

**PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS**

**SECTION J**

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## **CHAPTER I. Objectives, Scope, and Requirements**

### **1.0 OBJECTIVE**

The objective of this Contract is to obtain non-nuclear production services to support National Nuclear Security Administration (NNSA) and broader national security requirements. The Contractor shall be fully responsible for functions to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs (DP). Furthermore, the Contractor shall directly support the NNSA Offices of Safeguards Transportation and Nuclear Non-Proliferation in addition to other Department of Energy (DOE) offices. Beyond DOE/NNSA, the Contractor shall provide unique services to ongoing missions for other Government agencies or privately owned organizations in accordance with policies identified in the operating requirements.

In addition to achieving Presidential goals outlined in the April 2010 Nuclear Posture Review, this Contract will strengthen NNSA's vision for a fully integrated and interdependent Nuclear Security Enterprise (NSE), consisting of all eight NNSA sites, by achieving the following three specific objectives:

- (i) Improving performance in the completion of national security missions for non-nuclear production operations;
- (ii) Reducing the cost of performing work; and
- (iii) Requiring actions that support operation as an integrated DOE/NNSA enterprise.

### **2.0 BACKGROUND**

#### **2.1 The NNSA Mission**

The NNSA, established by Congress per the NNSA Act (Title XXXII of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65) as a semiautonomous element within DOE, is responsible for the management and security of the nation's nuclear weapons, non-proliferation, and naval propulsion programs. It also responds to nuclear and radiological emergencies in the United States and abroad, and NNSA federal agents provide safe and secure transportation of nuclear weapons, components and special nuclear materials.

#### **2.2 The NNSA Organization**

NNSA relies on Management and Operating (M&O) Contractors to manage day-to-day site operations and to adhere to its policies when operating its laboratories, production plants, and other facilities in the NSE. Together, the M&O Contractors implement NNSA's all-encompassing Stockpile Stewardship Program managed by Defense Programs that includes operations associated with surveillance, assessment, maintenance, refurbishment, manufacture and dismantlement of the nuclear weapons stockpile as well as research, development and certification efforts.

#### **2.3 Becoming an Enterprise**

Overall, the NNSA needs to carry out its mission within research, development, and manufacturing organizations that are integrated, efficient, and cost effective. Work must

be aligned with requirements received from key customers in a manner that strives to retain the intellectual excellence and key infrastructure capabilities demanded by national interests.

Throughout the 1990s, the DOE/NNSA took steps to consolidate to its current configuration of three national laboratories, four production plants, and a nuclear test site. In an evaluation of the NSE completed in October 2008, NNSA published a Supplemental Programmatic Environmental Impact Statement (SPEIS) that analyzed alternatives for transforming the complex into a smaller more efficient enterprise that responds to changing national security challenges and ensures the long-term safety, security, and reliability of the nuclear weapons stockpile. Two Records of Decision (RODs) informed by this SPEIS were published in December 2008.

While the RODs look at transforming the physical infrastructure, other initiatives have been undertaken to improve management and business practices. Two councils have been formed: one among the Contractor senior management and another among the federal site managers. The main function of these councils is to improve the integration and communication within the enterprise. Also, governance reform is an NNSA management initiative that focuses on developing a partnering relationship between the federal team and the supporting M&O Contractors.

## **2.4 Location of Performance**

The term "Kansas City Plant" as used herein includes several Government-owned or leased facilities, along with a variety of satellite operations. The primary facility is located in Kansas City, Missouri, and consists of a Government-owned nuclear weapon component production plant that manufactures electrical, electronic, mechanical, electro-mechanical, plastic, and metal components. During the term of this contract, a new facility will be built approximately seven miles south of the existing facility, still to be located in Kansas City, Missouri. For some period of time, operations will be ongoing at both the old and new facilities. Both Kansas City facilities are therefore included in the term "Kansas City Plant." Satellite operations include Government-owned or leased facilities located in Albuquerque, New Mexico, that provide support to other DOE organizations associated with nuclear weapons activities; support operations in Los Alamos, New Mexico; support operations at Fort Chaffee, Arkansas; and support operations at several training and communications sites.

The existing Kansas City, Missouri, plant is situated on approximately 140 acres of the 300 acre Bannister Federal Complex. It is within the city limits in a highly developed area approximately 12 miles south of downtown Kansas City. The 3.1 million square foot plant shares the Bannister Federal Complex with numerous other federal agencies, and operates the site in conjunction with the U.S. General Services Administration. The plant is dominated by a large manufacturing building of 2.2 million gross square feet, and thirty-six other buildings with a total of approximately 0.9 million gross square feet. As of May 28, 2010 the Kansas City, Missouri, employment is approximately 2,400 people.

The new Kansas City, Missouri, plant will be situated on approximately 191 acres and will be located at Botts Road US 150 highway. The facility is being constructed by Centerpoint-Zimmer LLC for the General Services Administration who will then rent the facility to NNSA through an Occupancy Agreement (OA). The OA is for a 20 year

period of time with a 10 year option period. The facility is scheduled to be completed in November 2012 for the NNSA mission and in May 2013 for the National Secure Manufacturing Center (NSMC) per the current schedule. There will be 4 buildings at the new facility. Building 1 will be office space and buildings 2 & 3 will house NNSA's manufacturing. Building 4 will house NSMC's Work for Others activities. After construction of the new facility is completed, FM&T will move operations over a 18-month period of time. The Bannister facility will be dispositioned once it is determined to be excess to NNSA's needs and disposition shall take place as soon as practicable.

Kirtland Operations, located in Albuquerque, New Mexico, are principally located on 20.4 acres on Kirtland Air Force Base (KAFB), adjacent to the city. This site consists of 24 Government-owned buildings and trailers totaling approximately 56,000 gross square feet. Additional space is leased at several locations within the city for other operations. These consist of approximately 35,000 gross square feet in the Craddock facility, approximately 9,000 gross square feet in the Air Park facility, both near KAFB, and approximately 1,000 gross square feet of office space in Los Alamos, New Mexico. The New Mexico operations are generally responsible for the various satellite operations within the responsibility of the Kansas City Plant. As of February 1, 2000, the Albuquerque employment was approximately 200 people.

Future plans for Kirtland Operations include moving all operations in support of OST and WFO from NC-135 to a leased space in the vicinity of the currently occupied Craddock and Air Park facilities. The relocation is currently scheduled to be completed by the end of FY 2014. The move will result in the return of approximately 10 acres of land to the US Air Force. Approximately 45,000 total square feet will have to be leased to replace the 65,000 total square feet currently available in facilities at NC-135. The new leased space will require Tenant Improvements necessary to accomplish the mission. Five existing buildings at NC-135 totaling approximately 14,000 square feet will be completely turned over to NA-42 in FY 2011

### **3.0 SCOPE**

This Contract is comprehensive with an objective to perform all necessary operational, coordination, and management functions required to support NNSA and broader national security missions assigned to this facility. This includes but is not limited to all ongoing missions and functions, as well as those that may be assigned during the term of the Contract. It further includes all infrastructure management and maintenance; information technology; human resource management including critical skills recruitment and retention; environmental management; health, safety and security systems; and purchasing, asset management and other administrative systems.

The Contractor shall be fully responsible and accountable for the safe and secure accomplishment of all work, whether performed by its own personnel or team members, including subcontractors. The Contractor shall be responsible for planning and coordinating production schedules; integrating, managing and executing the programs; supporting and executing large and small projects; and completing operations and other activities as described in this Statement of Work.

### 3.1 Mission

The Contractor shall safely and securely complete all mission responsibilities and improve performance in the completion of national security missions for non-nuclear production operations and all other national security missions, as applicable. NNSA has a National Work Breakdown Structure (NWBS) that is discussed further in Section J, Appendix F, National Work Breakdown Structure. For this Contract, the general work structure and functional activities of the site is defined in Section J, Appendix A, Chapter II, Work Scope Structure. At a minimum, the Contractor shall:

The scope of operations at the Kansas City Plant includes manufacturing and/or procuring a multitude of nonnuclear electrical, electronic, electro-mechanical, mechanical, plastic, and metal components for nuclear weapons. These manufacturing and/or procurement operations are reflected in approximately 5,700 major active part numbers and 1,000 ship items, requiring 120 major technologies/processes, supporting 42 product lines, approximately 300 suppliers. The Kansas City Plant Contractor provides and operates a production management system to control and level-load the output of multiple manufacturing processes, considering an average of 8,000 weapon packages are shipped monthly.

At a minimum the contractor shall:

- (1) Ensure the full set of manufacturing and evaluation operations are performed safely, efficiently and timely for active production technologies,
- (2) Implement diagnostic techniques that will provide high quality data on the safety, security and reliability of the nuclear weapons components manufactured and/or procured through the Kansas City Plant,
- (3) Effectively use advanced design and manufacturing technologies and systems to design and produce products on short cycle times, with quality that approaches zero defects,
- (4) Effectively support requalification activities for the manufacture of electrical, electronic, electro-mechanical, mechanical, plastic, and metal components and hardware to support the NSE's response to stockpile issues including movement to a new facility, and
- (5) Achieve the plant footprint/space efficiency objectives of the Kansas City, Missouri operations prior to movement into the new facility in 2012.
- (6) Provide design support for Kansas City Responsive Infrastructure and Manufacturing (KCRIMS) project to ensure new facility meets NNSA's Program of Requirements. Reviews of change orders must be completed on time to ensure there is no Government delay caused by the M&O Contractor.
- (7) Move Planning and Execution is performed safely, on time and within budget and does not impact production operations negatively.
- (8) Disposition planning, preparation and execution are performed within scope and schedule. Cost of disposition is to be minimized to protect RTBF budgets. Work is to be accelerated to the extent possible to minimize outyear RTBF budgets.

In order to achieve the above results, the Contractor is expected to move to a higher level of performance throughout the term of the Contract by making the following process enhancements:

- Demonstrate a culture of continuous improvement for plant disciplines (such as cross-functional skill development, flexibility in job classifications, process-based manufacturing, outsourcing of appropriate products, quality, scheduling for continuous output, cost controls) and the associated metrics to demonstrate performance,
- Improve integration, partnering, and support among the NSE Contractors to promote early on-site problem solving and assist in NSE site issues, consolidation of business elements, and cost efficiencies,
- Develop and deploy effective strategic planning for the mission in the environment of changing budgets and technical and regulatory requirements,
- Assure effective human resource management and the availability of critical skills and capabilities to ensure operations are performed timely and efficiently, and
- Ensure that the infrastructure and facilities are operationally safe, secure, compliant, and that an acceptable defined level of readiness is sustained at all facilities to meet programmatic requirements while the floor space required for plant operations is reduced for movement to the new facility.

Operational excellence is a desired underlying philosophy and mindset expected for the Kansas City Plant. This incorporates the principle that compliance with regulations and standards shall be accomplished while performing Kansas City Plant missions on time, at a reasonable cost, while protecting human health and the environment, and conserving the Government's assets. Operational excellence shall include a focus on the requisite rigor and discipline in all aspects of Contractor activities and, in particular, holding management and staff accountable. To achieve this operational excellence, it is essential that operations at the Kansas City Plant be performed in a manner that meets DOE and other regulatory objectives. Therefore, a disciplined, effective and efficient management system to meet and exceed current industry performance in manufacturing operations is a significant objective of this contract.

### **3.2 Cost Savings**

The Contractor shall safely and securely complete mission responsibilities while achieving cost savings in accordance with the commitments included in the Contract. At a minimum the Contractor shall:

- (i) Develop an integrated performance measurement baseline (with cost, scope and schedule) for NNSA approval within one year of the Base Term;
- (ii) Provide cost data transparency in support of the DOE/NNSA Field Chief Financial Officer cost data calls to support cost baselines (see Section J, Appendix M, Functional Activity Definitions);
- (iii) Utilize cost benefit analyses to determine the appropriate level of support functions and risk;
- (iv) Tailor Earned Value Management System (EVMS) application or equivalent in accordance with requirements in DOE O413.3A at the appropriate level;

- (v) Support independent third party validation of any savings claimed; and
- (vi) Support benchmark studies to compare performance against an appropriate set of industry and Government peers.

### **3.3 Enterprise Success**

The Contractor shall participate with NNSA and other NNSA M&O Contractors as part of an "enterprise organization" to evaluate, plan, develop and implement strategic initiative activities that optimize mission and business operations across the NSE. The goal of these initiatives is to increase the efficiency and cost effectiveness from a business and mission perspective.

The Contractor shall lead and/or participate in strategic business and management initiatives that result in reduced operational costs enterprise-wide, more consistent work practices and operational processes, better pricing, better products, more timely delivery, reduced administrative costs and lead times for both the Contractor and the DOE/NNSA, greater standardization and interchangeability across the NSE, and increased awards to small business entities.

Strategic mission initiatives shall result in timely fulfillment of mission goals such as weapon design, development and production scheduling. The Contractor shall lead and support these and other initiatives that result in a shift to an enterprise focus based on the Contractor who possesses the most expertise and experience level within the NSE.

The Contractor shall cooperate with NNSA and NSE Contractors in identifying potential cross-NSE benefits to be derived from implementing common practices and goals across the NSE in the areas of mission workload and enterprise functional support.

The Contractor and NNSA shall establish performance incentives with performance measures and targets for strategic efforts that would result in enterprise performance improvement overall for the Government.

## **4.0 ADMINISTRATIVE AND TECHNICAL REQUIREMENTS**

### **4.1 Integrated Safety Management (ISM), Integrated Safeguards and Security Management (ISSM), Environmental Management System (EMS), and Quality Assurance Systems (QAS)**

The Contractor shall ensure that the principles of ISM, ISSM, EMS, and QAS are integrated into its operations.

### **4.2 Work Authorization (WA) System**

Specific work requirements under this Contract will be established annually and updated as needed by the Contracting Officer in accordance with DOE Order 412.2 entitled "Work Authorization System" and the Contract's Section I Clause entitled "DEAR 970.5211-1, Work Authorization." Prior to the start of each fiscal year and during the year, the NNSA will provide program execution guidance through a comprehensive set of WAs which will provide the Contractor sufficient detail to develop estimated cost, scope, and schedule. The Contractor will respond to each WA by developing a detailed work proposal, which will consist of activities within the NNSA Integrated Performance

Measurement Baseline. Both the work proposals and the NNSA Integrated Performance Measurement Baseline will be consistent and compatible with the format in Section J, Appendix F, National Work Breakdown Structure where it applies, and consistent with instructions from the Contracting Officer where it does not.

The Contractor shall submit periodic cost, schedule, and technical performance plans and reports in such form and substance as required by the Contracting Officer (for more information concerning these reports refer to Section J, Appendix O, Program Management and Cost Reports). These periodic plans and reports shall be submitted at the interval, and to the addresses and in the quantities as specified by the Contracting Officer. Where specific forms are required for individual plans and reports, the Contracting Officer shall provide such forms to the Contractor.

### **4.3 Information Technology (IT)**

The NNSA seeks to optimize the efficiency of the NSE through enterprise information sharing, activities that enable the enterprise integration of IT systems, NSE-wide processes that lead to multi-site optimization, and technologies that enable these processes. This entails the careful examination of existing systems and architecture across the sites to develop a single, integrated “to-be” vision that utilizes the best available technologies and management practices from both Government and commercial sources to improve and achieve performance excellence, including fiscal efficiency. With respect to production, these efforts shall include, but are not limited to, the implementation of multi-site, integrated manufacturing based information systems that support weapons production, special nuclear material (SNM) accountability, production scheduling and flow, surveillance, weapon retirement, process knowledge archiving, and preservation of production and certification records. Desktop and back-office computing capabilities should be compatible with those used by NNSA entities to the extent beneficial to the NNSA. Back-office functions shall include, but not be limited to, payroll, human resources, etc.

If the Contractor plans to offer a deliverable that involves IT that is not initially Internet Protocol version 6 (IPv6) and Homeland Security Presidential Directive (HSPD)-12 compatible, the Contractor agrees to (1) obtain the Contracting Officer’s approval before starting work on the deliverable; and (2) provide a migration path and firm commitment to upgrade to IPv6 and HSPD-12 compatibility for all application and product features.

The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any Contractor-owned software and systems brought in and used. Said license shall be limited to the continued non-nuclear production work by successor Contractors.

### **4.4 Governance**

Governance is the system of management and controls exercised in the stewardship of the organization. The governance system shall be consistent with NNSA governance documents at Section J, Appendix G, Governance. Contractors must self govern and deliver mission results in a safe and secure manner. The Contractor shall implement governance through a collaborative partnership with NNSA to form the self-governance framework by which the mission is accomplished in an effective and efficient manner.

The governance framework invokes trust and confidence between parties, defines expectations and authorities and verifies performance by utilizing objectives, requirements, assessments, metrics and rewards. The Contractor will focus on management transformation activities that maximize the ability to complete the mission in a way that ensures effective and efficient stewardship of the taxpayers' money. The Contractor shall streamline operations and reduce costs to maximize mission accomplishment through a common understanding of expectations and performance accountability, supported by a strong Management Assurance System (MAS). The Contractor shall have a MAS as a subordinate and supporting feature of Governance as described in 4.4.1 below.

**4.4.1 Management Assurance System:** The Contractor shall have a Contractor designed and utilized system to manage performance consistent with Contract requirements. The MAS shall be a primary tool used by Contractor management to measure and improve performance, ensure that mission objectives and Contract requirements are met; ensure that workers, the public and the environment are protected; and ensure that operations, facilities, and business systems are efficiently and effectively operated and maintained. An effective MAS integrates Contractor management, supports corporate parent governance and facilitates Government oversight systems as described in Section H.14, Management Assurance. NNSA oversight shall not be relied upon by the Contractor as the primary feedback in assessing its performance. The Contractor is fully accountable for performing its own assessment of these areas.

**4.4.2 Parent Organization(s):**

(i) The contractor is encouraged to identify opportunities for the use of parent corporate systems and corporate home and branch office personnel for site operations for the purposes of monitoring plant performance, assisting the plant in meeting its mission and operational requirements, streamlining the Contractor's administrative and business systems, improving performance, and adapting private sector expertise to plant issues.

