Provide a systematic method for fairly evaluating contractor performance, including the conditions under which such performance was achieved, and determining the amount of award fee to be awarded to the contractor.

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- Allow the Government flexibility to prioritize contractor performance to those areas of greatest importance to the Government at any given time, and to assure that the contractor understands these priorities.

2. Organization and Responsibilities

2.1. *Fee Determining Official*

The FDO is the designated Government official who reviews the recommendations of the ARB, considers any other appropriate data, and determines the amount of award fee to be awarded/earned by the contractor for performance in accordance with the terms and conditions of the contract. The FDO is also responsible for approving ARB membership and changes to this plan. The FDO shall make a determination for each evaluation period detailed in this plan.

The FDO for this contract is Director, Program Office (D,) or Designee.

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2.2. *Award Review Board*

The ARB is comprised of Government officials responsible for establishing specific evaluation criteria and their relative order of importance for each evaluation period, and for assessing contractor performance. The ARB provides the FDO with recommendations for award fees commensurate with its evaluation of contractor performance. The ARB Chairperson appoints the Technical and Business Monitors and the ARB Recorder. ARB membership is specified in Appendix A of this plan.

2.3. *Technical and Business Monitors*

These individuals are designated by the chairperson of the ARB to monitor specific assigned areas of the work to be performed, evaluate the contractor's performance, and submit such data to the ARB. More specifically, the technical and business monitors shall:

- a. Assist the COTR in monitoring contractor's performance, determining whether minimum contract effort is being accomplished and, if accomplishments exceed minimums, determining by how much.
- b. Determine if contract requirements established in the SOW are met or exceeded.
- c. Acquire data and information on contractor performance to document positive and negative achievements by the contractor.
- d. Present to the ARB their conclusions reached in accordance with paragraphs (a) and (b) above.
- e. Rate contractor performance in accordance with Table 2: Rating Standards, and recommend to the ARB new priorities for contractor performance.

2.4. *ARB Recorder*

The Recorder is an ARB member (often a non-voting member) responsible for coordinating and documenting ARB actions as well as assuring this award fee plan is followed by the Government.

3. Award Fee Process

The award fee process consists of the following steps:

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- The Technical and Business Monitors will observe contractor performance against the evaluation criteria, and maintain written records of their observations. They will provide the results of their evaluations in detailed briefing charts to the ARB within 14 days of each award fee evaluation period. These reports will describe observed contractor strengths and weaknesses during the period. Additionally, they will rate each evaluation criterion and recommend future evaluation criteria/priorities, and may recommend an award fee amount.
 - ARB members must consider whether changes should be made to the evaluation criteria for the next period and, if appropriate, provide the revised criteria for the upcoming period as part of the FDO briefing. The revised criteria will be provided to the contractor as soon after the FDO briefing as practicable and not later than 30 days after the new period begins.
 - The FDO may request a contractor performance self-assessment, either in writing or in the form of an oral briefing and is not required unless requested.
 - The ARB will review the Monitor reports and obtain/consider pertinent data from other sources as desired (including the contractor's self-assessment and their own assessments). The ARB establishes the relative importance of each evaluation criterion (which must be consistent with the relative order of importance of the criteria previously provided to the contractor). Applying appropriate judgment and striving to achieve an equitable and fair evaluation, the ARB will develop and present to the FDO its evaluation of contractor performance and recommend to the FDO a fee amount to be awarded to the contractor for the period.
 - The FDO will review the ARB evaluation and recommendations, and consider pertinent data from any other sources, including any additional information provided by the contractor at the FDO's request. The FDO may either accept or amend the ARB's recommendation. The FDO will determine the contractor's performance rating and the amount of award fee to be awarded to the contractor for the period. The FDO shall document his/her decision in writing, especially when the FDO awards a fee other than that recommended by the ARB. The FDO may simply sign the briefing charts presented by the ARB and, if necessary, write on those charts to document the FDO decision. The Contracting Officer shall retain the FDO determination in the contract file. The FDO must sign an award determination before the award fee contract modification may be signed by the Contracting Officer. Award fee determinations shall be incorporated into the contract by unilateral modification.
 - The FDO's award fee determination must be conveyed to the contractor in a manner that provides a concise assessment of the contractor's overall performance during the period, with emphasis on those areas in which improvement is required. The ARB Chairperson shall offer a more detailed assessment of performance to the contractor.

