

SECTION B: SUPPLIES OR SERVICES AND PRICES/COSTS

B-1 SERVICES BEING ACQUIRED

CLIN 0001 MANAGEMENT AND OPERATION OF THE SANDIA NATIONAL LABORATORIES

In accordance with the terms and conditions of this Contract, the Contractor shall provide the personnel, equipment, materials, supplies, and services (except as may be furnished by the Government) and otherwise do all things necessary for, or incidental to, the efficient, effective, and safe management and operation of the Sandia National Laboratories (SNL) in Albuquerque, New Mexico (NM) and at all satellite facilities located, as provided in the Statement of Work. This CLIN includes construction projects other than Capital Construction Projects as defined in this Contract.

CLIN 0001A TRANSITION TERM

The Transition Term will be four months, on a cost reimbursement (no fee) basis, with an estimated cost of \$ TBD.

CLIN 0001B BASE TERM

The Base Term is five years of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0001C OPTION TERM 1

Option Term 1 is one year of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0001D OPTION TERM 2

Option Term 2 is one year of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0001E OPTION TERM 3

Option Term 3 is one year of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0001F OPTION TERM 4

Option Term 4 is one year of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0001G OPTION TERM 5

Option Term 5 is one year of performance on a cost-plus-fixed-fee and award fee basis.

CLIN 0002 STRATEGIC PARTNERSHIP PROJECTS

The Contractor shall, in accordance with Section J, Appendix A, Chapter II, paragraph 1.8 Strategic Partnership Projects (SPP) (formerly known as Work for Others (WFO) Program), and all other the terms and conditions of this Contract, provide the personnel, equipment, materials, supplies, and services, (except as may be furnished by the Government) and otherwise do all things necessary for, or incident to the effective, efficient, and safe performance all SPP efforts as directed by the Contracting Officer.

CLIN 0002A BASE TERM

The Base Term is five years of performance on a cost-plus-fixed-fee basis.

CLIN 0002B OPTION TERM 1

Option Term 1 is one year of performance on a cost-plus-fixed-fee basis.

CLIN 0002C OPTION TERM 2

Option Term 2 is one year of performance on a cost-plus-fixed-fee basis.

CLIN 0002D OPTION TERM 3

Option Term 3 is one year of performance on a cost-plus-fixed-fee basis.

CLIN 0002E OPTION TERM 4

Option Term 4 is one year of performance on a cost-plus-fixed-fee basis.

CLIN 0002F OPTION TERM 5

Option Term 5 is one year of performance on a cost-plus-fixed-fee basis.

CLIN 0003 CAPITAL CONSTRUCTION PROJECTS

The Contractor shall provide the personnel, equipment, materials, supplies, and services (except as may be furnished by the Government) and otherwise do all things necessary for, or incidental to, the efficient, effective, and safe management and/or performance of Capital Construction Projects (defined in Clause H-XX of this contract) as the Parties may agree. Each mutually-agreed-upon Capital Construction Project shall be identified hereunder as a Sub-CLIN to CLIN 0003 via bilateral contract modification. Price and price structure (such as Firm Fixed Price, cost-plus-incentive-fee, or other price structures as agreed) and any applicable special terms and conditions shall be identified for each Capital Construction Project covered by CLIN 0003.

B-2 CONTRACT TYPE AND VALUE

- (a) This is a performance-based, Management and Operating (M&O) Contract with cost-plus-fixed-fee and cost-plus-award fee provisions.
- (b) The estimated cost, fixed fee (FF), award fee (AF), and Total fee earned for CLIN 0001 (NNSA work) is set forth in Table 1 below:

Table 1 -- CLIN 0001 -- Management and Operation of SNL

Contract Period	NNSA Estimated Cost	Fixed Fee (FF) pool dollar amount (\$)	NNSA Award Fee (AF) pool dollar amount (\$)	Total Available Fee pool (FF + AF)	Total Fee Earned (FF + AF)
Transition Term	\$ TBD	\$0	\$0	\$0	\$0
Base Term (Year 1)	\$1,477,559,364	\$TBD	\$ TBD		
Base Term (Year 2)	\$1,510,065,670	\$TBD	\$ TBD		
Base Term (Year 3)	\$1,543,287,115	\$TBD	\$ TBD		
Base Term (Year 4)	\$1,577,239,431	\$TBD	\$ TBD		
Base Term (Year 5)	\$1,611,938,699	\$TBD	\$ TBD		
Option Term 1 (if exercised)	\$1,647,401,350	\$TBD	\$ TBD		
Option Term 2 (if exercised)	\$1,683,644,180	\$TBD	\$ TBD		
Option Term 3 (if exercised)	\$1,720,684,352	\$TBD	\$ TBD		
Option Term 4 (if exercised)	\$1,758,539,408	\$TBD	\$ TBD		
Option Term 5 (if exercised)	\$1,797,227,274	\$TBD	\$TBD		

[Table 1 to be completed by the Contracting Officer at the effective date of the Contract utilizing the fees determined at Contract award] Note: Total Fee Earned will be filled in by the issuance of a unilateral modification to the Contract.

- (c) The estimated cost and fixed fee for CLIN 0002 (Strategic Partnership Projects -- Section J, Appendix A, Chapter II, paragraph 1.8) are set forth in Table 2 below. The estimated cost and the fixed fee for the Strategic Partnership Projects during the Base Term of the Contract and for each Option Term will be established by the NNSA prior to the commencement of the applicable fiscal year and will be incorporated into the Table below through a modification to this clause. The FF rate for SPP will not exceed TBD% [Upon contract award the Contracting Officer will insert the SPP fee rate here] of the estimated cost of all projects anticipated for the applicable fiscal year.