The term "systems" means any discrete process, procedure, program, document or instrument where cost of use under this contract can be identified and quantified to the parent corporation.

(ii) The Contractor, prior to using any parent corporate systems or home and branch office personnel where reimbursement is expected, shall submit a plan for review and approval by the Contracting Officer. In reviewing the Plan, the Contracting Officer shall consider the extent to which each separate element of the Plan is more efficient and/or represents an overall cost savings to the Government versus existing site systems, assists the parent corporation or the contractor in monitoring plant performance and in meeting mission and operational requirements or brings value-added expertise to plant issues. In addition, in using parent corporate systems, the Contractor must show that it is able to maintain associated data in a form readily transferable to a successor contractor.

- (iii) Parent corporate systems and home and branch office personnel are allowable costs to the extent incurred consistent with the approved Plan and this section.
- (iv) The Contractor shall charge to the account of the Government as provided in the clause entitled "Payments and Advances," or as otherwise directed by the Contracting Officer, the amounts incurred for the approved systems and related support services. Such amounts will be charged and accounted for as follows however, in no event shall they be inconsistent with the FAR or DEAR cost principles applicable to this contract. Costs may include travel, per diem, and other out-of-pocket costs, plus the actual salaries of the persons performing such services plus a percentage factor of salaries to cover fringe benefits and payroll taxes. The percentage factor will be applied in accordance with the Contractor's Cost Accounting Standards Disclosure Statement. Costs reimbursed for parent corporate systems will be based on actual costs or some reasonable basis of allocation consistent with the Contractor's Cost Accounting Standards Disclosure Statement.
- (v) The Contractor shall provide periodic reports of activities and costs incurred as required by the Contracting Officer. The amount reimbursable under this Contract shall be subject to NNSA/DOE audit.

**4.4.3** Performance Evaluation Plan: The Contractor shall participate in the formulation of Performance Evaluation Plans (PEP) for a defined period of time. The PEP shall include performance incentives, performance measures, and targets.

**4.4.4** Performance Metrics: The Contractor shall propose a list of performance metrics that provide Contractor and NNSA management an overall assessment of the "health of the operation" quickly and accurately. The metrics shall be part of the Management Assurance System and be provided with transparency to aid in the identification and understanding of significant performance issues.

#### **4.5 Contractor Human Resources**

The Contractor shall have the flexibility to restructure the workforce and make changes to employee benefits throughout the term of the Contract, as may be permitted by this Contract and applicable law, to maximize efficiencies. The Contractor shall be responsible for identification and maintenance of critical skills and for the employment of all professional, technical, skilled, and other personnel engaged and to be engaged by the Contractor in the work hereunder, and for the training of personnel. Persons employed by the Contractor or its subcontractors or consultants shall not be deemed employees of the Government. The Contractor shall follow the Human Resources (HR) requirements pertaining to workforce transition and management in accordance with Section J, Appendix A, Chapter III, Human Resources.

#### **4.6 Environmental Permits and Applications**

In recognition of the Contractor's responsibility to operate in compliance with all applicable environmental requirements, the Contractor is responsible for signing environmental permits and applications as "operator or co-operator" at the sites.

- (i) The Contractor shall not incur any liability above and beyond that contemplated by the Contract by reason of the Contractor's execution of environmental permits.

- (ii) If bonds, insurance, or administrative fees are required as a condition for such permits, such costs shall be allowable. In the event that such costs are determined by NNSA to be excessive or unreasonable, NNSA shall provide the regulatory agency with an acceptable form of financial responsibility. In no event shall the Contractor or its parent be required to provide any corporate resources or corporate guarantees to satisfy such regulatory requirements.
- (iii) The allowability of the costs associated with fines and penalties shall be subject to clauses of this Contract. The Contractor shall notify the Contracting Officer promptly when it receives service from the regulators of NOV/NOAVs and fines and penalties.
- (iv) In the event of termination or expiration of this Contract, NNSA will require the new Contractor to accept transfer of all environmental permits executed by the Contractor.
- (v) When providing NNSA with permits and applications that are to be signed or co-signed by NNSA, the Contractor will accompany such document with a certification statement, signed by the appropriate Contractor corporate officer, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

#### **4.7 Privacy Act System of Records**

The Contractor shall design, develop, and maintain the following systems of records on individuals to accomplish an agency function in accordance with the Contract's Section I Clause entitled "FAR 52.224-2, Privacy Act".

<u>DOE System No.</u>	<u>Title</u>
DOE-10	Energy Employees Occupational Illness Compensation Program Act Files
DOE-31	Firearms Qualifications Records (The Contractor Employees at Kansas City Plant.)
DOE-35	Personnel Radiation Exposure Records (Past and present DOE and Contractor employees and other persons having access to Kansas City Plant.)
DOE-38	Occupational and Industrial Accident Records (The DOE and Contractor employees and other persons having access to Kansas City Plant and having accidents at Kansas City Plant, or individuals involved in accidents with DOE or Contractor employees.)
DOE-44	Special Access Authorization for Categories of Classified Information
DOE-45	Weapon Data Access Control System (The DOE, DOD, or other Government agency employees, Government Contractors, consultants, and

other persons requiring access to classified weapons data or Kansas City Plant nuclear weapons program facilities.)

- DOE-48 Security Education and/or Infraction Reports
- DOE-50 Human Reliability Program Records
- DOE-51 Employee and Visitor Access Control System (The DOE and Contractor employees and other individuals working or visiting at Kansas City Plant.)
- DOE-52 Access Control Records of International Visits, Assignments, and Employment at DOE Facilities and Contractor Sites.

The above list shall be revised annually, or more frequently if necessary, by mutual agreement between the Contractor and the Contracting Officer as may be necessary to keep it current. Such changes need not be formally incorporated before the annual Contract update modification, but shall have the same effect as if actually listed above for the purpose of satisfying the listing requirement contained in Paragraph (a)(1) of the Contract Clause entitled "Privacy Act."

## **CHAPTER II. Work Scope Structure**

### **1.0 INTRODUCTION**

Specific work requirements under this contract will be established annually by the Contracting Officer in accordance with the Chapter I, Section 4.2 above entitled "Work Authorization System." The Contracting Officer will issue Work Authorizations for each major work area to be accomplished in a given year. These Work Authorizations will conform to the Scope of Work of this Contract and further affect the General Requirements specified in this section.

### **2.0 GENERAL REQUIREMENTS**

#### **2.1 Defense Programs Strategic Planning Process**

The Contractor shall contribute to the development of the DOE's Office of Defense Programs (DP) strategic planning process and the Contractor shall execute those plans. The goal of the DP planning process is to integrate programmatic work to maximize scientific and technical work accomplishment, while minimizing duplication between programs and sites and while providing for major investments in facilities within essentially fixed budgets. Work is defined in three major categories:

- **Directed Stockpile Work** is activity that supports ongoing stockpile maintenance and refurbishment work as well as the scientific understanding and engineering development capabilities necessary for the refurbishment and certification of the stockpile to support Stockpile Life Extension Programs.
- **Campaigns** are focused efforts involving the weapons plants, the three weapons laboratories, and the Nevada Test Site (NTS), to address critical capabilities needed to achieve key future program objectives. Campaigns are technically challenging, multi-function efforts that have definitive milestones, specific work plans, and specific end dates. The Kansas City Plant is a major participant in the Enhanced Surveillance, the Advanced Design and Production Technologies, and the Nonnuclear Readiness campaigns.
- **Readiness in Technical Base and Facilities** are those scientific and technical activities required to ensure that the infrastructure and facilities are operationally safe, secure, compliant, and that an acceptable defined level of readiness is sustained at all facilities.

#### **2.2 Technology and Business Integration**

The Contractor shall utilize available technology and management practices from both government and commercial sources to improve and achieve excellence. The DOE is continuously looking for opportunities to optimize the efficiency of the site and the collective accomplishment of the weapons production mission through integration of multiple site activities.

The Contractor shall propose and participate with other DOE Contractors and other Federal Contractors and agencies to support these efficiencies. If a stockpile stewardship function were centralized at a single site, the Government would provide these centralized materials and services to the other sites. Therefore, the DOE reserves the right to reassign missions, both core and non-core responsibilities, when it is in the best interest of the Government, and requires the Contractor to propose and support such initiatives.

The Contractor shall provide nonnuclear materials and components for the six production sites of the NSE. The Contractor shall work with the six production sites to ensure cost-effective products are delivered on time to meet National Security needs. The Contractor shall integrate supplier management and quality to include: pre-qualification, manufacturing process evaluation, field inspection and source acceptance, performance tracking, and corrective action/problem resolution.

The Kansas City Plant is designated as the lead site for the Supply Chain Management Center (SCMC). In this role, the Contractor shall work with NNSA to integrate strategic sourcing for contractor procurement spending across NNSA M&O sites. In addition, the Contractor shall support the effort to implement SCMC tools and systems at DOE M&O sites.

The Contractor shall provide subcontract administration for the NSE for the Roof Asset Management Program (RAMP). In this integration role the Contractor will coordinate with the other participating NSE sites to ensure efficient and effective management of the program. The Contractor will also work with NNSA to expand applicability of the RAMP to DOE sites beyond the NSE as directed by the Contracting Officer.

The Contractor shall provide the management expertise and such other services as may be necessary to accomplish the efficient operation of the facilities at the Kansas City Plant. The Contractor shall maintain national security mission competency and capability.

### **2.3 Program Plant Directed Research, Development and Demonstration (PDRD)**

The Contractor shall conduct a DOE approved Plant Directed Research, Development and Demonstration (PDRD) Program that supports science-based manufacturing related to the National Nuclear Security Administration (NNSA) weapons mission, and encourages advanced research, development, and demonstration work to enhance the science and technology capabilities and core competencies required to fulfill the mission of the plant.

### 3.0 DIRECTED STOCKPILE WORK (DSW)

Directed Stockpile Work includes weapons programs and production support programs. These programs are performed to achieve stockpile evaluation, stockpile maintenance, and nuclear weapons assembly and disassembly objectives in accordance with DOE directive schedules. The Contractor shall provide the following:

#### 3.1 Weapons Programs

Provide management of the manufacture, evaluation and refurbishment of nuclear weapon components as follows:

- Procure and manufacture nonnuclear electrical, electronic, electro-mechanical, mechanical, plastic, and metal components for nuclear weapons in support of the DOE Stockpile Life Extension Programs, Limited Life Component Exchanges, and the stockpile evaluation program,
- Provide a Process Development Program,
- Manage the NSE Integrated Production Scheduling System,
- Store nonnuclear components and hardware for nuclear weapons
- Refurbish, repair and modify nonnuclear components and hardware for nuclear weapons,
- Disassemble and dispose of nonnuclear nuclear weapons components and hardware no longer required in the military stockpile,
- Maintain production capabilities for components and hardware not in the active stockpile,
- Manage a weapons quality assurance program to ensure that products meet design agency specifications, and certify in writing that weapons material submitted to DOE meets the requirements of applicable drawings and specifications,
- Manage requalification activities associated with the move to the new facility and ensure production deliverables are met with quality parts, on time and within budget.
- Complete Build-aheads to support the departmental outages during the move and requalification periods.
- Perform research, development, testing and engineering work for the current and future Kansas City Plant production missions to include development work in support of the weapon laboratories, and
- Support DOE production information systems.

#### 3.2 Production Support Programs

- Provide management of operations and support activities to support the nuclear weapons program functions, and maintain core mission competencies and capabilities. These activities include

Quality Supervision and Control, Production Supervision and Control, Production Engineering, and other mission support.

- Provide support to other Management and Operating Contractors in the collective accomplishment of the NSE production mission.
- Operate product testing laboratories focused on metallurgical/mechanical analysis, analytical chemistry, stockpile environment testing, and nondestructive evaluation.
- Operate and maintain a metrology laboratory; and develop, build, and maintain test equipment and gages for nonnuclear components.

#### **4.0 CAMPAIGNS**

##### **4.1 Enhanced Surveillance Campaign**

Implement advanced diagnostic techniques to be used by the Core Surveillance Program. These techniques will provide high quality data on the safety, security and reliability of the nuclear weapons stockpile.

##### **4.2 Advanced Design and Production Technologies Campaign**

Effectively use advanced design and manufacturing technologies and systems to design and produce products on short cycle times, with quality that approaches zero defects.

##### **4.3 Nonnuclear Readiness Campaign**

Provide tools, techniques and capacities to enable ambitious goals in cost, delivery time and product performance for Directed Stockpile Work. This campaign bridges the gap between technologies developed and demonstrated in campaigns for Advanced Design and Production Technologies, Enhanced Surveillance, and Enhanced Surety and the production availability/capacity required by Directed Stockpile Work.

##### **4.4 Additional Campaigns**

Perform work in areas of other Campaigns as they are identified and established along with their associated implementation plans.

#### **5.0 READINESS IN TECHNICAL BASE AND FACILITIES**

The Contractor shall provide management and administrative capabilities to maintain the Kansas City Plant in the production readiness posture defined by DOE. Maintaining this state of readiness requires the Contractor to provide the following administrative and technical capabilities, and to provide an assessment of its Readiness to DOE each year.

##### **5.1 General Management, Administration and Oversight**

The Contractor shall be fully responsible and accountable for the safe, efficient and effective accomplishment of all work, whether performed by its own personnel or onsite subcontractors. The Contractor shall be responsible for planning, integrating, managing and executing the programs, projects, operations and other activities as described in this scope of work such that all functions are fully integrated and work is

accomplished safely. The Contractor shall provide general management and program management functions that include: legal services, audit services, business systems management, human resources, property management, information resources, financial services, safeguards and security, public information and external communications activities, intergovernmental affairs, training, procurement, and industrial relations.

The Contractor shall establish clear ES&H priorities and manage activities in proactive ways that comply with human health, safety and environmental regulations; minimize wastes; and comply with applicable regulatory requirements and DOE directives.

The Contractor shall continuously analyze plant activities to identify commercial standards and practices that may be substituted for DOE Orders and Directives or for current plant business practices. The Contractor shall evaluate the benefits of incorporation of those standards and practices into facility operations, and develop proposals that define the transition timelines and metrics to be used in monitoring the success of those substitutions that are approved by DOE. The Contractor shall integrate the concepts of continuous improvement into all aspects of plant operations, for example, through the use of independent quality certification, safety and environmental management systems, total quality management, etc.

## **5.2 Waste Management**

The Contractor shall manage and perform waste minimization activities and waste management activities to support plant operations.

## **5.3 Construction Programs and Capital Equipment**

Construction programs include the design and construction of facilities necessary for the performance of Kansas City Plant missions. The Contractor shall:

- Manage the design, construction, procurement/installation and startup of plant/equipment for capital facilities at the Bannister Federal Complex and National Security Campus (NSC). Modifications to the NSC above \$650K will be handled consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations between NNSA and the General Services Administration.
- Manage the design, construction and building preparation for the disposition of the KCP at Bannister Federal Complex.
- Provide design reviews and project support for the new KCRIMS facility enabling the KCP to meet all mission requirements. KCP design changes must stay within scope, schedule and budget requirements.
- Execute the move and occupancy of the NSC within the scope, cost and schedule.

- Excess Capital Equipment (CE) to support disposition of the Kansas City Plant at the Banister Federal Complex.
- Procure and install specific equipment items pursuant to capitalization criteria as defined by DOE.

It is expected that these projects and activities will be managed to the approved baseline, accomplished on or ahead of schedule, within budget, and will meet stated purpose or objective. During the term of the contract, significant recapitalization may be required to meet production readiness objectives.

#### **5.4 Asset Management**

The Contractor shall perform custodial management of government-owned/leased facilities and equipment at the Kansas City Plant and in doing so provide the following:

- Planning/Engineering/Support  
The Contractor shall manage government-owned, leased, or controlled real property and attendant facilities under this contract. Support the management of the NSC consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations. Specific activities include land and facility use planning, real property management, construction project management, utility management, maintenance management, configuration management, and support of the DOE in its joint operation of the Bannister Federal Complex with the General Services Administration.
- Utility Operations  
The Contractor shall manage utility operations that include support for all electric service, fuel oil, natural gas, potable water/sewer service, purified water, nitrogen, steam, chilled water, and non-potable hot water operations and utility services, whether contracted for by the Contractor or DOE. Included in Contractor's responsibilities is the operation of boiler/chiller plants, utility systems, procured utilities, utilities to other federal tenants, and managing the facility in an energy efficient manner per developed energy management plans. New facility operations will be managed by the Developer team and overseen by GSA with support from the Contractor.

- Maintenance  
The Contractor shall manage the Kansas City Plant maintenance activities, including equipment and facilities, custodial services, rearrangements, modifications, and special project services for facilities. The Contractor shall perform periodic condition assessments of the property to determine any deterioration or technical obsolescence that may threaten performance or safety. The NSC shall be managed consistent with the GSA Lease Agreement, Occupancy Agreement, and Delegations of Operations.

## 5.5 Site Services

The Contractor shall provide the following Site Services, comparable to best-in-industry practices:

- Environmental, Safety & Health Programs  
Manage and integrate Environmental, Safety & Health (ES&H) programs for the purpose of ensuring that current and future plant operations do not negatively impact the environment, or the health and safety of the public, employees, and property. ES&H programs include air emissions; toxic materials; pesticides; storm-water, sanitary, and waste water discharges; safety and risk management; fire protection engineering; fire protection; industrial hygiene; and radiological protection.
- Security  
Manage the Kansas City Plant security program to protect classified information, nuclear weapon components and other government property. In addition, provide general industrial security services for general plant operations.
- Emergency Services  
Manage onsite emergency management and emergency operations programs.

## 5.6 Other Site Services

The Contractor shall provide other site services that are incidental or related to this Statement of Work as directed and funded by DOE. These support services include onsite and offsite activities that are complementary to the Kansas City Plant mission and enable DOE to accomplish its integrated nuclear weapons mission.