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4. Schedule

The following actions will normally be accomplished within the number of calendar days shown following completion of each evaluation period:

Action	Days After End of Period
Revised Evaluation Criteria for Next Award Fee Period	NLT 30
Submission of ARB Recommendation to the FDO	NLT 25
FDO Determination	NLT 30
Modification of Contract	NLT 45

5. Evaluation Criteria

The criteria against which the contractor's performance will be evaluated are specified in Appendix B of the Award Fee Plan, and represent the most significant part of the plan.

- During the Award Fee debriefing to the contractor, the Government may provide special emphasis items most pertinent to the upcoming Award Fee period, in addition to any revised evaluation criteria, together with a list of specific factors considered in the criterion and category for the upcoming period. Failure to provide revised evaluation criteria means that the existing criteria still apply. These revised evaluation criteria shall be included in the Award Fee modification for the subject period.
- All of the factors that bear on the contractor's performance for any given period cannot possibly be identified in advance. Therefore, it is understood that the evaluation criteria identified will be representative of the factors pertinent to evaluation of contractor performance, but do not represent an all-inclusive list. The Government reserves the right to consider any factor(s) pertinent to the contractor's performance during any given evaluation period.

6. Scoring and Rating Performance

The contractor will earn an award fee by achieving a level of effectiveness, as determined by the FDO, in accordance with the award fee rating standards. The ARB will evaluate each item listed in Appendix B, either separately or aggregately, in accordance with the rating standards set forth in the table below. The FDO will derive the overall performance rating for the period based upon all information available.

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The rating standards are defined as follows:



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7. Award Fee Plan Changes

This is the Government's plan for administering the award fee provisions of the contract. Therefore, except as expressly limited below, the Government may modify this plan unilaterally, in whole or in part, at any time during performance of the contract, with or without prior notice to the contractor.

8. Interim Feedback to the Contractor

During an evaluation period, typically at the midpoint, the ARB Chairperson may ascertain whether any areas of contractor performance require improvement. The ARB Chairperson will document areas needing improvement and other areas of Government concern. After FDO approval, the Contracting Officer will send this document to the contractor.

The need for interim feedback will vary according to the circumstances involved, such as the length of the evaluation period, contractor performance in previous periods, the nature or criticality of the period's work, etc. Hence, Government failure to provide interim feedback does not preclude the Government from considering any deficiency in contractor performance when the FDO determines the amount of fee awarded to the contractor.

9. Disposition of Unearned Fee

The FDO may direct all or any portion of unearned Award Fee to be de-obligated, added to a subsequent award fee period, or used to establish a new award fee period. This allows possible future application to any subsequent period(s) and/or special incentive(s) related to, for example, the contractor's overall performance, achievement of specific program objectives, or contributions to mission success. If approved, the Contracting Officer shall process a unilateral modification specifying the amount and the evaluation criteria that apply to this unearned fee that also modifies this Award Fee Plan by adding a new appendix that contains all needed details. Fee made available for earning in this manner must be funded from current appropriations.

10. Termination for Convenience

If the Government terminates this contract for convenience, the amount of award fee the contractor is entitled shall be determined as follows:

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- Award fee earned or earnable by the contractor for award fee evaluation periods completed prior to the effective date of the termination are not affected by the termination.
- Award fee deemed earned and to be paid for performance during the period in which the termination becomes effective will be a matter of equitable adjustment in accordance with the Termination clause of the contract.
- The remaining award fee dollars for all periods after the period in which the termination becomes effective will not be considered earned or earnable and, therefore, will not be paid.

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Appendix A: Award Review Membership & Advisors

The FDO's ARB and Evaluation Monitors shall typically include, but are not limited to, the following Government officials:

Fee Determining Officials: Director, SIGINT

Members:

Deputy Director, (1)

COTR (2)

Director, Systems Engineering and Integration

Director, Space and Launch

Director, Command and Control

Director, Program Control

Director, Security

Director, Contracts

Procuring Contracting Officer

Recorder (3)

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Advisors (3)

Performance Monitors

NRO Office of General Counsel

The numbers listed after members' names are defined as:

(1) Chairperson

(2) Alternate Chairperson

(3) Non-voting

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Appendix B: Award Fee Evaluation Criteria

The contractor shall be evaluated relative to accomplishments and are not necessarily limited to the following evaluation criteria. The contractor is reminded that exclusion of an item from this list does not in any way obviate the contractor's requirement to satisfy all aspects of the contract work effort and Statement of Work.

