

**SECTION J**

**APPENDIX K**

**SMALL BUSINESS SUBCONTRACTING PLAN**

**Plan:** As attached below.

(Replaced Mod 002)

**Honeywell Federal Manufacturing & Technologies, LLC  
Small Business Subcontracting Plan  
5-Year Contract Period**

**IDENTIFICATION DATA:**

<b>Company Name:</b>	Honeywell Federal Manufacturing & Technologies, LLC
<b>Dun &amp; Bradstreet Number:</b>	007119050
<b>Address:</b>	2000 E. 95 <sup>th</sup> Street, P.O. Box 419159 Kansas City, Missouri 64141-6159
<b>Prime Contract Number:</b>	DE-NA0000622
<b>Item/Service Provided:</b>	Management and Operating Contract for the Kansas City Plant
<b>Total Amount of Contract:</b>	Cum: \$2,201,722.00
<b>Contract Performance Period- Est. Start and End Dates:</b>	01/01/2011 – 09/30/2015

This Subcontracting Plan includes the following elements:

- Identification Data
- Subcontracting Plan Overview
  - Individual Contract Plan
  - Section I. Goals
  - Section II. Program Administrator
  - Section III. Equitable Opportunity and Outreach Efforts
  - Section IV. Subcontracting Plan Flowdown
  - Section V. Reports and Surveys
  - Section VI. Records and Procedures

**Subcontracting Plan Overview**

The Honeywell Federal Manufacturing & Technologies, LLC Subcontracting Plan communicates the goals and methods supporting flow down requirements in accordance with Federal Acquisition Regulation (FAR), paragraph 19.708(b) that prescribes the use of the clause at FAR 52.219-9 entitled "Small Business Subcontracting Plan". Focus is placed on how Honeywell Federal Manufacturing & Technologies, LLC (referred to hereafter as Honeywell FM&T or Honeywell), a limited liability company wholly owned by Honeywell International Inc., has established goals and will manage support of those goals and improvements through monitoring, measuring and feedback analysis of administrative responsibilities, performance results, and small business outreach. The goals and results reported in this Subcontracting Plan are based on subcontracting activities at both NNSA/Honeywell locations: the Kansas City Plant in Kansas City, Missouri and Kirtland Operations in Albuquerque, New Mexico. Honeywell Kansas City procurements comprise 90% of the dollars expended; therefore, acquisition strategies at this location represent the focal point of this subcontracting plan.

## **Individual Plan**

All elements are developed specifically for the entire contract period (including option periods) of this contract. All dollar and percentage goals are based on subcontracting activities associated with the U.S. Department of Energy's Prime Contract #DE-NA-0000622.

### **I. GOALS**

Honeywell will submit proposed subcontracting goals 60 days prior to the beginning of each fiscal year during the term of this contract, or by such other date authorized in writing by the Contracting Officer. The goals will be negotiated once each fiscal year and the agreement between Honeywell and the Contracting Officer will be communicated in writing. This submittal will include subcontracting goals for Small Business (SB), Small Disadvantaged Business (SDB), Women-owned Small Business (WOSB), HUBZone Small Business (HSB), Veteran-owned Small Business (VOSB), and Service-disabled Veteran-owned Small Business (SDVOSB); all are collectively referred to as "small business concerns". Goals are based on separate dollars and percentages for each small business concern category as specified in FAR 19.704. Subcontracting dollars with Alaskan Native Corporations (ANC) and Indian Tribes are counted towards achievement of subcontracting goals for small business and small disadvantaged business concerns, regardless of the size or Small Business Administration certification status of the ANC or Indian Tribe.

The proposed goals outlined in this section are based on the estimated budget and purchases, including those for Large Business (LB) concerns, which will be derived from the current fiscal year budget. Goals may be changed within the first six months of each fiscal year by agreement between the Contracting Officer and Honeywell if there is a cancellation or an addition of program or project funding.