## **6.0 OTHER DOE SUPPORT**

### **6.1 Secure Transportation Asset Support**

The Contractor shall provide production and technical support to the NNSA Office of Secure Transportation, including computer program design and development, numerical analysis, artificial intelligence applications, physics modeling, escort vehicle manufacturing, procurement and manufacture of tractors and trailers, vehicle maintenance and refurbishment, force on force simulation logistics, development of training programs, and maintenance of remote communications equipment.

### **6.2 Non-Proliferation, Treaty Related Issues and Verification**

The Contractor shall support planning activities and shall execute assigned tasks related to worldwide non-proliferation programs, treaty-related activities, and DOE transparency and verification initiatives.

### **6.3 Environmental Restoration**

The Contractor shall manage and perform environmental characterization, and “operations and maintenance” requirements of solid waste management units in accordance with established permits.

### **6.4 Supply Chain Management Center (SCMC) and Roof Asset Management Program (RAMP)**

As mentioned in Section II.2.2 the Contractor shall work with NNSA and DOE to expand SCMC and RAMP services to DOE sites outside the NSE as determined appropriate by the Contracting Officer.

### **6.5 Emergency Response**

The Contractor shall provide production and service support to the NNSA Office of Emergency Response, including fieldable tools, training devices, depot storage, equipment maintenance, device characterization, equipment procurement, life-cycle management, and field logistics.

## **7.0 OTHER NON-DOE SUPPORT**

The Contractor shall manage and execute other assigned programs related to the Kansas City Plant mission.

### **7.1 Work for Others (WFO) Program**

The Contractor shall conduct a Work for Others (WFO) Program, as approved by the Contracting Officer. Some of the major WFO sponsors include DOD, Federal and State agencies, and academia. All such work shall be consistent with and complementary to the approved missions of KCP. Work shall be done in accordance with policies identified in the

operating requirements for the Kansas City Plant to maintain its weapons production capabilities.

## **7.2 Technology Partnerships Program**

The Contractor shall support or establish Technology Partnerships for the transfer of manufacturing technology to American-owned businesses as required. This work takes advantage of partnerships with industry through cooperative research and development agreements, outreach and direct assistance programs, user agreements and facilities, and education and training. All projects must enhance the KCP's ability to meet mission requirements and improve the industrial competitiveness and national security of the United States.

## **CHAPTER III. Human Resources**

### **1.0 DEFINITIONS**

Contract Performance begins on the effective date of the Transition Term.

Incumbent Employees are the employees in good standing of Honeywell FM&T, LLC under Contract DE-AC04-01AL66850 as of the effective date of the Contract.

Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor upon the beginning of the Base Term at the KCP.

### **2.0 WORKFORCE TRANSITION**

The following are requirements the Contractor shall carry out during the Transition Term prior to the beginning of the Base Term.

#### **2.1 Staffing Plan**

No later than 30 calendar days after the effective date of the Contract the Contractor shall provide NNSA its plan for achieving the right workforce size and skills mix at each site.

#### **2.2 Pay & Benefits**

Consistent with the requirements identified in **3.0 COMPENSATION** and **4.0 BENEFITS** below, the Contractor shall develop and submit for NNSA approval an integrated pay and benefits program to cover non-bargaining unit Incumbent and non-bargaining unit Non-Incumbent Employees at KCP. It is expected that the benefits program will be developed utilizing best practice and market based design concepts to achieve maximum efficiency and lower cost through such features as vendor and benefit plan consolidation.

**2.2.1** No later than 75 calendar days after the effective date of the Contract, the Contractor shall submit for NNSA approval all proposed benefit plans. The submission shall include all plan documents that will describe benefits provided to employees at KCP including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Term as well as newly proposed plans.

No later than 180 calendar days after the effective date of the contract, the contractor shall also submit an “Employee Benefits Value Study” comparing the proposed benefit plans for non-bargaining unit Incumbent Employees and non-bargaining unit Non-Incumbent Employees to an NNSA provided list of comparator companies. Contracting Officer’s approval of the Contractor’s integrated pay and benefits program will be contingent on the net benefit value not exceeding the comparator group by more than five percent.

**2.2.2** No later than 150 calendar days after the effective date of the Contract, the Contractor shall submit a plan with a timeline for implementing an integrated Compensation system that meets the criteria defined **3.0 COMPENSATION** below.

## 2.4 **Advance Understanding on Human Resources**

The Contractor shall submit no later than 60 calendar days after the effective date of the Contract a proposed Human Resources Plan outlining how the Contractor will comply with the requirements of this Contract. The Human Resources Plan shall describe the policies regarding compensation, pensions and other benefits, and how these policies will support at reasonable cost the effective recruitment and retention of a highly skilled, motivated, and experienced workforce. This document will serve as the starting point for negotiation with which NNSA and the Contractor will reach an advance understanding on Contractor Human Resources costs. The advance understanding enables both the Contractor and the NNSA to determine allocability, allowability and reasonableness of costs prior to incurrence, thereby avoiding subsequent disallowance and disputes; provide appropriate and reasonable compensation levels to recruit and retain Contractor employees to meet NNSA mission objectives; and assure prudent expenditure of public funds. The language identified in **3.0 COMPENSATION**, **4.0 BENEFITS**, **5.0 LABOR RELATIONS**, and **6.0 WORKFORCE PLANNING** below will serve as the governing text for development of the advance understanding. The Personnel Appendix will include but is not limited to such additional topics as severance schedules, holidays, vacation, etc., or any other human resource costs the Contractor or NNSA deems necessary. It is understood that any advance understanding will be appended to the Contract as the Personnel Appendix (Section J, Appendix I, Personnel Appendix). Once the NNSA and the Contractor have reached an advance understanding on Contractor Human Resources costs, the contractor will seek Contracting Officer approval for any change to policies regarding compensation, pensions and other benefits that would result in an overall increase in costs on the Contract. If such approval is not sought or approved, such increase in cost will not be an allowable cost.

## 3.0 **COMPENSATION**

The Contractor shall recruit and retain a highly skilled, motivated, and experienced workforce in a cost effective manner capable of carrying out the technical and other requirements set forth elsewhere in this Statement of Work.

### 3.1 **Total Compensation System**

Consistent with the requirement in 2.2., Pay and Benefits, the Contractor shall establish a market based pay program. The objective is to provide a level of total compensation which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets.

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system including a compensation system self-assessment consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services" (Total Compensation System). In addition, the Contractor's total compensation system shall include the following components:

- (i) Philosophy and strategy for all pay delivery programs.

- (ii) System for establishing a job worth hierarchy.
- (iii) Method for relating internal job worth hierarchy to external market.
- (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate.
- (v) Method for planning and monitoring the expenditure of funds.
- (vi) Method for ensuring compliance with applicable wage payment laws and regulations, (e.g., the Fair Labor Standards Act).
- (vii) System for communicating the pay programs to employees.
- (viii) System for internal controls and self-assessment.
- (ix) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract.

### **3.2 Cash Compensation**

The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract.

- 3.2.1** Any additional compensation system self-assessment data requested by the Contracting Officer that may be needed to validate and approve the total compensation system.
- 3.2.2** Any proposed major compensation program design changes prior to implementation.
- 3.2.3** An Annual Compensation Increase Plan (CIP). The CIP shall be provided to the Contracting Officer on October 1 annually and shall include the following components and data:
  - (i) Comparison of average pay to market average pay.
  - (ii) Information regarding surveys used for comparison.
  - (iii) Aging factors used for escalating survey data and supporting information.
  - (iv) Projection of escalation in the market and supporting information.
  - (v) Information to support proposed structure adjustments, if any.

- (vi) Analysis to support special adjustments.
- (vii) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, special adjustments, and structure movement.
  - (A) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.
  - (B) All pay actions granted under the CIP are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
  - (C) Specific payroll groups (e.g., exempt, nonexempt) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
  - (D) The Contracting Officer may unilaterally adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
- (viii) A discussion of the impact of budget and business constraints on the CIP amount.
- (ix) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).

**3.2.4** Individual compensation actions for the Key Personnel, including initial and proposed changes to base salary and/or payments under an Executive-type Incentive Compensation Plan. The Contractor shall provide supporting justification related to internal and external equity as well as individual performance; for each initial compensation request or change the Contractor shall submit the Application for Contractor Compensation Approval Form (DOE 3220.5). This documentation shall be provided to the Contracting Officer at least 30 days before the proposed effective date of the action.

**3.2.5** Any proposed establishment of an Incentive Compensation Plan (variable pay plan/pay-at-risk). This documentation shall be provided to the Contracting Officer no later than 60 days prior to proposed implementation. Such proposal must contain:

- (i) The design of the Incentive Compensation Plan, the funding methodology, and linkage to Contract performance measures.
- (ii) Requirement for approval of Incentive Compensation Plan design changes by the Contracting Officer prior to implementation.

- (iii) Requirement for an annual approval, prior to the performance period, of the total dollar amount of the pool, the eligible positions, and linkage to Contract performance goals.
- (iv) Requirement for policy that provides a specific passover rate, i.e., percent of participants who will not receive an incentive.
- (v) Requirement for an annual summary report on distributions made under an Incentive Compensation Plan.
- (vi) For any Executive Incentive Plans, a requirement for pay at risk.

**3.2.6** Assignments of individuals outside of their normal duty station for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be approved by the Contracting Officer prior to beginning the assignment. Requests shall be submitted 30 days prior to the desired start date. The Contractor shall submit a report of all such assignments, to include the total cost of each assignment, reason for assignment, location, duration, and cost-share arrangement to the Contracting Officer by January 30 of each year unless otherwise specified.

**3.2.7** Contracting Officer-approved standards (e.g., to be set forth in Section J, Appendix I, Personnel Appendix), shall be applied to the Total Compensation System. The Contractor's Total Compensation System shall meet the tests of allowability in FAR 31.205-6 and DEAR 970.3102-05-6, be fully documented, be consistently applied, and be acceptable to the Contracting Officer. Costs incurred in implementing the Total Compensation System shall be approved by the Contracting Officer. Any changes to the Total Compensation System shall be submitted to the Contracting Officer 60 days prior to implementation. Changes that impact current or future costs shall be approved by the Contracting Officer prior to implementation.

**3.2.8** As a part of the Human Resources Plan the Contractor shall submit a severance plan. The severance plan must include the notification period, pay-in-lieu policy, and the severance schedule. Supporting documentation must include information regarding standards from nationally recognized sources and or comparator firms (including corporate parents).

Severance Pay is not payable to an employee under this Contract if the employee:

- (i) Voluntarily separates, resigns or retires from employment, except that in the event the Contractor conducts an NNSA approved voluntary separation program.,
- (ii) Is offered employment with a successor/replacement Contractor,
- (iii) Is offered employment with a parent or affiliated company, or

- (iv) Is discharged for cause.

Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement Contract.

### **3.3 Reports and Information: Compensation**

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) A performance self-assessment of the Total Compensation System implementation and results to include an evaluation of total benefits using the “Employee Benefits Value Study” and the “Employee Benefits Cost Survey Comparison” described in 4.1.5.1 and 4.1.5.2 below, one year after implementation.
- (ii) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts, no later than 30 days after Compensation Increase Plan expenditures.
- (iii) A list of the top five most highly compensated executives as defined in FAR 31.205-6(p)(2)(ii) and their total compensation at the time of the effective date of the Contract, and at the time of any subsequent change to their total cash compensation.
- (iv) An annual summary report on distributions made under an Incentive Compensation Plan; and
- (v) Other compensation reports as requested by the Contracting Officer.

### **4.0 BENEFITS**

The requirements of this section shall be updated for consistency, as necessary, during the first 90 days of the contract period. The following subparagraphs will serve as the starting point for negotiations.

- 4.1** The Contractor will be required to become a sponsor of the existing pension and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor shall carry over the length of service credit and leave balances accrued as of the date of the Base Term.

- 4.1.1** No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans. Justification for new benefit plans and changes to plan design or funding methodology must provide the dollar estimates of savings or cost impact, and the basis of determining the estimated savings or cost.

- 4.1.2** Current incumbent contractor plans have been previously approved. Any changes for which the Contractor requests cost reimbursement for pension and other benefit programs sponsored by the Contractor for non-bargaining and bargaining unit employees will be based on the Contracting Officer's approval of Contractor actions pursuant to an approved "Employee Benefits Value Study" and an "Employee Benefits Cost Survey Comparison" as described in 4.1.5.1 and 4.1.5.2 below.
- 4.1.3** The Contractor may not terminate any benefit plan during the term of the Contract without 60 calendar days prior written notification to the Contracting Officer.
- 4.1.4** Service Credit for cost reimbursement for employee benefits to include PRB eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, M&O Contractor Service Credit Recognition.
- 4.1.5** Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall submit the studies required in paragraphs 4.1.5.1 and 4.1.5.2 below. The studies shall be used by the Contractor in calculating the cost of benefits under existing benefit plans. In addition, the Contractor shall submit updated studies to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan.
- 4.1.5.1** An Employee Benefits Value Study for non-bargaining employees (Ben-Val), every two years which is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to employees measured against the RV of benefit programs offered by at least 15 comparator companies approved by the Contracting Officer. The Value Study shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit (DB) and defined contribution (DC) retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs. To the extent that the value studies do not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

An Employee Benefits Value Study for bargaining unit employees (Ben-Val), 6 months prior to the end of the bargaining unit Contract, which is an actuarial study of the relative value (RV) of the benefits programs offered by the Contractor to employees measured against the RV of benefit programs offered by at least 15 comparator companies approved by the Contracting Officer. The Value Study shall include major non-statutory benefit plans offered by the Contractor, including qualified DB & DC retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs. To the extent that the value studies do not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external

benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

4.1.5.2 An Employee Benefits Cost Study Comparison non-bargaining and bargaining unit employees, annually, using a professionally recognized measure approved by the Contracting Officer, that analyzes the Contractor's employee benefits cost for employees on a per capita basis per full time equivalent employee and compares it with appropriate comparator data.

4.1.5.3 When the net benefit value exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan no later than 90 days after the Benefit Value Study is conducted to the Contracting Officer.

4.1.5.4 When the average total benefit per capita cost exceeds the comparator group by more than five percent, the Contractor shall submit an analysis of the specific plan costs that are above the per capita cost range or total benefit cost as a percent of payroll and a corrective action plan within 90 days after the Benefits Cost Study is conducted, to achieve conformance with the comparator group.

4.1.5.5 Within two years of Contracting Officer approval of the Contractor's corrective action plan for non-bargaining employees, or upon the next collective bargaining period for bargaining unit employees, the Contractor shall attempt to align employee benefit programs with the benefit value and per capita cost range as approved by the Contracting Officer.

## **4.2 Reports and Information: Benefits**

The Contractor shall provide to the Contracting Officer:

- (i) Annually, the Report of Contractor Expenditures for Employee Supplemental Compensation (DOE F 3220.8).
- (ii) Annually, a copy of all annual benefits enrollment materials, forms and employee communications to monitor the consistency of the commitments being made,
- (iii) Annually, an itemized estimate of each Plan's unfunded liabilities, including reserves for Incurred But Not Reported (IBNR) claims, unpaid premiums, and plan termination obligations,
- (iv) Annually, the total projected healthcare expense by employee/retiree class identifying the portion paid by the employee/retiree and employer,
- (v) Annually, the confirmation of the Medicare Part D subsidy filing, return receipt and allocation,
- (vi) Every three years, a statistically valid medical claims audit report. Audit should check for accuracy, application of plan rules and consistency of claims processing,

- (vii) Every two years, a prescription drug claim audit report of 100% of paid claims. This audit should also include a focused Contract review.
- (viii) Every four years, a dependent eligibility verification audit report of 100% of population (actives and retirees; Consolidated Omnibus Budget Reconciliation Act (COBRA) if significant enrollment) which includes all dependents (children and spouses). After completion of audit, procedures must be in place to verify dependents at their initial enrollment, annual enrollment and during status changes.

### **4.3 Workers Compensation**

The Contractor, unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new workers compensation policies and all initial proposals for self-insurance (Contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation).

### **4.4 Pension Plans**

- 4.4.1** For cost allocability and reimbursement purposes, any defined benefit (DB) or defined contribution (DC) pension plans established by the Contractor and any DB or DC plans for which the Contractor assumes sponsorship upon the start of the Base Term, shall be maintained consistent with the requirements of the Internal Revenue Code (IRC), Employee Retirement Income Security Act of 1974 (ERISA) the Pension Protection Act of 2006 (PPA) and any other applicable laws.
- 4.4.2** Any pension plan maintained by the Contractor, for which NNSA reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under a DOE cost-reimbursement Contract. Each Contractor pension plan shall be submitted to an annual, full-scope audit by an outside independent organization and the resulting report, submitted to NNSA, must provide the accounting details specified in ERISA Sections 103 and 104.
- 4.4.3** The Contractor will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended by PPA. The Contractor shall notify the Contracting Officer at least sixty (60) days prior to the date a payment is due to avoid benefit restrictions is required if the payment of the minimum required contribution will result in benefit restrictions to Plan participants. Reimbursement above the annual ERISA required minimum contribution will require prior approval of the Contracting Officer. The Contracting Officer will take into consideration all pre-funding balances and funding standard carryover balances when evaluating whether to approve reimbursement above the minimum required contribution. Timing of a Contractor's contributions to a plan must enable a plan's actuary to certify that a plan is adequately funded at the beginning of a plan year.
- 4.4.4** At least 60 days prior to the adoption of any benefit changes that increase costs to a pension plan, the Contractor shall submit the information required in 4.4.4.1 and 4.4.4.2 below, as applicable, to the Contracting Officer for approval or

disapproval and a determination as to whether the costs to be incurred are deemed allowable pursuant to FAR 31.205-6, as supplemented by DEAR 970.3102-05-6. The Contractor shall provide prior notification to the Contracting Officer of any other benefit changes to a pension plan.