Transition (First Period unless otherwise specified)

1. The ability to provide at contract start qualified key personnel, commensurate with the requisite skill mix to meet the needs of the contract during this period, with emphasis on the transition and interaction with incumbent counterparts;
2. The ability to provide qualified key and non-key personnel, with emphasis on the transition and interaction with incumbent counterparts;
3. Open and timely communications with the COTR and CO to ensure rapid transition issue identification and proposed mitigation/resolution;
4. The ability to effectively communicate with and assume responsibilities, as outlined in the SOW, from the incumbent contractor within the specified transition period;
5. Effective execution of the transition plan;
6. The quality and timeliness of collaboration with Government, FFRDC and incumbent Contractor;
7. The timely submission of Contractor-personnel security approval requests and any other security needs to meet a successful and timely transition;
8. The ability to effectively produce and execute an outgoing transition plan as required in the SOW (Last Period Only).

Technical Performance

1. The analysis, interpretation, definition, verification and/or execution of technical requirements;
2. Comprehension of and compliance with the detailed and/or functional requirements documents [including the Statement of Work (SOW)];
3. The ability to identify technical deficiencies and recommend and/or carry out practical solutions;
4. Extent to which the contractor proactively identifies technical opportunities, innovations, and approaches to improve operations or gain efficiencies;
5. The extent of technical collaboration with Government staff, FFRDC staff, and other Contractors in a manner that is determined to be in the best interest of the Government;
6. Timely responsiveness to in-scope technical direction by the Contracting Officer Technical Representative(s) (COTRs) or designated government lead minimizing the adverse impact of changes or directions on cost, schedule, technical or any other aspect of the effort (any impact to cost that increases the value of the effort and/or may lead to an overrun must be approved in advance by the Contracting Officer).

Program Management Performance

1. The use and effectiveness of program planning and organization management techniques;
 2. The ability to effectively manage and/or provide timely, accurate, and substantive technical direction to Subcontractors;
 3. The ability to identify and execute innovative and creative solutions to produce cost efficiencies within the corresponding Award Fee Period while maintaining contract and mission requirements;
 4. The ability to provide, properly place, and/or effectively use qualified personnel, including the ability to retain the workforce (prime personnel, key personnel, and subcontractors) with requisite clearances and skills;
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5. The ability to execute solid transition plans in the event of personnel departures;
 6. The effective use of Government and Contractor resources;
 7. Ability of the contractor to meet surge requirements;
 8. The timely recognition and/or anticipation of risks and opportunities;
 9. The ability to proactively focus attention on critical issues and problem areas;
 10. The ability to provide innovative and practical solutions to problem areas declared by the Government;
 11. The formulation of technical guidance or management decisions which are consistent with contract objectives;
 12. The degree of Government visibility into the management of the program from both a technical and cost standpoint;
 13. Factory coverage at and subcontractor facilities

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Financial Management Performance

1. The ability to remain within the estimated total cost of the contract and, if necessary, the incremental funding profiles. Also the contractor's ability to identify baseline deviations, realistically and frankly assess the causes, propose realistic corrective actions, and assess the total impact to the program;
2. The degree of Government's visibility in to the actual and budgeted cost of the contract, as expressed in the level of detail, completeness, and accuracy included in the contract funds status report (CFSR);
3. The timeliness and accuracy of cost and/or person-hour expenditure reporting, including motivating subcontractors to submit timely invoices;
4. The extent to which cost reduction efforts are employed as a management tool or objective through economies in the use of direct labor and/or alternate technical/management approaches;
5. The extent to which cost reductions are realized through the use of alternate arrangements, designs, processes or methods, etc.;
6. The ability to provide timely, complete, and accurate cost estimates (proposals) applicable to contract changes and/or revised "Estimate to Complete" and "Estimate at Completion."

Security Performance

1. Demonstrated awareness and compliance with the published NRO security regulations, security related CBPI's, security related ICD's and DCID's;
2. Maintenance of an effective Security Program in accordance with the requirements of the DD 254, including computer security, protection of classified materials, security violations, and personnel issues;
3. The timely submission of Contractor-personnel security approval requests as required by the contract;
4. Maintenance of effective and open communications and coordination with SIGINT Program Security Officer (PSO);
5. The Contractor's overall record of compliance with established applicable security directives and procedures, including prompt actions taken to correct any noted deficiencies.

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