Honeywell will exercise ethical and accurate reporting standards in support of the goals in this Small Business Subcontracting Plan. Our good faith effort to achieve small business subcontracting goals also incorporates an on-going commitment and involvement in the support of business outreach with small businesses, especially in Kansas City and Albuquerque.

The following percentage goals (expressed in terms of a percentage of total planned subcontracting dollars) are applicable to the Contract period Year One:

**Section I. GOALS (con't):**

Section I.A.1.

**Proposed Goals-Honeywell Federal Manufacturing & Technologies, LLC Small Business Plan**

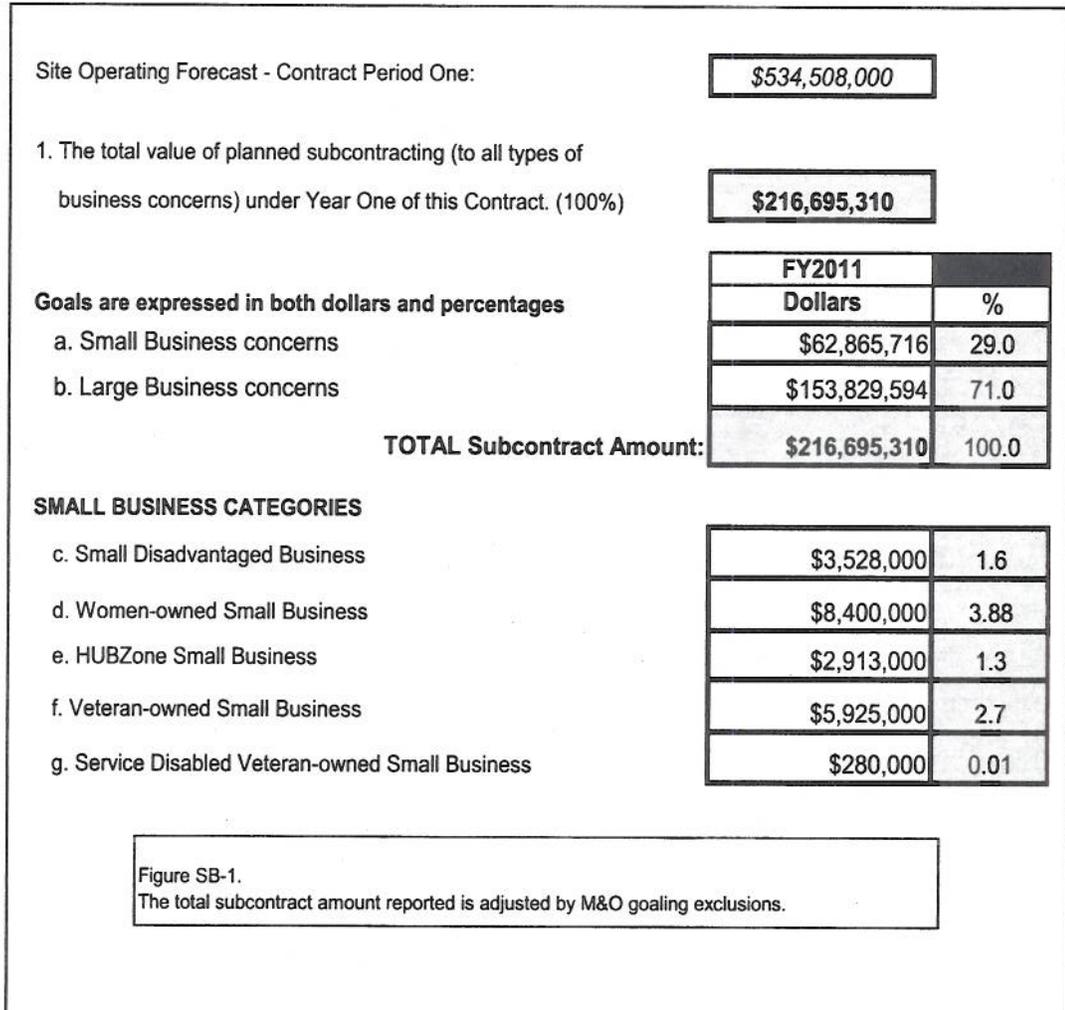


Figure SB-1 outlines the separate percentage goals, in terms of percentages of total planned subcontracting, for the use of small, small disadvantaged, women-owned, HUBZone, veteran-owned business and service-disabled veteran-owned concerns for the first year of this Prime Contract.