4.4.4.1 For proposed changes to DB and DC plans that are not mandated by law the Contractor shall provide the following to the Contracting Officer:

- (i) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout.
- (ii) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index.
- (iii) Except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from legal counsel for purposes of compliance with all legal requirements applicable to private sector DB pension plans.
- (iv) The Summary Plan Description.
- (v) Any such additional information as requested by the Contracting Officer.

When changes to DB and/or DC plans are required by law, the Contractor must provide a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout no later than 30 days before the new amendment is to take effect.

4.4.4.2 The Contractor shall obtain the advance written approval of the Contracting Officer for any required pension plan changes that are not required by law and which may increase costs or liabilities, and any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) and shall provide the Contracting Officer with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable.

**4.4.5** When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply.

4.4.5.1 No further benefits for service shall accrue.

4.4.5.2 The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the NNSA Contract.

4.4.5.3 The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan.

4.4.5.4 Assets shall be determined using the “accrual-basis market value” on the date of termination of operations.

4.4.5.5 NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the IRS of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's “AA.”

#### **4.4.6 Terminating Plans.**

4.4.6.1 NNSA Contractors shall not terminate any pension plan (commingled or site specific) without notifying the Department at least 60 days prior to the scheduled date of plan termination.

4.4.6.2 To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. The Contractor shall apply the assumptions and termination procedures of the Pension Benefit Guaranty Corporation.

4.4.6.3 Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.

4.4.6.4 If ERISA or IRC rules prevent a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the parties.

4.4.6.5 On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a high-yield, fixed-income portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's “AA.”

4.4.6.6 NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.

4.4.6.7 After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To affect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.

#### **4.4.7 Post Contract Responsibilities for Pension and Other Benefit Plans**

4.4.7.1 If this Contract expires or terminates and NNSA has awarded a Contract under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new Contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a comingled plan is involved, the Contractor shall:

- (i) Spin off the NNSA portion of any commingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the commingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
- (ii) Bargain in good faith with NNSA or the successor Contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. NNSA and the Contractor(s) shall establish an effective date of spinoff. On the same day as the Contractor notifies the IRS of the spinoff, all NNSA assets assigned to a spun-off plan shall be placed in a high-yield, fixed income portfolio until the successor trustee is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.7.2 If this Contract expires or terminates and NNSA has not awarded a Contract to a new Contractor under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the

Contractor's obligations regarding the Plans at the time of Contract Completion:

- (i) Subject to paragraph 4.4.7.2(ii) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
- (ii) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

**4.4.8** Reports and Information - Retirement Plans: For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year except for the Pension Management Plan which must be submitted by January 30 of each year.

4.4.8.1 The annual actuarial valuation report for each NNSA-reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.

4.4.8.2 Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan, no later than that submitted to the IRS.

4.4.8.3 Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.

4.4.8.4 The annual Pension Management Plan as described below (**4.5 Pension Management Plan**) by January 30 of each year.

## 4.5 Pension Management Plan

**4.5.1** The Contractor shall submit a plan for management and administration (Pension Management Plan) for each defined benefit pension plan (Plan) for which the Department has a continuing obligation to reimburse pension contributions that is consistent with the terms of this Contract and which includes estimated assets, estimated liabilities, and estimated contributions and the prior year's actuarial valuation report annually on January 30.

**4.5.2** The Pension Management Plan shall include:

4.5.2.1 The Contractor's best estimate of the contributions which it will be legally obligated to make to the Plan(s), beginning with the required contributions for the current fiscal year, based on the latest actuarial valuation, and continuing for the following four fiscal years. This estimate will be based upon compliance with all applicable legal requirements relating to the determination of contributions and upon the assumptions set out in the Plan document(s). All contribution calculations should reflect payments made during DOE fiscal years, beginning Oct 1, through September 30, and the next succeeding four fiscal years. Please include a summary of the key actuarial assumptions used to determine the required contribution. All estimates must be based upon the most recently available asset information for the Plan. For example, for a Plan with a July 1 valuation date, project the July 1, value of assets for the current year to be used in the calculation from the actual January 1, value of assets from the same year.

4.5.2.2 If the actuarial valuation submitted pursuant to the annual Pension Management Plan update indicates that the sponsor of the Plan must impose benefit restrictions, the Contractor shall provide the following information:

- (i) The type of benefit restriction that will take place,
- (ii) The number of Contractor employees that potentially could be impacted and the nature of the restriction (e.g., financial impact) by imposition of the required benefit restriction,
- (iii) The amount of money that would need to be contributed to the Plan and the timing of such contribution to avoid legally required benefit restrictions, and
- (iv) A recommendation regarding whether the additional money should be contributed to the Plan and the rationale for the recommendation.

4.5.2.3 A detailed discussion of how the Contractor intends to manage the Plan(s) to maximize contribution predictability (i.e. forecasting accuracy) and to contain current and future costs, to include the rationale for selection of all

Plan assumptions (i.e., actuarial experience studies) that determine the required contributions and which impact the level and predictability of required contributions. As part of the Contractor's plan to maximize contribution predictability, the Contractor may propose funding strategies other than ERISA minimums for NNSA's consideration and approval. The Contractor shall submit the following for NNSA to consider in deciding on the alternate funding strategy:

- (i) Identify whether the current year additional amount can be absorbed within the current operating budget.
- (ii) Discuss the integration of Plan's funding strategy and investment strategy taking into consideration the plan's demographic profile, liability duration, and impact of current year funding decisions on future year contribution requirements.
- (iii) Discuss the strategy for achieving fully funded status and protecting against erosion of the Plan's funded status.
- (iv) Discuss the strategy for specifically protecting any pension funding contributions reimbursed in excess of the minimum required contribution against the risk of significant loss.
- (v) Discuss whether the plan has a prefunding or funding standard carryover balance that could be used to improve the plan's AFTAP without requiring additional contributions. Provide a rationale regarding the recommended use of the available balance(s).

4.5.2.4 An assessment to evaluate the effectiveness of the Contractor's Plan(s) investment management/results. The assessment must include at a minimum: a review and analysis of Plan investment objectives and asset allocations; results of the most recent asset liability study and investment policy review; the strategies employed to achieve the Plan's investment objectives; and the methods used to monitor execution of those strategies and the achievement of the investment objectives. The Contractor shall also identify its plans, if any, for revising any aspect of its Pension Management Plan based on the results of the review.

Within thirty (30) days after the date of the submission, appropriate Contractor representatives will meet with the Contracting Officer and other DOE/NNSA representatives to discuss the Contractor's proposed Pension Management Plan. The Contractor must be prepared to discuss any differences between the prior fiscal year's estimated pension contributions for future fiscal years and the most recent estimated pension contributions for future fiscal years and the rationale for any such discrepancies. In addition, discrepancies between the actual contributions made for the most recent fiscal year preceding the meeting and the estimated contributions for that fiscal year and the rationale for any such discrepancies, and funding strategies for the Plan will be discussed.

## 5.0 LABOR RELATIONS

- (i) The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- (ii) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of determining the allowability of cost associated with the Contractor's economic bargaining objectives, prior to negotiation of any collective bargaining agreement, extension or revision thereto. During the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which would exceed parameters previously determined to be allowable under this Contract or which could involve other items of special interest to the Government. During the collective bargaining process, the Contractor shall obtain the approval of the Contracting Officer in advance before proposing or agreeing to changes in any pension or other benefit plans.
- (iii) The Contractor shall provide an electronic copy of the bargaining agreement to the Contracting Officer 30 days after formal ratification. The Contractor shall provide the "Report of Settlement" 30 days after formal ratification using the Work Force Information System (WFIS).
- (iv) The Contractor shall notify the Contracting Officer in a timely fashion of all labor relations issues including economic issues and other matters that have a potentially significant impact on work rules, make or buy decisions, or other matters that may cause a significant deviation from past customs or practices.
- (v) The Contractor shall immediately advise the Contracting Officer of the following:
  - (A) Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing.
  - (B) Formal action by the National Labor Relations Board (NLRB) including but not limited to issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer.
  - (C) Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law.
  - (D) Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator.
  - (E) Other significant issues that may involve review by other federal or state agencies.

## **6.0 WORKFORCE PLANNING**

### **6.1 Workforce Planning - General**

The Contractor shall regularly analyze workforce requirements consistent with current and future mission requirements and develop appropriate workforce transition strategies to ensure appropriate skills are available at the right time, in the right number, in the right place. Particular attention shall be paid to current and future critical skills. This analysis shall be documented in the form of a plan to be submitted to the Contracting Officer no later than 180 calendar days after the beginning of the Base Term for review and approval with subsequent annual updates thereafter. The plan shall include the following components:

- 6.1.1** The Contractor shall maintain an inventory of the skills of its workforce and update it annually. The skills included in the inventory are those that employees already possess and can readily demonstrate. The Contractor shall complete an updated skills inventory and assessment of skills needed prior to workforce restructuring actions involving employee separations. The inventory must be expressed in terms of the skills required to meet evolving mission requirements, as stated in occupational categories.
- 6.1.2** The Contractor shall prepare and update annually a rolling three-year workforce assessment reflecting: (1) projected workforce skills requirements; (2) identification of critical skills, current and projected; (3) the current composition and inventory of the skills of the workforce; and (4) the feasibility of retraining existing employees to meet changing mission requirements. The assessment shall be expressed in terms of occupational categories and show present employment levels and future skills requirements based on projected missions and budget estimates for the three-year period. The Contractor will identify, review, and document any skills mismatches, excesses or deficiencies according to skill classification prior to conducting a voluntary or involuntary separation program.
- 6.1.3** The Contractor shall have leadership development and management succession plans describing how it will continue to deliver world class Key Personnel for management of the Contract.

### **6.2 Reductions in Contractor Employment – Workforce Restructuring**

- 6.2.1** Voluntary Separations: In order to minimize the number of involuntary separations and mitigate the impact on affected employees, the Contractor will consider in consultation with the Contracting Officer, the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP) when workforce restructuring is necessary. The Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. No reimbursement of costs associated with VSPs will be allowable if not approved by the Contracting Officer prior to implementation.
- 6.2.2** Involuntary Reductions in Contractor Employment

- 6.2.2.1 If the restructuring involves fewer than 10 employees being separated, the Contractor will notify the Contracting Officer of each restructuring action by e-mail no later than 15 days in advance of the action.
- 6.2.2.2 If the restructuring involves the separation of 10 and up to 100 employees over a twelve-month period, the Contractor will notify the Contracting Officer by formal letter. For any restructuring actions that involve the separation of 50 or more employees within a twelve-month period, the Contractor shall conduct a privileged diversity analysis. No later than 30 days in advance of the action, the Contractor's legal counsel will provide the privileged analysis to DOE's legal counsel so that DOE, consistent with its obligations under Executive Order 11246, may evaluate the proposed restructuring action for possible disparate impact on minorities and other protected classifications of employees. The privileged analysis will be conducted, provided, and maintained under appropriate protocols in order to maintain and protect privilege.
- 6.2.2.3 If the restructuring may involve the separation of 100 or more employees within a 12-month period, the Contractor shall provide such information as directed by the Contracting Officer or his or her designee to enable compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 at a minimum, no later than 90 days in advance of the date the Contractor needs to begin notification in accordance with the law and its attendant timeframes to effect the separations. NOTE: Restructuring actions involving 200 or more employees will require a formal separation plan.
- 6.2.2.4 All notices must contain pertinent information such as reasons, costs, dates, and numbers of impacted employees.
- 6.2.3** Any payment of benefits beyond those already approved in the Contractor's Contract must be approved by the Administrator, NNSA.

**SECTION J**

**APPENDIX B**

**PERFORMANCE EVALUATION PLAN**

**TABLE OF CONTENTS**

[Note: To be inserted by the Contracting Officer after contract award.]

**SECTION J****APPENDIX C****CONTRACTOR'S TRANSITION PLAN**

**Plan:** As attached below.

**Guidance:** The Contractor shall submit a Transition Plan that describes the process, details, and schedule for providing an orderly transition during the Contract's Transition Term stated in Section F, F-2, Period of Performance, in accordance with the guidance herein for all elements of Section J, Appendix A, Statement of Work, Chapter II Work Scope Structure. The objectives of the Transition Plan are: to minimize the impacts on continuity of operations; maintain communication with staff and affected communities; identify key issues; and overcome barriers to transition. The Contractor is responsible for performing due diligence to ensure that all the transition activities are identified, negotiated, and completed during the Transition Term.

The Contractor shall establish a transition management team capable of providing overall management and logistical support of all transition activities. The Contractor shall develop a resource-loaded project management schedule compatible with predecessor contractor software (if different). Milestones and measurable commitments will be included in the schedule. The Contractor will regularly report status to the DOE/NNSA at periodic meetings and through regular written reports.

The activities performed during the Transition Term shall begin on the effective date of the Contract.

# KCP Contract

## Transition Plan

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Honeywell Federal Manufacturing & Technologies, LLC

## Transition Plan Objective

This Transition Plan was established pursuant to Section J, Appendix C, Contractor's Transition Plan. The guidance contained therein includes:

- Describe the process, details and schedule for providing an orderly transition during the contract's transition term
- Objectives:
  - Minimize the impacts on continuity of operations
  - Maintain communication with staff and affected communities
  - Identify key issues
  - Overcome barriers to transition
  - Perform due diligence to ensure that all transition activities are identified, negotiated and completed during the Transition
  - Establish a transition management team capable of providing overall management and logistical support of all transition activities
  - Develop a resource-loaded project management schedule, including milestones and measurable commitments
    - Provide a transition cost estimate for transition activities including costs associated with the transition plan and costs necessary for the Contractor to meet transition requirements during the transition term
    - Provide a cost summary for the transition plan that clearly identifies by cost element by labor, indirects, materials, equipment, subcontracts and other direct costs and relocation costs
  - Regularly report status to the DOE/NNSA at periodic meetings and through regular written reports

## Approach

Honeywell FM&T has developed a transition plan approach that includes the following:

### 1. Transition Team

Under the direction of Therese LeBlanc, Honeywell FM&T General Counsel, the following Honeywell leadership transition team was formed to develop and execute this plan:

<b>Function</b>	<b>Leader / Owner</b>
Transition Coordinator	Dianna Gibson
Communications	Sharon Robinson
Legal	Therese LeBlanc
Finance	Gloria Zarrella

Human Resources	Sarah Zilliox
HS&E	Don Fitzpatrick
Program Management	David Feather
IT and Cyber Security	Bob Ottesen
Supply Chain Mgmt Center	Sandra Rogers
Integrated Supply Chain	Brad Hughes
Engineering	Kurt Lorenzen
Quality	David Schoenherr
Audits	Jim Crossley
Facilities & Maintenance	Jim Jeffries
Security	Jim Jeffries
HOS	Henry Parente
Transformation & KCRIMS	Rick Lavelock
Work for Others	John Murray
Applied Technology	Bill Ross
Kirtland Operations	Jeff Fuller

Upon completion of transition team activities, each of the team members will certify, for each of their respective functions, readiness to seamlessly transition to new contract requirements.

## 2. Communications

Honeywell FM&T Public Relations will be responsible for ensuring employee, community and corporate communications throughout contract transition. The Honeywell FM&T transition team will be responsible for communicating transition activities to NNSA. The principal mechanism will consist of bi-weekly meetings with NNSA representatives to communicate transition status and issues.

## 3. Contract Review

FM&T Legal will be responsible for a detailed review of new contract language, identification of potential issues and resolution of issues with NNSA. The initial contract review will also be disseminated to business function leads to aid in subsequent due diligence reviews. Subsequent updates will be provided to NNSA at bi-weekly meetings.

Contract Review represents the first iteration in determining transition impacts. A line by line review of the current versus new contract language identifies issues requiring additional negotiation with NNSA.

FM&T Legal is responsible for interfacing with appropriate NNSA leads in negotiating changes to new contract language to meet FM&T needs while providing best value to the government. FM&T Legal is also responsible for estimating costs associated with unresolved contract language

requirements. This will be provided at the conclusion of contract review activities. (Schedule for Contract Negotiation is included in Figure 2)

#### 4. Due Diligence

Due Diligence review represents the first drill-down of transition impacts and costs identified during Contract Review. Each functional lead has been charged with identifying the principal programmatic drivers for their function. These can include such diverse drivers as Plans and Handbooks, ISO 9001 and 14001 Descriptions, Command Media, and LEP Schedules. The initial Due Diligence review includes identifying level of effort associated with reviewing programmatic drivers versus new contract language. Initial cost estimates will be based on total labor hours, subcontracts and materials.

Initial Due Diligence review estimates are based on an estimated 20 to 200 hour per business function. As due diligence activities are completed, revised costs associated with addressing barriers and issues will be provided to NNSA during bi-weekly reviews.

#### 5. Transition Issue, Barrier and Corrective Action

Based on the initial Contract and Due Diligence Reviews, issues, barriers and potential corrective actions will be identified. As these are identified, schedule and costs for corrective actions will be developed and presented to NNSA prior to implementation. Within 24 hours of discovery, the Transition Team Coordinator will communicate the issue to the NNSA KCSO Contract Officer. Within 5 business days, a gap closure plan and cost estimate will be proposed. The closure plan and cost will be negotiated within 10 business days.

The five elements of the contract transition plan are depicted below in Figure 1.