Table 2 CLIN 0002 -- Strategic Partnership Projects

Contract Period	Estimated Cost	Fixed Fee	Estimated Cost + Fixed Fee
Base Term – Year 1	\$1,029,863,949	\$TBD	\$TBD
Base Term – Year 2	\$1,031,954,473	\$TBD	\$TBD
Base Term - Year 3	\$1,034,049,340	\$TBD	\$TBD
Base Term – Year 4	\$1,036,148,460	\$TBD	\$TBD
Base Term - Year 5	\$1,038,251,842	\$TBD	\$TBD
Option Term 1 (if exercised)	\$1,040,359,493	\$TBD	\$TBD
Option Term 2 (if exercised)	\$1,042,471,423	\$TBD	\$TBD
Option Term 3 (if exercised)	\$1,044,587,640	\$TBD	\$TBD
Option Term 4 (if exercised)	\$1,046,708,153	\$TBD	\$TBD
Option Term 5 (if exercised)	\$1,048,832,970	\$TBD	\$TBD

[Table 2 to be completed by the Contracting Officer at the effective date of the Contract utilizing the fees determined at Contract award]

- (d) The total estimated cost for the Transition Term (CLIN 0001A), the estimated cost and fixed fee for Base Term (CLINs 0001B and 0002A), including NNSA and Strategic Partnership Projects is \$TBD.
- (e) The FF and AF for CLIN 0001, and the FF rate for CLIN 0002 will not be negotiated on an annual basis and are established at Contract award.

B-3 CONTRACT FEE STRUCTURES

CLIN 0001:

- (a) Fixed Fee (FF)

The estimated cost and FF for the Base Term of the Contract and for each Option Term, if exercised by DOE/NNSA are shown in paragraph B-2 (b) *Contract Type and Value*, Table 1.

- (b) Award Fee (AF)

The available AF for the Base Term and each Option Term, if exercised by DOE/NNSA, are shown in the tables in paragraph B-2 (b), Contract Type and Value. The Contractor shall be eligible to earn AF fee of up to \$TBD during the Base Term (CLIN 0001B), based on its performance under the criteria established in paragraph B-7 *Leadership Performance Evaluation*. The AF decision is a unilateral decision of the Fee Determining Official (FDO) based on the Contractor's performance rating under this Contract, and the terms and conditions of the Contract. The AF earned is payable in accordance with the contract clause DEAR 970.5232-2, *Payments and Advances* (DEC 2000) ALTERNATE II (DEC 2000) ALTERNATE III (DEC 2000) (NNSA CLASS DEVIATION OCT 2011).

CLIN 0002:

(c) Strategic Partnership Projects – Fixed Fee (FF)

The FF for SPP for the Base Term and each Option, if exercised by DOE/NNSA, are shown in paragraph B-2 (c), *Contract Type and Value*, Table 2.

(d) Provisional Payment of Fixed Fee

(1) The FF for the Base Term of the Contract shall be paid monthly at the rate of one-twelfth (1/12) of the annual FF per month. Such payment amounts are to be drawn down by the Contractor from the Contract's special financial institution account in monthly installments on the last day of each month.

(2) The Contractor is not authorized to draw down the AF prior to final fee determination and authorization by the Contracting Officer.

(e) Unearned Fee

NNSA HQ will determine how unearned fee is reinvested in the Nuclear Security Enterprise (NSE). Unearned fee will not be available for future performance periods.

B-4 KEY PERSONNEL REPLACEMENT

Unless approved in advance, in writing, by the Contracting Officer, should any Key Personnel be removed, replaced, or diverted by the Contractor for reasons under the Contractor's control (other than to maintain satisfactory standards of employee competency, conduct and integrity under the Contract's Section I clause entitled "DEAR 970.5203-3, Contractor's Organization (DEC 2000)", beginning on the effective date of the Contract through the first two years of the Base Term of the contract; or for a replacement Key Person within two years of being placed in the position, the Contractor shall forfeit two years of the DOE/NNSA reimbursable annual salary, bonuses and relocation costs as well as associated burdens, for that position for each occurrence.

B-5 OBLIGATION OF FUNDS

Pursuant to this Section I clause entitled "DEAR 970.5232-4, Obligation of Funds, (DEC 2000)" the total amount obligated by the Government with respect to this Contract is \$____[TBD]_____.

B-6 AVAILABILITY OF APPROPRIATED FUNDS

Except as may be specifically provided to the contrary to Section I clause DEAR 952.250-70, *Nuclear Hazards Indemnity Agreement*, the duties and obligations of the Government hereunder calling for the expenditure of appropriated funds shall be subject to the availability of funds appropriated by the Congress, which DOE/NNSA may legally spend for such purposes.

B-7 LEADERSHIP PERFORMANCE EVALUATION

The Contractor's Leadership performance will be measured against how the Contractor has strategically partnered with DOE/NNSA and demonstrated leadership success in achieving positive results. This may be evidenced by:

- (a) Achieving site mission deliverables while supporting and enabling the overall DOE/NNSA mission,
- (b) Improving safety culture,
- (c) Maintaining critical skills and infrastructure,
- (d) Advancing Science, Technology & Engineering (ST&E), including Laboratory Directed Research and Development (LDRD) and Tech transfer,
- (e) Operating the Laboratories effectively, efficiently, safely, and securely to meet current mission requirements and to accomplish additional Strategic Investments that enhance or develop new capabilities, address long-standing challenges, or respond to new or emerging threats,
- (f) Resolving issues and ensuring continuous improvement internally and across the DOE/NNSA while meeting Contract requirements, and
- (g) Demonstrating parent company involvement/commitment to the overall improvement of the Laboratories and the DOE.