## Contract Transition Plan

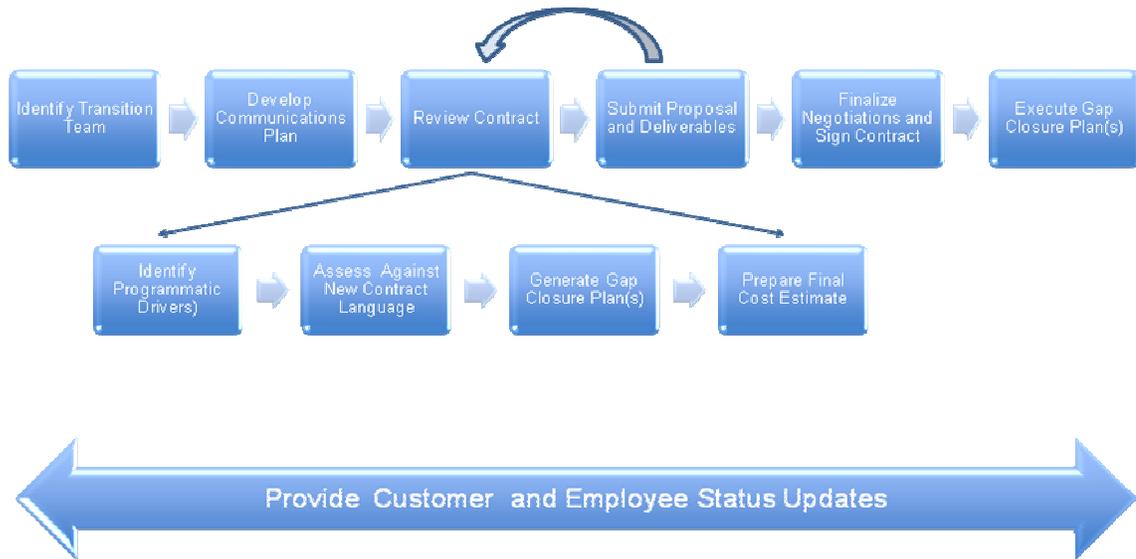


Figure 1

### Current Status –

Contract negotiation is ongoing. Final transition impact is unknown until Honeywell FM&T Legal and NNSA complete contract negotiations.

Schedule - Contract Review/Negotiation and Due Diligence activities will be completed within the first 6 weeks of transition. Addressing barriers, issues and corrective actions will be completed within the second 6 weeks of transition.

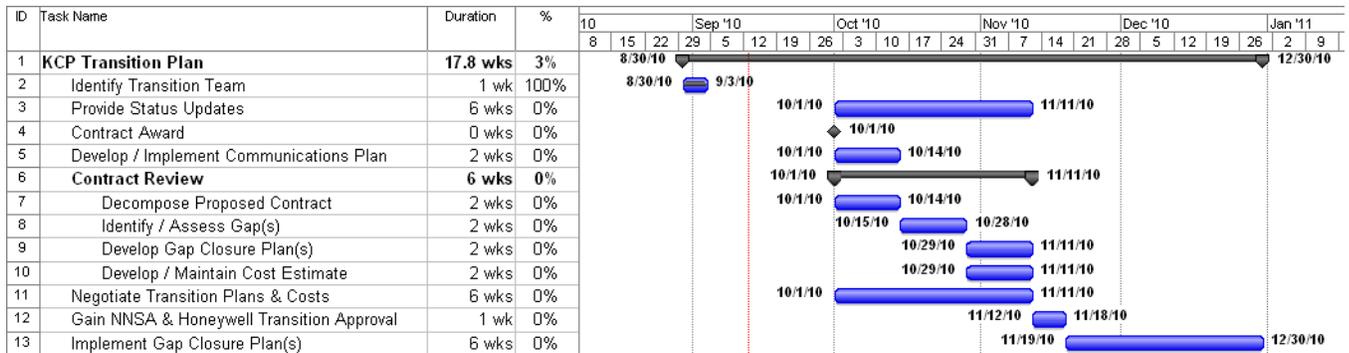


Figure 2

**SECTION J****APPENDIX D****SENSITIVE FOREIGN NATIONS CONTROL**

1. Pursuant to the Contract Section I Clause entitled “Sensitive Foreign Nations Controls,” “sensitive foreign nations” is one of the countries listed below:

Algeria	Armenia
Azerbaijan	Belarus
China (People's Republic of China)	Cuba
Georgia	Hong Kong
India	Iran
Iraq	Israel
Kazakhstan	Kyrgyzstan
Libya	Moldova
North Korea (Democratic People's Republic of)	Pakistan
Russia	Sudan
Syria	Taiwan
Tajikistan	Turkmenistan
Ukraine	Uzbekistan

2. Due to the dynamic nature of world events, other countries may, at any time, become sensitive. Therefore, caution should be exercised with citizens of countries not listed above to assure that sensitive information, although unclassified in nature, is not inadvertently disclosed. This would include nuclear and other U.S. technology and economic information. The Contracting Officer may (i) update the above list by providing the Contractor a periodic written notice or (ii) update the above list via a unilaterally Contract modification.
3. The Contract’s Appendix N “List of Applicable Directives”, DOE Order 142.3 “UNCLASSIFIED FOREIGN VISITS AND ASSIGNMENTS PROGRAM”, Attachment 3 contains definitions associated with DOE’s Unclassified Foreign Visits and Assignments Program.

**SECTION J**

**APPENDIX E**

**PERFORMANCE GUARANTEE AGREEMENT**

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Honeywell International Inc.  
101 Columbia Road  
Morristown, N.J. 07962-1219

## **PERFORMANCE GUARANTEE AGREEMENT**

For value received, and in consideration of, and in order to induce the United States (the Government) to enter into Contract DE-NA0000622 for the management and operation of the Kansas City Plant (the "Contract") dated October 1, 2010, by and between the Government and Honeywell Federal Manufacturing & Technologies, LLC (Contractor), the undersigned, Honeywell International Inc. (Guarantor), a corporation incorporated in the State of Delaware with its principal place of business at Morristown, New Jersey, hereby unconditionally guarantees to the Government (a) the full and prompt payment and performance of all obligations, accrued and executory, which Contractor presently or hereafter may have to the Government under the Contract, and (b) the full and prompt payment and performance by Contractor of all other obligations and liabilities of Contractor to the Government, fixed or contingent, due or to become due, direct or indirect, now existing or hereafter and howsoever arising or incurred under the Contract, and Guarantor further agrees to indemnify the Government against any losses the Government may sustain and expenses it may incur as a result of the enforcement or attempted enforcement by the Government of any of its rights and remedies under the Contract, in the event of a default by Contractor thereunder, and/or as a result of the enforcement or attempted enforcement by the Government of any of its rights against Guarantor hereunder.

Guarantor has read and consents to the signing of the Contract. Guarantor further agrees that Contractor shall have the full right, without any notice to or consent from Guarantor, to make any and all modifications or amendments to the Contract without affecting, impairing, or discharging, in whole or in part, the liability of Guarantor hereunder.

Guarantor hereby expressly waives all defenses which might constitute a legal or equitable discharge of a surety or guarantor, and agrees that this Performance Guarantee Agreement shall be valid and unconditionally binding upon Guarantor regardless of (i) the reorganization, merger, or consolidation of Contractor into or with another entity, corporate or otherwise, or the liquidation or dissolution of Contractor, or the sale or other disposition of all or substantially all of the capital stock, business or assets of Contractor to any other person or party, or (ii) the institution of any bankruptcy, reorganization, insolvency, debt agreement, or receivership proceedings by or against Contractor, or adjudication of Contractor as a bankrupt, or (iii) the assertion by the Government against Contractor of any of the Government's rights and remedies provided for under the Contract, including any modifications or amendments thereto, or under any other document(s) or instrument(s) executed by Contractor, or existing in the Government's favor in law, equity, or bankruptcy.

Guarantor further agrees that its liability under this Performance Guarantee Agreement shall be continuing, absolute, primary, and direct, and that the Government shall not be required to pursue any right or remedy it may have against Contractor or other Guarantors under the Contract, or any modifications or amendments thereto, or any other document(s) or instrument(s) executed by Contractor, or otherwise. Guarantor affirms that the Government shall not be required to first commence any action or obtain any judgment against Contractor before enforcing this Performance Guarantee

Agreement against Guarantor, and that Guarantor will, upon demand, pay the Government any amount, the payment of which is guaranteed hereunder and the payment of which by Contractor is in default under the Contract or under any other document(s) or instrument(s) executed by Contractor as aforesaid, and that Guarantor will, upon demand, perform all other obligations of Contractor, the performance of which by Contractor is guaranteed hereunder.

Guarantor agrees to assure that it shall cause this Performance Guarantee Agreement to be unconditionally binding upon any successor(s) to its interests regardless of (i) the reorganization, merger, or consolidation of Guarantor into or with another entity, corporate or otherwise, or the liquidation or dissolution of Guarantor, or the sale or other disposition of all or substantially all of the capital stock, business, or assets of Guarantor to any other person or party, or (ii) the institution of any bankruptcy, reorganization, insolvency, debt agreement, or receivership proceedings by or against Guarantor, or adjudication of Guarantor as a bankrupt.

Guarantor further warrants and represents to the Government that the execution and delivery of this Performance Guarantee Agreement is not in contravention of Guarantor's Articles of Organization, Charter, by-laws, and applicable law; that the execution and delivery of this Performance Guarantee Agreement, and the performance thereof, has been duly authorized by the Guarantor's Board of Directors, Trustees, or any other management board which is required to participate in such decisions; and that the execution, delivery, and performance of this Performance Guarantee Agreement will not result in a breach of, or constitute a default under, any loan agreement, indenture, or contract to which Guarantor is a party or by or under which it is bound.

No express or implied provision, warranty, representation or term of this Performance Guarantee Agreement is intended, or is to be construed, to confer upon any third person(s) any rights or remedies whatsoever, except as expressly provided in this Performance Guarantee Agreement.

In witness thereof, Guarantor has caused this Performance Guarantee Agreement to be executed by its duly authorized officer, and its corporate seal to be affixed hereto on October 1, 2010.



HONEYWELL INTERNATIONAL INC.

John J. Tjebk  
Vice President and Treasurer

Attested to this 27<sup>th</sup> day of September, 2010:

Jacqueline Katzel  
Assistant Secretary

## **SECTION J**

### **APPENDIX F**

#### **NATIONAL WORK BREAKDOWN STRUCTURE**

The Department of Energy, National Nuclear Security Administration (DOE/NNSA), Office of Defense Programs, manages a large, complex, and diverse portfolio of weapons activities. To help facilitate and integrate the management of this portfolio, the Office of Defense Programs is establishing a National Work Breakdown Structure (NWBS). The NWBS will provide a consistent framework for planning, programming, budgeting, and evaluation of work required to execute the Defense Programs mission. Over time, the NWBS is anticipated to be expanded to all NNSA and DOE program activities.

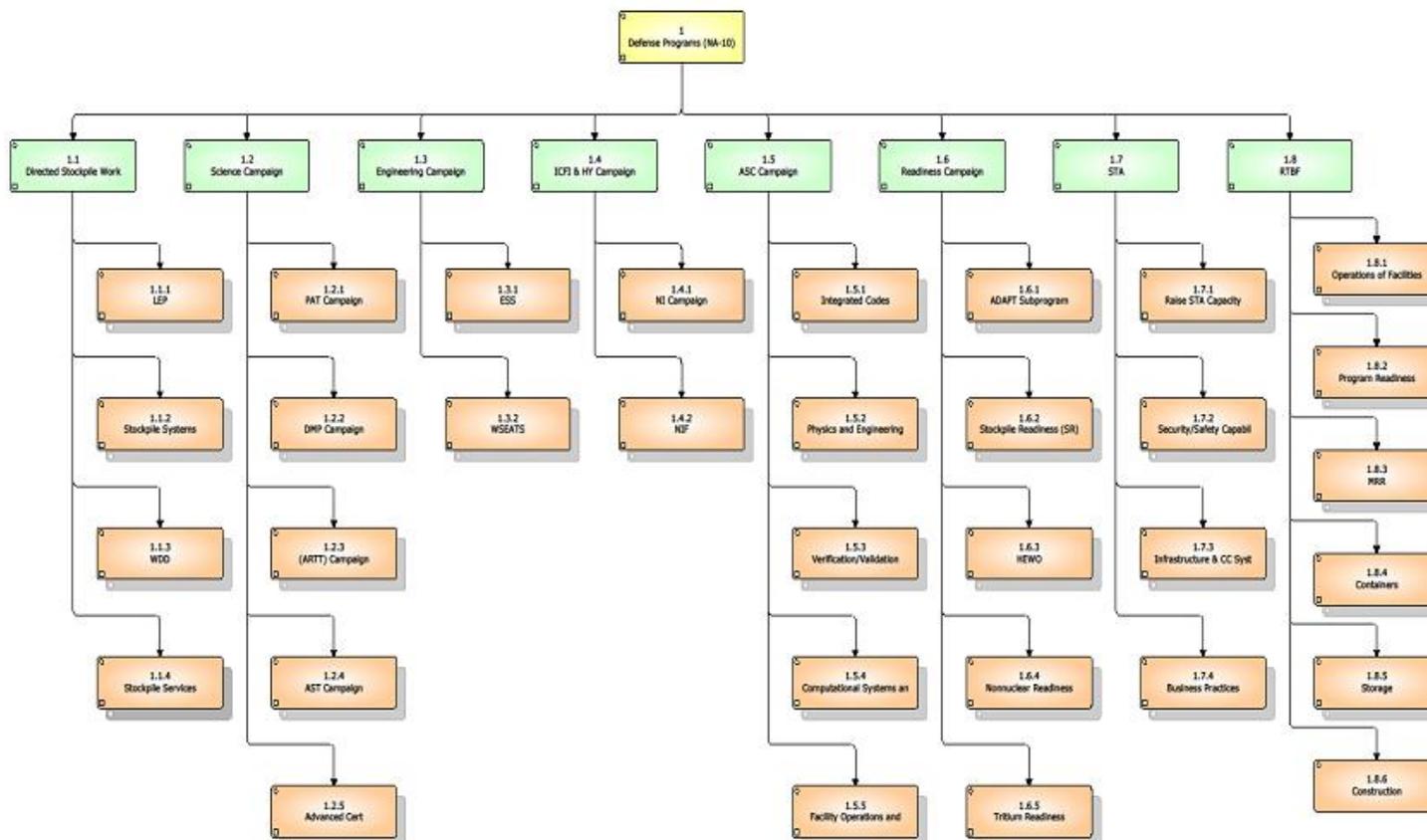
The NWBS will be contained in a relational database that serves as an easy-to-use tool for DOE/NNSA Federal Program Managers and Management and Operating (M&O) contractors to input, analyze, and report budget formulation data using the NWBS structure. The NWBS database will provide linkages across programs, tags to products, source of requirements, and Integrated Priority Lists (IPLs).

Where it applies and consistent with instructions from the Contracting Officer where it does not, the Contractor shall be required to support preparation and maintenance of activity data sheets that form the foundation of the NWBS database. These activity data sheets capture information across the DOE/NNSA Defense Programs mission having a dollar amount of on average \$1 million. Activity data sheets are completed at the lowest level of each NWBS element. In general, NWBS elements do not change from year-to-year, but an activity described in an activity data sheet may vary year-to-year. Each activity must identify one or more products and/or cross-cutting elements (i.e., capabilities) linked to the activity being performed. A product is a tangible output (e.g., system, component, material, etc.). A cross-cutting element or capability represents work that either supports development of a specific product or sustains a process that supports delivery of future products, therefore enabling Defense Programs to meet future mission needs. There are four general types of cross-cutting elements or capabilities: integrative (e.g., military liaison), analytical (e.g., systems analysis), process (e.g., test and evaluation), or project management.

The Defense Programs portfolio is structured into a variety of programs that work together to support the DOE/NNSA mission of stockpile stewardship. These programs include: a) Directed Stockpile Work (DSW); b) Campaigns: Engineering, Science, Inertial Confinement Fusion Ignition and High Yield (ICFI & HY), Advanced Simulation and Computing, and Readiness; c) Secure Transportation Asset (STA); and d) Readiness in Technical Base and Facilities (RTBF). A sample of the DOE/NNSA Defense Programs NWBS is shown below.



# NNSA Defense Programs NWBS



4/14/10

**SECTION J**

**APPENDIX G**

**RESERVED - GOVERNANCE**

**[Note: Governance is in Draft form and not yet NNSA approved. Once approved it will be incorporated into the Contract at this Appendix.]**

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***Re-Forming Relationships:  
A Guide to Transformational  
Governance and Oversight***

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**National Nuclear Security Administration**

**U.S. Department of Energy  
Washington, D.C. 20585**

*Re-Forming Relationships: A Guide to Transformational Governance and Oversight*

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**SECTION J**

**APPENDIX H**

**RESERVED**

**SECTION J**

**APPENDIX I**

**PERSONNEL APPENDIX**

**TABLE OF CONTENTS**

[Note: To be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

**SECTION J**

**APPENDIX J**

**KEY PERSONNEL**

[Note: To be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

**TITLE**

**NAME**

**SECTION J**

**APPENDIX K**

**SMALL BUSINESS SUBCONTRACTING PLAN**

[Note: To be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

## **SECTION J**

### **APPENDIX L**

[Note: The Diversity Plan is to be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

#### **DIVERSITY PLAN GUIDANCE**

In accordance with the Contract's Section I Clause entitled "DEAR 970.5226-1, Diversity Plan," this Appendix provides guidance to assist the Contractor in understanding the information being sought by the Department of Energy, National Nuclear Security Administration (DOE/NNSA) for each of the clause's Diversity elements. Where the following elements are already addressed by the Contractor as an Appendix to the Contract or in a current Contractor policy or procedure, the Contractor need only cross-reference the applicable Contract appendix or provide a copy of the policy or procedure to the Contracting Officer.

#### **Work Force**

This Contract includes clauses on Equal Opportunity and Affirmative Action. The Government needs to know the means by which the Contractor's policies, or plans for implementation of these clauses in its operations, meet the requirements contained in the clauses.

#### **Educational Outreach**

The Government needs to know the means by which the Contractor's policies or plans provide Contractor employees an opportunity to improve their employment skills and opportunities (examples of these programs could include: educational assistance allowance, provision for outside training programs either during or outside regular work hours, and executive training programs for non-executive employees) and how the Contractor plans to participate in any program supporting Historically Black Colleges and Universities, Hispanic Serving Institutions, and Native American Institutions.

#### **Community Involvement and Outreach**

The Government needs to know the means by which the Contractor's policies or plans support diversity. An example of an activity in support of these interests is support, through direct sponsorship or individual employees being available to work with the specific community, for equal opportunity activities.

#### **Subcontracting**

The Contract contains the Section I Clause entitled "FAR 52.219-9, Small Business Subcontracting Plan, Alternate II" and other small business related clauses. The Government

needs to know the means by which the Contractor's policies or plans meet the requirements contained in these clauses.

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**Economic Development (Including Technology Transfer)**

Many of DOE/NNSA's Contracts include clauses dealing with Technology Transfer. Planning or activities developed under such clauses may apply to this element of the Contractor's Diversity Plan. Additionally, some of the subcontracting activities planned by the Contractor with small business concerns may be entered into for the purpose of assisting the economic development of or transferring technology to such a business. The Government needs to know the means by which the Contractor's planned activities relate to promoting diversity within the local community.

**Prevention Of Profiling Based On Race Or National Origin**

The Government needs to know the means by which the Contractor's policies or plans meet the following interests: (1) avoid profiling based on race or national origin; (2) provide informational or educational programs that ensure managers and employees understand these issues; (3) provide employees with avenues for raising issues or concerns about profiling; (4) use education, training, and community outreach to partner with its work force and with established advocacy groups to recruit, retain, and promote a diverse work force and to review administrative processes that may impact achievement of a truly diverse work force and work place; and (5) will hold management and leadership responsible and accountable for performance under the diversity plan, for example: performance appraisals, compensation, promotions, etc.

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## **SECTION J**

### **APPENDIX M**

#### **U. S. DEPARTMENT OF ENERGY FUNCTIONAL ACTIVITY DEFINITIONS**

##### **Support Cost by Functional Activity (SCFA) Report Introduction**

Prior to fiscal year 1997, Department-wide support cost data showing the nature of, amount of, and trends in these costs were not available. Recognizing the importance of managing these costs, and receiving requests from Congress and the GAO, the Department's Chief Financial Officer implemented the SCFA System. In implementing the SCFA to track support-related costs, the Chief Financial Officer developed consistent functions for 22 specific cost categories—such as facility management, safeguards and security, and site maintenance—that contractors use in reporting their support-related costs. These 22 specific categories fall into three broad categories: general support, mission support, and site specific support. The remaining cost incurred by the Department represents direct mission activity, as well as capital equipment and construction costs.

The SCFA Report began as a way to identify the cost of the Department's support programs and the trends in those costs. The data reflected in the reports is obtained each year by analyzing information contained in the Contractors' financial management systems and apportioning costs to the functional categories on a prime cost basis (i.e., prior to any cost distribution) and, by definition may include both direct and indirect costs in any of the categories. The definitions are provided below.

##### **General Terms**

1. \*Capital/construction - Prime capital and construction cost related to Line Items, Capital Equipment and General Plant Projects (GPP). This includes the cost of Institutional General Plant Projects and Capital Equipment that are paid for with indirect funds (IGPP/IGPE). All identifiable support cost should be included in the appropriate general support, mission support or site specific categories.
2. \*Functional Support Cost: The Department's major sites are funded from multiple appropriations and programs. These appropriations and programs represent the Department's missions as defined by Congress. There are many activities necessary that provide support to carry out these core missions. The cost of these activities is assigned to programs either directly or indirectly. Once charged or assigned they are usually absorbed into the cost of the mission activity and are not uniquely identified in the financial systems. Functional Support cost is intended to capture these costs at their point of origin, prior to any distributions, and provide visibility for management.

For reported Functional Support Cost purposes the Department has defined the following categories and subcategories:

- General Support: Executive Direction, Human Resources, CFO, Procurement, Legal, Central Administrative Services, Program/Project Planning & Control, Information Outreach, Information Services and Other.
- Mission Support: Environmental, Safety and Health; Facilities Management; Maintenance; Utilities; Safeguards and Security; Logistic Support; Quality Assurance; and Laboratory/Technical Support
- Site-Specific: Management/Award Fee/Incentive Fee, Taxes and LDRD/PDRD/SDRD.

Functional support cost attributes:

- Determined in accordance with these definitions.
  - Determined without regard to funding source.
  - Determined without regard to Cost Accounting Standards (CAS) classification of indirect or direct. May be defined as indirect or direct in CAS Disclosure Statement.
  - Determined prior to overhead distributions so costs are prime (direct labor, direct material and other direct costs).
  - Costs are usually assigned to more than one program.
  - Represent activities necessary to complete mission, but are not mission activities.
  - Crosscuts costs by programmatic budget reporting classification as recorded in DOE financial systems. Functional Support cost and Mission Direct cost together at each site should equal the Contractor's total cost. However, there are some sites that combine two Contractors' costs into one report (such as the inclusion of a security Contract), or sites where DOE pays the security costs but has the prime Contractor included it in their functional cost report. In these cases the reported costs will be higher. All Functional Support and Mission Direct costs together should equal the total DOE Contractor cost with those exceptions.
  - Includes the cost of work performed for and charged to other DOE sites. In other words, the performing site includes the cost of doing the work for other DOE sites in their functional cost report. The site having the work done does not include the cost.
3. General Support: Represents cost categories which would exist regardless of the specific mission.

4. \*Mission Direct: For purposes of reporting, Mission Direct cost is all the costs that do not meet any of the “support” definitions provided in this guidance. These are generally prime costs (direct labor, direct material and other direct costs) incurred to directly accomplish the Department's mission. These represent activities that may be funded directly or indirectly.
5. Mission Support: Represents support cost categories that exist solely due to the unique mission being accomplished.
6. Site Specific: Represents cost categories not defined as general support, mission support or construction.
7. \*Support Cost By Functional Activity (SCFA) System: This system is used to collect and report Functional Support Cost.
8. Total Cost: Includes Mission Direct, Construction and Functional Support Costs and is equal to total program costs.

## All 22 Support Cost Categories

### General Support

1. Executive Direction - Includes costs normally associated with the executive level of management. Examples of activities in this account may be the Laboratory Director, President and other top level management and immediate staff (Secretary, Special Assistants, etc.), Science Advisors and Deputy Directors, Vice Presidents, etc. This category also includes Total Quality Management (TQM) type activities, such as the development and administration of Total Quality Improvement Plans, cost savings and reengineering programs administration, etc.; and institutional/strategic planning, including development and control, and any site specific development. All other management/supervisor activities, including related incidental costs, should be reported in the appropriate support/mission category.
2. Human Resources - Includes costs associated with recruiting, wage and salary administration, equal employment opportunity and diversity activities, benefits administration, employee concerns programs, central training development services (job specific training development curriculum should be included in the specific category to which it applies), industrial relations, personnel records, employee claims, adjudications, grievances, arbitration, educational programs providing for undergraduate and graduate course work and other personnel services.
3. Chief Financial Officer - Includes costs associated with activities of a financial nature, such as general accounting, payroll, travel accounting, funds control, cost accounting, financial systems management and non-project/program specific budget coordination and control, such as indirects and internal audit.
4. Procurement - Includes costs associated with activities related to make/buy decisions, contracting, purchasing, contract administration (including prime) and acquisition of resources to conduct activities, as well as to conduct audit and cost/price analysis activities.
5. Legal - Includes costs associated with legal counsel support and litigation support. Includes outside legal support and ethics functions.
6. \*Central Administrative Services – Includes costs associated with travel reservation support, food service, printing, and graphic support services including cost-per-copy contracts (convenience copiers), records management, and all library-related activities. Also includes clerical support pool costs, but does not include the cost of secretarial and clerical positions that are permanent in nature and directly support another category or mission direct. These should be included in the respective category (or mission direct) they support, even if they are considered in a secretarial or clerical pool.

7. \*Program/Project Planning & Control - Includes cost associated with support and execution of program/project budgeting, funding requests, baseline control and preparation (including planning, scheduling, coordination, change control, cost estimating, and program specific reporting and analysis). Also includes master scheduling, project management system administration, and baseline pricing and validation efforts. This category does not include actual program/project management functions. This type of cost should be reported in the specific mission or support categories it is related to.
8. \*Information/Outreach Activities - Cost associated with media communication, public relations, technology transfer, business development, technical information management, educational programs, employee outreach program, stakeholder-related outreach, activities contributing to the development of the local/regional economy, and other information or outreach activities such as HBCU (Historically Black Colleges and Universities) and other University-related activities, including stakeholder agencies and Washington, D.C., liaison activities. This category includes:

Information Outreach Activities:

Public Relations/Information – includes all cost associated with activities which provide non-technical information about the M&O Contractor and its activities to the general public, news media, etc.

Technology Transfer/Business Development – Includes all cost associated with activities that encourage the further development of promising technologies; disseminate information to appropriate researchers, organizations, industry, Governmental bodies and other institutions; and other activities that assist in affecting the introduction of technologies into the marketplace.

Technical Information Management – Includes all cost associated with activities to develop and make available technical information.

Employee Outreach Programs – Includes all cost associated with activities by employees utilizing their technical expertise for the benefit of external stakeholders.

Other Information Outreach Activities – Includes all cost associated with other outreach activities that are not defined above.

Stakeholder-Related Outreach – Community relations and education programs to promote enhanced understanding of the site by local and State stakeholders.

9. Information Services - Costs associated with Automated Data Processing (ADP) services (central computer facilities and service organizations including business and scientific), communications (mail, both electronic and hard copy including postage, subcontracted delivery services, etc.), networking (groups of computers that communicate with each other,

share peripherals and access remote hosts or other networks) and telecommunications services (communication by electronic submission of impulses over telephone/optic lines including cell phones). Includes pagers and related systems, but not the maintenance of these systems. Also includes computer leases. Does not include computer bill-out rates in any other functional category. This category includes systems analysts/programmers; however, specific systems management and administrative costs for various business and scientific systems should be included in their respective functional categories. (Note: Dedicated scientific activities, experiments, analysis, etc., should be included in the appropriate category. Also computer hardware maintenance activities are to be reported within the maintenance category.)

10. Other - Cost which is not identified in another functional cost category. This includes legal settlements (excluding attorney fees), workforce restructuring activities (severance, benefits and outplacement services), general company liability insurance expenditures, contractor transition cost and legacy workers' compensation cost. Specifically identify significant cost activities and provide footnotes.

### **Mission Support**

11. \*Environmental - (Note: only the "Permitting" section of this definition changed.) Includes costs associated with the development, implementation and maintenance of effluent controls, environmental monitoring and surveillance, permitting, auditing and evaluation to assure environmental compliance and pollution prevention. These activities, performed on a routine basis, are necessary to maintain compliance with Federal, State and local regulations, as well as applicable DOE Orders and directives. This category does not include actual waste storage or cleanup activities. The category includes:
- Effluent and Environmental Monitoring and Surveillance - Monitoring activities include data base monitoring as required by DOE directive or compliance monitoring as required by the environmental regulatory authorities, such as air and water monitoring. (Note: Actual sample analysis should be included in Laboratory Support or Other Technical Support Activities.)
  - Permitting - Includes activities involved in the preparation, certification and maintenance of environmental permits and permit applications. Also includes those activities involved in reporting the results of environmental monitoring, analysis and evaluation. These activities are necessary to obtain permits from regulatory agencies regarding plant releases, discharges and/or material storage. (Note: Environmental Impact Statement costs and related activities are to be included in the appropriate category they support.)

- Auditing and Evaluation - These audits are done as a routine mechanism to ensure environmental compliance with internal and external directives, including the National Environmental Policy Act (NEPA). Encompasses costs associated with implementation of the Environmental, Safety and Health Compliance Assessment activities (such as related "Tiger Team" activities). Also includes the development of performance objectives and environmental auditing procedures.
  - Non-Environmental Management Waste Management - The Non-EM Waste Management functional area includes those activities addressing the treatment, storage and disposal of wastes. Activities include characterization and certification of waste to ensure its proper treatment or disposal; waste handling and temporary storage activities, such as operation of 90-day satellite accumulation areas for the storage of hazardous waste; operation and management of all waste treatment and disposal systems; and final disposal of all wastes.
12. \*Safety & Health - Costs associated with safety and health programs, such as emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety (does not include traffic management functions – include this item in logistics) and management oversight. This category excludes remediation which is included in mission direct. Further definitions are as follows:
- Emergency Preparedness – Emergency Preparedness includes all those activities that are intended to provide personnel with a special capability to respond to incidents and accidents, excluding fire protection activities described in the next section. Activities in this area include maintenance inspection of emergency facilities and equipment; emergency response team; personnel training; developing and implementing drills and exercises; purchase of self help supplies; maintaining and updating emergency management and self-help plans based on site specific safety analyses; coordination with State and local authorities and Federal Agencies. This area excludes plant and equipment that are part of safety systems relied upon to prevent or mitigate accidents (HVAC process monitors, facility egress signs and equipment, etc.), as they are addressed in Industrial Safety or Nuclear Safety.
  - Fire Protection – Fire Protection includes all those activities that are intended to prevent, detect, alert and suppress fires. Activities in this area include inspection and testing of fire prevention, detection (e.g., alarm systems) and suppression systems; fire fighting and emergency response, loss prevention; operation of ambulances and fire fighting equipment; testing and inspection of fire protection equipment and alarm systems; flammable and explosive material control; Federal, state and local certification and training, such as the National Fire Protection Association certification; review of

construction and design plans for fire hazards; dispatch centers and mutual aid agreements with local authorities. This area excludes those fire protection activities and/or systems that are solely for the benefit or protection of nuclear systems, storage areas and/or processes (e.g., glove box inerting systems). These excluded activities are to be included in Nuclear Safety.

- **Industrial Hygiene (IH)** – Industrial Hygiene includes all those activities that are intended to provide protection to workers from physical and chemical hazards. IH is concerned with recognizing, evaluating and controlling hazards for solvents, carcinogens, non-ionizing radiation, asbestos, beryllium, heat stress, noise and ventilation systems. Activities in this area include interpreting regulations and policy, developing engineering and administrative controls, performing inspections and assessments, sharing best practices and lessons learned, reengineering tasks, identifying hazardous materials (but not removal of), and written and verbal communication of real and perceived hazards. Include radiological and nonradiological laundry services. Exclude medical surveillance and employee medical records, which are covered in Occupational Medical Services. Exclude exposure of workers to radioactivity which is covered in Radiation Protection (note that non-ionizing radiation is included).
- **Industrial Safety (IS)** – Industrial Safety includes all those activities that are intended for the protection of workers from physical trauma in the areas of electrical safety; laser protection; ergonomics; machinery and machine guarding; personnel protection from slips, trips and falls; compressed gas and pressure system safety; hoisting, rigging and material handling; lockout/tag-out; confined space controls; platform man-lift and scaffolding usage; safe surfaces for walling and working; cutting, welding and boring safety; hand and portable power tool safety; explosives and hazardous material handling, storage and use; construction safety; firearms safety; and facility egress. Activities in this area include interpreting regulations and policy, developing engineering and administrative controls, performing inspections and assessments, sharing best practices and lessons learned, and conducting accident investigations. Include Personnel Protection Equipment (PPE) such as hard hats, gloves, safety glasses, safety shoes, noise protection and respirators. Include the purchase and installation of physical plant and equipment that are part of industrial safety systems relied upon to prevent or mitigate accidents (e.g., HVAC process monitors, facility egress signs and equipment, etc.)
- **Occupational Medical Services** – Occupational Medical Services includes all those activities that are intended to ensure that workers are physically and psychologically capable of performing their assigned work duties and protected from hazards that may result in adverse health effects. Activities in this area include providing a comprehensive occupational medical program, including employee health examinations for pre-

placement and qualification, periodic, return to work, fitness for duty and termination examinations; eye examinations; diagnosis and treatment of occupational illnesses and injuries; employee health counseling (employee assistance program and wellness); maintenance of medical records; emergency medical treatment and triage; specialized medical equipment; and immunization programs.

- Nuclear Safety – Nuclear Safety includes activities that are intended to maintain criticality safety and nuclear operations safety. Activities in this area include control of systems and parameters within sub critical limits, and use of systems, procedure, equipment, analyses, programs, and personnel to ensure safe nuclear reactor and nuclear non-reactor operations. Include fire protection activities and/or systems that are solely for the benefit or protection of nuclear systems, storage areas and/or processes (e.g., glove box inerting systems).
- Radiation Protection – Radiation Protection includes all those activities that are intended to control exposures of workers and the public to radioactivity. Activities in this area include interpreting regulations and policy; developing engineering and administrative controls and procedures; performing inspections and assessments; sharing best practices and lessons learned; conducting event investigations; personnel dosimetry; bioassay and ALARA (As Low As Reasonably Achievable) programs; creating and maintaining radiation exposure records; and responding to exposure of workers to radioactive contamination. Also includes verifying effectiveness of engineered controls, such as control equipment for radiation sources; interlocks, instrumentation, and shielding for radiation-generating devices; control of paths for inhalation or ingestion of radiation; equipment used to minimize or mitigate external exposure; fixed and portable instrumentation for radiation detection and measurement; and contamination control.
- Transportation Safety – Transportation Safety includes all those activities that are intended to ensure safe packaging and transportation. Activities in this area include packaging certification; coordination of intra-building and on-site movements and transfers; off-site and international shipments; transportation (including marking and labeling) of material; maintenance inspection of transportation equipment; testing and technology of transportation operators; aviation safety; motor vehicle safety; water craft safety; and rail safety.
- Management and Oversight – Management and Oversight includes all those activities that are intended to coordinate, direct, integrate and control Safety and Health (S&H) activities across multiple areas. Activities in this area include S&H documentation and document control activities; configuration management; providing training, S&H performance trending, analyses and lessons learned feedback; corrective action tracking;

S&H self-assessment activities; dedicated internal S&H personnel; coordination and communication with DOE, State and local authorities; internal audits and surveillance; external S&H program reviews; operational readiness reviews; and performance and documentation of comprehensive safety analyses. Nuclear safety analyses are included in Nuclear Safety. Program elements such as quality assurance, management systems, oversight and physical infrastructure are inherent to all areas and are intended to be accounted for in the specific areas.

13. \*Facilities Management - Cost associated with efforts that either create or improve property plant and equipment, and do not meet the capitalization criteria; or support activities that create or improve property, plant and equipment. Facilities management activities add to existing property, plant and equipment or extend the life of existing property, plant and equipment. This is distinct from maintenance activities. Maintenance activities only sustain existing property, plant and equipment in a usable condition and do not result in increasing capabilities of existing property, plant or equipment. Examples of activities in this category are: facilities remodeling, facilities utilization analysis, modification and upgrade analysis, facilities planning and condition determinations, and lease and rental of real property. Rents and leases of other than real property are included in the appropriate category. Facilities Management includes engineering activities such as HVAC systems, electrical mechanical activities, and repair and maintenance analysis if they extend the current useful life or result in improvements beyond existing capabilities.
14. \*Maintenance - Includes the cost of actual work incurred to sustain or continue the functionality of property, plant and equipment. It includes all phases of maintenance: preventive maintenance, predictive maintenance and corrective maintenance. This category includes all maintenance activities regardless of source of funds. (Note: All maintenance is included even though it is recognized these costs are incurred in support of other support and mission categories.) Maintenance activities include:
- Preventive Maintenance - includes all those systematically planned and scheduled actions performed for the purpose of preventing equipment, system or facility failure.
  - Predictive Maintenance - includes actions necessary to monitor, find trends and analyze parameters associated with equipment, systems or facilities that are indicative of decreasing performance or impending failure.
  - Corrective Maintenance - The repair of failed or malfunctioning equipment, system or facility to restore the intended function or design condition. This maintenance does not result in significant extension of expected useful life. Includes asbestos removal and

material replacement.

- Facilities Maintenance – Cost to perform activities that sustain or continue existing functionality of real property. These are not activities that increase functionality or extend useful life. Costs that increase functionality or that extends useful life are treated in accordance with the capital assets accounting requirements. Maintenance functions include supervision, planning and scheduling, and storage and staging of materials and supplies. All phases of maintenance are included: preventive, predictive and corrective maintenance. Major functions also included in this category are the cost of janitorial services, pest control and other services to keep these facilities usable.
- General Maintenance – Costs to perform activities that sustain or continue existing functionality of all other property and equipment not included in facilities maintenance. These are not activities that increase functionality or extend useful life. Costs that increase functionality or that extends useful life are treated in accordance with the capital assets accounting requirements. Examples of functions included in this category are: maintenance on production and process equipment/machines; computer hardware and network maintenance; maintenance of roads and grounds; maintenance of utilities; calibration, care, repair and storage of equipment used in monitoring, or the actual performance of, maintenance work; and planning and scheduling, and storage and staging of materials and supplies.

15. Utilities - Costs include utility-related engineering associated with labor, operating plants and equipment, contract services for fuel, water treatment chemicals, or support needed to provide electric power, heat, steam, chilled water, potable water, process gases and sanitary waste disposal to support business and research. This element includes all costs associated with contract services in support of utilities, such as fuel, water treatment chemicals and control systems (also include energy management related activities). Utilities include:

- Central Steam Facility - Includes the fuel handling and storage facilities, all assigned personnel and the main steam distribution system.
- Central Chilled Water Facility - Includes all assigned personnel and the main chilled water distribution system.
- Water Supply System - Includes wells, treatment facilities, storage tanks, the main distribution system and all assigned personnel.
- Sanitary Waste Disposal System - Includes the main collection system, refuse collection (internal as well as contracted services), treatment facilities and all assigned personnel.

- Electrical Power - Distribution system including main substations and high-voltage distribution systems, and all assigned personnel, as well as all electricity purchases.

16. Safeguards and Security – Includes all costs associated with the development and implementation of a Safeguards and Security Program to protect nuclear materials, nuclear weapons, classified information and Government property from theft, sabotage, espionage, or other acts that may cause adverse impacts on national security or to the health and safety of the public and employees. Specifically includes the following:

- Program Direction - Includes all persons and operating costs for program management; vulnerability assessment; safeguards and security alarming process; professional development and training; inspections, surveys, assessments, facility approval (including Foreign Ownership, Control or Influence), tests and evaluations; policy oversight and administration and technology development oversight and program management, associated with the Safeguards and Security Program.
- Protective Forces - Includes all personnel and operating costs associated with Protective Forces. This includes such things as salaries, overtime, benefits, travel, materials and supplies, uniforms, equipment, facilities, vehicles, helicopters, training, communications, federal and contractor management and oversight of protective forces.
- Physical Security Protection Systems - Includes all personnel and operating costs associated with designing, installing, performance testing, contraband detection, alarm communications and control, intrusion detection and assessment, barriers and access denial, entry and egress control, and vital components tampering and monitoring.
- Transportation - All security-related transportation costs for transport of special nuclear materials, weapons and other classified material. Includes such costs as personnel, equipment, facilities security upgrades to vehicles and communications. Transportation costs associated with off-site shipment of wastes should be included in the Mission Category.
- Information Security - Includes all personnel and operating costs associated with classified documents and material, classification, unclassified controlled nuclear information, security infractions, computer security, technical surveillance countermeasures and operations security.
- Material Control and Accountability (MC&A) - Includes all personnel and operating costs associated with control and accountability of special nuclear materials (SNM), nuclear weapons, test devices and weapons components. Includes MC&A access areas, surveillance, containment, detection, assessment, testing, transfers, verifications and

measurements, inventories, reconciliation and statistical analyses.

- Research & Development - Includes all personnel and operating costs associated with research and development of physical security, information security, personnel security, material control and accountability, integrated systems, vulnerability assessment methods, technology application and tests and technology transfer to users or potential vendors.
- Personnel Security - Includes initial investigations, reinvestigations, adjudication, security education, personnel security assurance program, visitor control, national agency checks and administrative review activities.
- Cyber Security - Includes management of unclassified and classified data, information technology security assets, cyber information systems, including information technical utilities which include grid research, threat assessments, wireless networks, performance measures, risk management, configuration management, certification/accreditation, training, network monitoring and intrusion detection systems.

17. Logistics Support - Costs associated with shipping, receiving, transportation (excluding maintenance which is included in the Maintenance category), warehousing, motor pools, office equipment pools, property management and excessing activities; routine inventory write-offs and other logistic support activities. (Note: Final disposal costs for radiological/hazardous waste shipments are a Mission Direct cost.)
18. Quality Assurance - Costs associated with all quality assurance, reliability and regulatory activities. Included in this category are costs for quality engineering and inspection services, quality assurance audits, occurrence reporting (such as the Occurrence Reporting and Processing System), development of quality program plans, operational readiness review coordination and other activities related to ensuring the quality assurance of site operations and facilities. This does not include costs incurred for weapons stockpile certification.
19. Laboratory/Tech Support - Measurement and testing conducted within the context of sampling, field investigations, analytical chemistry and other similar studies. Includes the cost of other technical support services/activities, such as non-destructive assay, electronics services, machine shops, etc.

### **Site Specific**

20. Management/Award Fee/Incentive Fee - The management allowance is an amount paid to not-for-profit educational institutions for the equivalent of home or corporate office general and accounting expenses. The award and incentive fee is a fee that is paid to a contractor

based on performance and includes shared savings incentive payments (such as cost savings incentives)

21. Taxes - Includes State and municipal taxes, as well as "payments in lieu of taxes." Does not include taxes that are payroll related.
22. Laboratory Directed Research and Development (LDRD); Plant Directed Research, Development and Demonstration Program (PDRD); and Site Directed Research, Development and Demonstration Program (SDRD) – LDRD portion reflects costs incurred in accordance with DOE Order 413.2A for the purpose of pursuing new and innovative scientific concepts of benefit to the DOE. Excludes allocations of overhead. The PDRD and SDRD portions reflect costs incurred in accordance with the legislative authority for these activities.

**SECTION J****APPENDIX N****LIST OF APPLICABLE DIRECTIVES**

<b>Reference Document</b>	<b>Title</b>
DOE Accounting Handbook	DOE Accounting Handbook
DOE Annual Budget Call	DOE Annual Budget Call
DOE O 130.1	Budget Formulation
DOE O 206.1	Department of Energy Privacy Program
DOE O 221.1	Reporting Fraud, Waste and Abuse to the Office of Inspector General
DOE O 350.2A	Use of Management and Operating or Other Facility Management Contractor Employees for Services to the DOE in the Washington DC Area
DOE O 412.1A	Work Authorization System
DOE O 461.1A	Packaging and Transfer or Transportation of Materials of National Security Interest
DOE O 522.1	Pricing of Departmental Materials and Services
DOE O 534.1B	Accounting
Production Accounting Handbook	Production Accounting Handbook, Albuquerque Financial Service Center
DOE O 241.1A, Attachment 1, para 2	Scientific and Technical Information Management
ASTM Standards for Personal Property Management	ASTM Standards for Personal Property Management, other than 10CFR109 for High Risk Property, Vehicle Management, Energy Related Laboratory Equipment
DOE O 420.1B, Attachment 2, CRD, Chapter II, Fire Protection	Facility Safety, Attachment 2, Contractor Requirements Document, Chapter II, Fire Protection
EO 13423	Executive Order 13423 Strengthening Federal Environmental, Energy and Transportation Management
International Building Code	International Building Code
Kansas City Plant Site-Specific Maintenance Standard	Kansas City Plant Site-Specific Maintenance Standard
Kansas City Site-Specific Project Management Standard	Kansas City Site-Specific Project Management Standard (including site-specific natural phenomenon standards)
DOE O 430.1B, Attachment 2, para 1	Real Property Asset Management
DOE O 430.1B, Attachment 2, para 3	Real Property Asset Management
DOE O 430.1B, Attachment 2, para 4.a	Real Property Asset Management
10 CFR 851 - Current Rule	Worker Safety and Health Program
AEC Regulatory Guide 1.86, Table 1 (only)	AEC Regulatory Guide 1.86, Table 1 (only)
ANSI B30.11	Monorails and Underhung Hoists
ANSI N323A	Radiation Protection Instrumentation Test and Calibration Portable Survey Instrumentation
ANSI N43.2	Radiation Safety for X-Ray Diffraction and Fluorescence Analysis Equipment
ANSI N43.3	American National Standard for General Radiation Safety - Installations Using Non-Medical X-Ray and Sealed Gamma-Ray Sources, Energies up to 10 MeV
DOE M 435.1-1, Chapter IV, para I & J	Radioactive Waste Management Manual
DOE O 435.1	Radioactive Waste Management
ISO 14001:2004	Environmental Management Systems Specifications
NFPA 1600 (Sections 5.1 thru 5.7, 6.1 thru 6.11, 7.1 thru 7.5, 8.1 & 8.2)	Standard for Disaster Emergency Management, 2000 Edition
NFPA 704	Hazards Assessment Screening (Chemical)
VPP, Parts I-IV	DOE's Voluntary Protection Program, Parts I-IV
Worker Safety & Health Program	Worker Safety & Health Program

<b>Reference Document</b>	<b>Title</b>
DOE M 231.1-1A, Chg 2, Attachment 1, Item 1 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 2 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 3 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 4 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 5 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 6 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-1A, Chg 2, Attachment 1, Item 7 and associated appendices.	Environment, Safety and Health Reporting Manual
DOE M 231.1-2, Attachment 2	Occurrence Reporting and Processing of Operations Information
DOE O 151.1C, Chapter V	Comprehensive Emergency Management System - Operational Emergency Events and Conditions
DOE O 151.1C, Chapter VIII, para 4.a (1) a-c	Comprehensive Emergency Management System - Communications Requirements
DOE O 151.1C, Chapter VIII, para 4.b	Comprehensive Emergency Management System - Communications Requirements
DOE O 151.1C, Chapter X, para 4.a	Comprehensive Emergency Management System - Emergency Readiness Assurance Plans
DOE N 456.1, Attachment 1, 1.d	The Safe Handling of Unbound Engineering Nanoparticles
DOE N 234.1, Attachment 2, 1.b(2); 1.d, 1.h	Reporting of Radioactive Sealed Source
10 CFR 830 - Current Rule	Nuclear Safety Management
DOE M 481.1-1	Reimbursable Work For Non-Federal Sponsors Process Manual
DOE M 483.1-1	DOE Cooperative Research & Development Agreements Manual
DOE O 414.1C, Attachment 2, Section 4	Quality Assurance, Attachment 2, Section 4, DOE-Wide Suspect/Counterfeit Item Prevention Process
DOE O 481.1C	Work for Others (Non Department of Energy Funded)
DOE O 482.1	DOE Facilities Technology Partnering Programs
DOE O 483.1	DOE Cooperative Research & Development Agreements
ISO 17025:2000	Standards and Calibration
ISO 9001:2008	Quality Management System Requirements
NA13-PMM-04-0001	NA-10 Defense Programs - Program Management Manual
QA-5	Quality Assurance Program
QC-1, Revision 10	Weapons Quality Policy
Weapons Quality Assurance Procedures Manual	Weapons Quality Assurance Procedures Manual
QP 100-1	Quality Plan No: 100-1 Date: April 10, 2008 Amendment No. 3
10 CFR 824	Procedural Rules for the Assessment of Civil Penalties for Classified Information Security Violations
CI Plan	DOE Counterintelligence Plan (S/NSI)
DOE M 205.1-3	Telecommunications Security Manual
DOE M 471.2-3B	Special Access Program Policies, Responsibilities, and Procedures
NAP 70.4	Information Security
NAP 70.2	Physical Protection

<b>Reference Document</b>	<b>Title</b>
DOE M 471.2-4	Technical Surveillance Countermeasures Manual/Technical Surveillance Countermeasures Annex
DOE O 475.1	Counterintelligence Program
KCP Site Security Standard, Rev 4	Kansas City Plant Site Security Standard, Rev 3
Sensitive Compartmented Information Facility Procedural Guide Dated August 26, 2005	Sensitive Compartmented Information Facility Procedural Guide
Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010	Disposition and Long-Term Stewardship Site Standard Dated 2/5/2010
NA SD M 452.3-1	Defense Programs Business Requirements and Process Manual

(A) Implementation of applicable directives.

- (1) The Contractor shall submit an implementation plan to the Contracting Officer when required by the directive or other instruction of the Contracting Officer and within 60 days of the effective date of the Contract.
- (2) The Contracting Officer will approve or disapprove the plan and notify the Contractor of the decision. If the Contracting Officer disapproves the plan, he/she shall clearly identify all deficiencies and provide reasonable suggestions for making the plan acceptable. Within 30 days after notification of the disapproval of a plan, the Contractor shall submit to the Contracting Officer the revised plan for approval as described above.
- (3) During the process of implementation, the Contractor will notify the Contracting Officer if modifications to the plan are required for any reason. The Contracting Officer will consider all such requests and will not unreasonably withhold his/her approval to modify such plans when circumstances warrant modification.

**SECTION J**

**APPENDIX O**

**PROGRAM MANAGEMENT AND COST REPORTS**

The Contractor shall submit periodic cost, schedule, and technical performance plans and reports in such form and substance as required by the Contracting Officer. Reference Section J, Appendix A, Statement of Work, Chapter I, 4.2. Cost reports will include at a minimum:

1. Monthly general management reports to summarize schedule, labor, and cost plans and status, and provide explanations of status variances from plans. The DOE/NNSA Uniform Program Cost Reporting Structure (UPCRS) (e.g. labor, materials, fringe, ODC, etc.) should be the format elements of the performance measurement baseline and actual cost and must be compatible with and in a format ready for incorporation into the DOE/NNSA Cost Management Initiative (CMI) database in the UPCR structure. The analysis of funds expenditure shall include a report of monthly and cumulative costs of performance by cost element in a format compatible with the UPCR and ready for incorporation into the DOE/NNSA database. Monthly CMI performance measurement reports provide information regarding budgeted cost versus actual cost, schedule performance against milestones and estimated cost at completion. Schedule/Labor Cost Reports will provide information on schedule, labor and cost plans and status using the DOE/NNSA four (4) quadrant reporting integrated in the DOE/NNSA quarterly performance review as shown below. All UPCR and CMI requirements shall be implemented where they apply and consistent with instructions from the Contracting Officer where they do not.

Figure 1. Quad reporting example (Note: FY is Fiscal Year.)

**Example of Key Project Metrics**

Review Date: 10/09/08  
 Data Through: 9/30/08  
 Program Manager: Your Name Here  
 Customer: Customer's Name Here

	Scope	Cost	Schedule	Technical	Overall
YTD	G	G	G	G	G
EOY	G	G	G	G	G

---

**Program Scope**

- Free-form
- Include Major Products/Deliverables

**Program Milestones:**

- Enter all relevant milestones, not just Level 2 and 3, include milestones from PSD, spread over FY if possible
- Modify table below – put in ascending order (closest first)
- Past milestones move to accomplishments
- Copy to separate page for reading purposes if necessary

Milestone	Status	Baseline Date	Actual Date
Sample	-	9/06	11/06
	Y		
	R		
	G		
	G		

**Changes to Program Baseline**

- Free-form
- Include both pending and approved BCR's/content but label as such
- Include potential scope changes, but label as such

**Accomplishments/Benefits:**

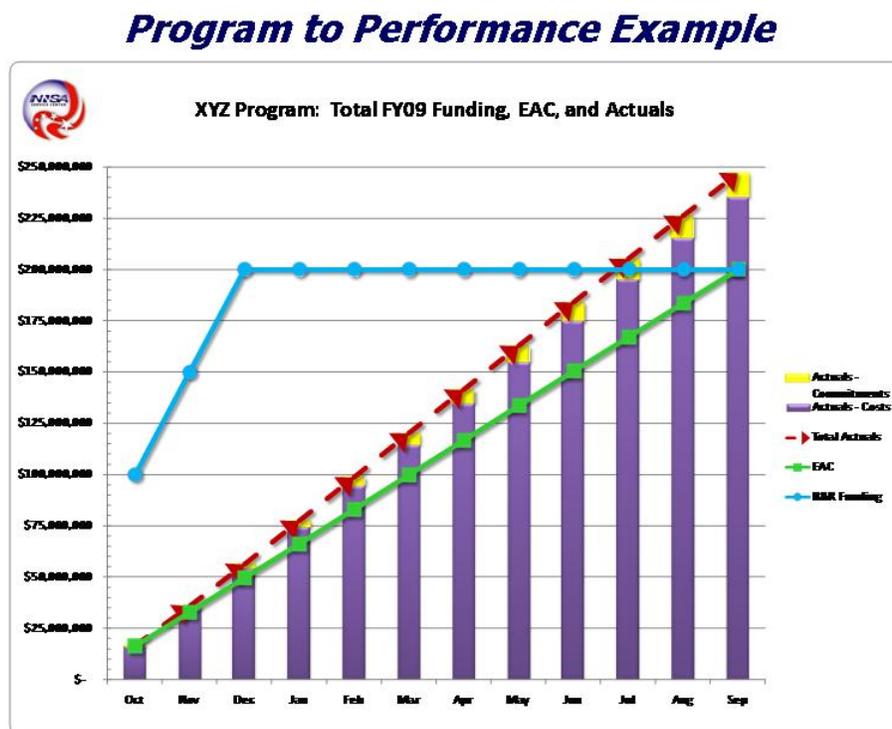
- Free-form
- List significant accomplishments since last review
- At start of new FY, summarize major accomplishments for past FY

**Issues(I), Risks(R), and Opportunities(O):**

- - Issues related to above scope, cost, schedule, tech status
- R - Free-form
- ☺O - Include risks and talk to ongoing mitigation activities during presentation

Version 1/5/10

Figure 2. Performance Chart (Note: FY is Fiscal Year.)



2. Annual cost reporting on mission direct and functional support activities in the DOE/NNSA Cost Management Initiative. The Contractor shall also provide monthly functional cost metric information as part of the DOE (STARS) accounting system feed.

The Contractor shall provide the Contracting Officer, or designated authorized representatives, access to information and documents comprising the Contractor's reporting system.

The Contractor shall include these reporting requirements in all subcontracts that are cost-reimbursement type of contracts when:

1. The value of the subcontract is greater than \$2 million, unless specifically waived by the Contracting Officer, or
2. The Contracting Officer determines prior to award that the Contract/subcontract effort is, or involves, a critical task related to the Contract.

**SECTION J****APPENDIX P**

[Note: To be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

**SPECIAL FINANCIAL INSTITUTION AGREEMENT FOR USE WITH THE  
PAYMENTS-CLEARED FINANCING ARRANGEMENT**

- Note: (1) The Contractor shall enter into a new banking agreement(s) during this Contract's Transition Term, utilizing the format contained in this Appendix P and include other applicable Contract terms and conditions.
- (2) Items in brackets [ ] below are provided for clarification and will be removed from the document prior to execution.

Agreement entered into this, \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_ [insert date], between the UNITED STATES OF AMERICA, represented by the U.S. Department of Energy (hereinafter referred to as "DOE"), and \_\_\_\_\_ [the Contractor], a corporation/legal entity existing under the laws of the State of \_\_\_\_\_ (hereinafter referred to as the Contractor) and \_\_\_\_\_, and \_\_\_\_\_ [the Financial Institution] a financial institution corporation existing under the laws of the State of \_\_\_\_\_, located at \_\_\_\_\_ (hereinafter referred to as the Institution).

**RECITALS**

1. On the effective date of \_\_\_\_\_, 201\_\_ [insert date], DOE and the Contractor entered into Agreement No. [insert Contract number] providing for transfer of funds on a payment-cleared basis.
2. DOE requires that amounts transferred to the Contractor thereunder be deposited in a special demand deposit account at a financial institution covered by U.S. Department of the Treasury-approved Government deposit insurance organizations that are identified in I TFM 6-9000 (see Fig. IX-10). These special demand deposits must be kept separate from the Contractor's general or other funds and the parties are agreeable to so depositing said amounts with the Financial Institution.
3. The special financial institution account shall be designated “ \_\_\_\_\_ [name of Contractor], \_\_\_\_\_ [account title] Account.”

**COVENANTS**

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that –

1. The Government shall have a title to the credit balance in said account to secure the repayment of all funds transferred to the Contractor, and said title shall be superior to any lien, title or claim of the Institution or others with respect to such accounts.
2. The Institution shall be bound by the provisions of said Agreement(s) between DOE and the Contractor relating to the transfer of funds into and withdrawal of funds from the above special demand deposit account, which are hereby incorporated into this Agreement by reference, but the Institution shall not be responsible for the application of funds withdrawn from said account. After receipt by the Institution directions from DOE, the Institution shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Institution from the Government upon DOE stationery and purporting to be signed by, or signed at the written direction of, the Government may insofar as the rights, duties, and liabilities of the Institution are concerned, be considered as having been properly issued and filed with the Institution by DOE.
3. DOE, or its authorized representatives, shall have access to the financial records maintained by the Institution with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, but without limitation to, the inspection or copying of such financial records and any or all memoranda, checks, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Institution for a period of 6 years after the final payment under the Agreement.
4. In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Institution shall promptly notify DOE at-

Daniel J. Saiz, Contracting Officer  
 U.S. Department of Energy/NNSA Service Center  
 P.O. Box 5400  
 Albuquerque, NM 87185-5400

5. DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Institution for the benefit of the special demand deposit account. The Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the average daily balance in the special demand deposit account in a net positive and as close to zero as administratively possible.

(For compensation by direct payment of fee)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No.\_\_\_\_\_. The Institution agrees that per-item costs, detailed in the form "Schedule of Financial Institution Processing Charges," contained in the Institution's aforesaid bid will remain constant during the term of this Agreement. The Institution shall calculate the monthly fees based on

services rendered and invoiced the Contractor. The Contractor shall issue a check or automated clearing house authorization transfer to the Institution in payment thereof.

Or

(For compensation by noninterest-bearing time deposit only)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No. \_\_\_\_\_, in consideration of the placement by DOE on a noninterest-bearing time deposit with the Institution in an amount agreed upon as shown on the form "Calculation of Time Account Balance Required" contained in the Institution's bid dated \_\_\_\_\_, \_\_\_\_\_. The Institution agrees that per-item costs, detailed in the form "Schedule of Financial Institution Processing Charges," contained in the Institution's aforesaid bid will remain constant during the term of this Agreement. The Contractor shall withdraw \$\_\_\_\_\_ in funds from the special demand deposit account and use such funds to make a noninterest-bearing time deposit in a separate account in the Institution. This account will hereinafter be defined as the time deposit account. The funds in the time deposit account will remain on deposit and shall not be withdrawn or used for any purpose without the authorization of DOE. The amount of the deposit may be adjusted upward or downward, but only with the approval of DOE.

6. The Institution shall post collateral, acceptable under U.S. Department of the Treasury Department Circular 176, with the Federal Reserve Bank in an amount equal to the net balances in all of the accounts included in this Agreement (including the non interest-bearing time deposit account), less the U.S. Department of the Treasury-approved deposit insurance.
7. This Agreement, with all its provisions and covenants, shall be in effect for a term of \_\_\_\_ years, beginning on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_, and ending on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_. [Insert applicable dates]
8. DOE, the Contractor, or the Institution may terminate this Agreement at any time within the agreement period upon submitting written notification to the other parties 90 days prior to the desired termination date. The specific provisions for operating the account during this 90-day period are contained in Covenant 11.
9. DOE or the Contractor may terminate this Agreement at any time upon 30 day's written notice to the Institution if DOE or the Contractor, or both parties, find that the Institution has failed to substantially perform its obligations under this Agreement or that the Institution is performing its obligations in a manner that precludes administering the program, in an effective and efficient manner or that precludes the effective utilization of the Government's cash resources.
10. Notwithstanding the provisions of Covenants 8 and 9, in the event that the Agreement, referenced in Recital 1, between DOE and the Contractor is not renewed or is terminated, this

Agreement between DOE, the Contractor, and the Institution shall be terminated automatically upon the delivery of written notice to the Institution.

11. In the event of termination, the Institution agrees to retain the Contractor's special demand deposit account for an additional 90-day period to allow for clearance of outstanding payment items. Within 7 days of the expiration of the Agreement term, an analysis of the special demand deposit account shall be made by DOE to determine whether an insufficient or excessive balance was maintained in the time deposit account to compensate the Institution for services rendered up to the expiration date.
- (a) If the analysis indicates that the Institution has been insufficiently compensated for services rendered up to the expiration of the Agreement, the Contractor shall:
1. Maintain on deposit, during this 90-day period, sufficient Federal funds to reimburse the Institution for prior cumulative loss of earnings, and
  2. Maintain on deposit in the time deposit account sufficient Federal funds to compensate the Institution for services rendered.
- (b) If the analysis indicates that the Institution has been overcompensated for services rendered up to the expiration of the Agreement, DOE shall close out the time deposit account and secure from the Institution a payment in an amount equal to the cumulative excess compensation less compensation for estimated services to be rendered during the 90-day period.
- (c) If cumulative excess compensation is not sufficient to compensate the Institution for services rendered during the 90-day period, adjustments shall be made to the time deposit account to compensate the Institution for the difference between the cost of services rendered during the 90-day period and the cumulative excess compensation.

This Agreement shall continue in effect for the 90-day additional period, with exception of the following:

1. Term Agreement (Covenant 7)
2. Termination of Agreement (Covenants 8 and 9)

All terms and conditions of the aforesaid bid submitted by the Institution that are not inconsistent with this 90-day additional term shall remain in effect for this period.

The Institution has submitted the forms entitled "Technical Representations and Certifications", "Schedule of Financial Institution Processing Charges", and "Calculation of Time Account Balance Required." These forms have been accepted by the Contractor and the Government and are incorporated herein with the document entitled "Financial Institution's Information on Payments Cleared Financing Arrangement," as an integral part of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement, which consists of \_\_\_\_ pages, including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

\_\_\_\_\_  
Date Signed

By \_\_\_\_\_  
(Typed Name of Contracting Officer)

\_\_\_\_\_  
(Signature of Contracting Officer)

WITNESS

\_\_\_\_\_  
(Typed Name of Witness)

\_\_\_\_\_  
(Typed Name of Contractor)

\_\_\_\_\_  
(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

By \_\_\_\_\_  
(Name of Contractor's Representative)

\_\_\_\_\_  
(Signature of Contractor's Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Date of Signed)

WITNESS

\_\_\_\_\_  
(Name of Witness)

By \_\_\_\_\_  
(Name of Financial Institution)

\_\_\_\_\_  
(Name of Financial Institution Representative)

\_\_\_\_\_  
(Signature of Witness)

\_\_\_\_\_  
(Signature of Financial Institution Representative)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(Date Signed)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

NOTE

The Contractor, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_ of the corporation named as Contractor herein; that \_\_\_\_\_, who signed this Agreement on behalf of the Contractor, was then \_\_\_\_\_ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

\_\_\_\_\_  
(Corporate Seal) (Signature)

NOTE

Financial Institution, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_ of the corporation named as Financial Institution herein; that \_\_\_\_\_, who signed this Agreement on behalf of the Financial Institution, was then \_\_\_\_\_ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

\_\_\_\_\_  
(Corporate Seal) (Signature)

**SECTION J****APPENDIX Q**

[Note: To be inserted by the Contracting Officer during the Transition Term prior to December 31, 2010.]

**MINIMUM STANDARDS FOR CONTRACTORS' CONFLICT OF INTEREST (COI) PLANS****A. Corporate Structure**

The COI Plan shall describe any parent relationship and list all affiliates, subsidiaries, and sister companies, etc. Generally, this need not exceed three corporate tiers, unless a relationship exists beyond three tiers that would potentially create a conflict. In such a case, relationships beyond three tiers should also be included in the COI Plan. Contractors should report changes in its corporate structure to DOE/NNSA throughout Contract performance. Contractors are invited to include under this section, a company profile. The profile should discuss all pertinent information relevant to COI including a summary of a Contractor's primary business functions and activities. This background information will potentially be very useful to Contracting Officers and the Agency when evaluating whether or not a Contractor has a COI.

**B. Search and Identification of COI**

The COI Plan shall include a requirement describing when a COI search must be performed by company personnel and clearly identify the procedures to be followed. The searching requirement shall encompass all work related to all clients for whom work was performed over the past three years, all current work, all sites (if applicable), and any future work reflected in marketing proposals. Contractors must search their records over the past 36 months from time of receipt of the work from DOE/NNSA. However, DOE/NNSA encourages Contractors to search back as far as a company's records cover.

**C. Data Base**

The COI Plan shall require a database that includes all necessary information for a Contractor to review its past work (at a minimum over the past 36 months), work in progress, and work the company may be pursuing under any marketing proposals. This requirement does not establish any particular type or kind of retrieval system, however, the database shall contain, at a minimum, the following information and capabilities. (1) a list of the company's past and public clients; (2) a description of the type(s) of work that was performed and any other pertinent information; (3) a list of the past sites (when applicable) a Contractor has worked on; (4) a list of site name(s) (when applicable) related to any work performed; and (5) the ability to search and retrieve the information in the database. If applicable, the COI Plan shall include terms for supplemental searches of a parents, affiliates, subsidiaries, or sister company's records. The COI Plan shall also describe any cross-checks used by the company when searching COI issues.

#### **D. Personal Certification**

At a minimum, the COI Plan shall require ALL employees of the company performing work under a DOE/NNSA Contract, to sign a personal certification. It should be noted however, that it is the preference of DOE/NNSA that ALL employees of the company be required to sign such a certification rather than only those employees working under a DOE/NNSA Contract. The certification shall require at a minimum that the individual agrees to report to the proper company authority any personal COI the individual may have on any work that may result in an actual or potential COI. The certification shall also state the individual has read and understands the company's COI Plan and procedures. The employee certifications shall be retained by the company.

#### **E. Work Authorization (WA), Technical Direction Document (TDD), or Delivery Order (DO) Notification and Certification**

The COI Plan shall describe the process the company requires for notifying the Agency prior to beginning work, and for submission of its WA/TDD/DO certification within 20 days of receipt of the work from DOE/NNSA. NOTE: WA/TDD/DO certifications are NOT required if the Contract contains an annual certification requirement. Nevertheless, the Contractor's COI Plan should address the procedures to be followed for WA/TDD/DO certifications.

#### **F. Annual Certification**

The COI Plan shall describe the process the company requires for submission of its annual certification. NOTE: Annual certification is NOT required if the Contract contains a WA/TDD/DO certification requirement. Nevertheless, the Contractor's COI Plan should address the procedures to be followed for annual certifications.

#### **G. Notification and Documentation**

The COI Plan shall clearly delineate who is the responsible official for making COI determinations within the company. Generally, this would be someone at the middle to upper level of management. The responsible official shall be free of any personal conflicts for the purpose of making COI determinations, e.g., a program manager who receives bonuses based on the total amount of sales may not be free of conflicts.

The plan shall clearly identify the process that is required when notifying the DOE/NNSA of any actual or potential COI and the actions that the company has taken or will take to avoid, neutralize or mitigate the conflict. In addition, a Contractor shall document all COI searches related to DOE/NNSA work, whether or NOT an actual or potential COI has been identified.

#### **H. Training**

The COI Plan shall require all employees of the company to receive basic COI training and COI awareness training, at least, on an annual basis. The company's COI Plan shall be available for

all employees to review. Annual awareness training shall include, at a minimum, a review of the certification language and any changes that may have occurred in the company's COI Plan. In addition, companies are encouraged to routinely disseminate current COI information to their employees.

### **I. Subcontractor's COI Plans**

The COI Plan shall describe the process and mechanism by which the company will monitor its subcontractors to ensure all subcontractors are complying with the COI clauses in their Contracts. It is important that subcontractors identify and report COI as well as submit Limitation of Future Contracting (LOFC) requests for approval.

### **J. Other Activities**

The COI Plan shall provide relevant information about the Contractor's on-going or past performance of activities related to the Contract and the impact that those activities could have on the firm's judgment and objectivity in performing the Contract. Accordingly, the Contractor shall submit to DOE/NNSA an analysis of the potential for any organizational conflict of interest (OCOI) that may occur during performance of the Contract as a result of your firm's past or on-going performance of other activities. Should any such OCIs be identified, the Contractor shall provide a plan to effectively avoid, neutralize, or mitigate the conflict.

**SECTION J**

**APPENDIX R**

**RESERVED**

**SECTION J****APPENDIX S****CONTRACTING OFFICER REPRESENTATIVES**

The following individuals are designated as CORs for the Kansas City Plant Contract. Each is limited to the specific areas listed by his/her name.

## Contracting Officer Representatives

<b><u>Name</u></b>	<b><u>Location</u></b>	<b><u>Limited Area of Responsibility</u></b>
Shoulta, Jeffrey L.	KCSO	Production & Quality Management
Hoopes, Patrick T.	KCSO	Environment, Safety and Health; Facilities Management; Security and Information Systems
Schmidt, Robert E.	KCSO	Project Management, RTBF & Construction Management
Meisner, Robert	NA-114	Computer Scientist
Greenaugh, Kevin C.	NA-115	Directed Stockpile Work, Research & Development and Engineering Campaign
Lewis, Roger A.	NA-12	Readiness Campaign
Rose, Daniel D.	NA-122	United Kingdom Programs (the U.S. Nuclear Weapons Stockpile and United Kingdom Mutual Defense Agreement
Richey, Richard H.	NA-15	Office of Secure Transportation Programs
Noble, James R.	NA-24	Russian Transition Initiative
Scheinman, Adam	NA-24	Domestic, international, and multilateral nuclear export control programs
Wilber, Deborah A.	NA-42	Emergency Response Programs
Stenseth, William L.	OFFM/SC	Financial and Allotment-Related Services

## Alternate Contracting Officer Representative(s)

Rountree-McLennan, Eileen	OFFM/SC	Financial and Allotment-Related Services
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