The FY2011 small business subcontracting goal base is \$216.7M. The Small Business subcontracting base calculation for the entire contract period will include the net value of all subcontracts with the exclusion of:

- (1) subcontract dollars with foreign-owned businesses and
- (2) subcontract dollars with Honeywell affiliate businesses.

**Section I. GOALS (con't):**

**Section I.B.1.**

**Description of all the principal types products and services that will be acquired under the initial year of this Contract.**

Figure SB-2 displays the rank of designated product and service categories according to total planned subcontracting (high to low).

**Figure SB-2 Subcontracted Products / Services by Business Category**

**YEAR ONE - FY2011**  
(in thousands)

<b>Subcontracted Products/Services</b>	<b>SMALL</b>	<b>LARGE</b>	<b>SDB</b>	<b>WOSB</b>	<b>HSB</b>	<b>VOSB</b>	<b>SDVOSB</b>
<u>KCRIMS-Categories</u> Construction \$59.8M CE-Furniture \$10M Services-Move \$9M	\$10,000	\$68,800	\$0	\$0	\$0	\$0	\$0
Work for Others	\$15,482	\$20,108	\$200	\$500	\$10	\$500	\$10
Production Material	\$14,051	\$8,705	\$500	\$1,000	\$200	\$2,000	\$150
Non-Production Material	\$8,633	\$10,484	\$400	\$800	\$3	\$650	\$10
Services	\$3,515	\$10,485	\$0	\$850	\$250	\$0	\$0
Facilities-Services	\$4,300	\$8,200	\$100	\$0	\$0	\$0	\$0
<u>Construction</u> NSE-RAMP \$10M	\$300	\$10,400	\$50	\$0	\$0	\$100	\$0
IT Software/Maintenance	\$2,750	\$5,750	\$1,500	\$1,450	\$850	\$500	\$0
Procurement Card/Catalog	\$1,584	\$5,616	\$220	\$500	\$10	\$100	\$10
Capital Equipment	\$1,520	\$4,491	\$0	\$0	\$0	\$500	\$0
IT Hardware	\$2,190	\$1,010	\$1,100	\$1,100	\$1,100	\$100	\$100
<b>Total \$'s by Category</b>	<b><u>SMALL</u></b>	<b><u>LARGE</u></b>	<b><u>SDB</u></b>	<b><u>WOSB</u></b>	<b><u>HSB</u></b>	<b><u>VOSB</u></b>	<b><u>SDVOSB</u></b>
<b>Percent by Category</b>	\$62,866	\$153,830	\$3,528	\$8,400	\$2,913	\$5,925	\$280
	29.0%	71.0%	1.6%	3.9%	1.3%	2.7%	0.01%

**SB Subcontracting Base = \$216.7M**  
**FY Contract Cost Base = \$535.0M**

Figure SB-2 displays the distribution of subcontracts by forecast dollars, business type, and key product and service categories during the first year of this contract. The supplier and dollars distribution within each major category will vary according to customer requirements and procurement responsibility reassignment as the Kansas City Plant enters the execution planning phase of KCRIMS. Forecasts for remaining contract periods for years 2 through 5 will be developed and negotiated through the normal call for subcontracting forecast process initiated by the DOE/NNSA.

**Section I. GOALS (con't):**

**Section I.B.2.**

**Honeywell used the following methods to develop the Goals:**

a. Assessment of key procurement categories and strategies.

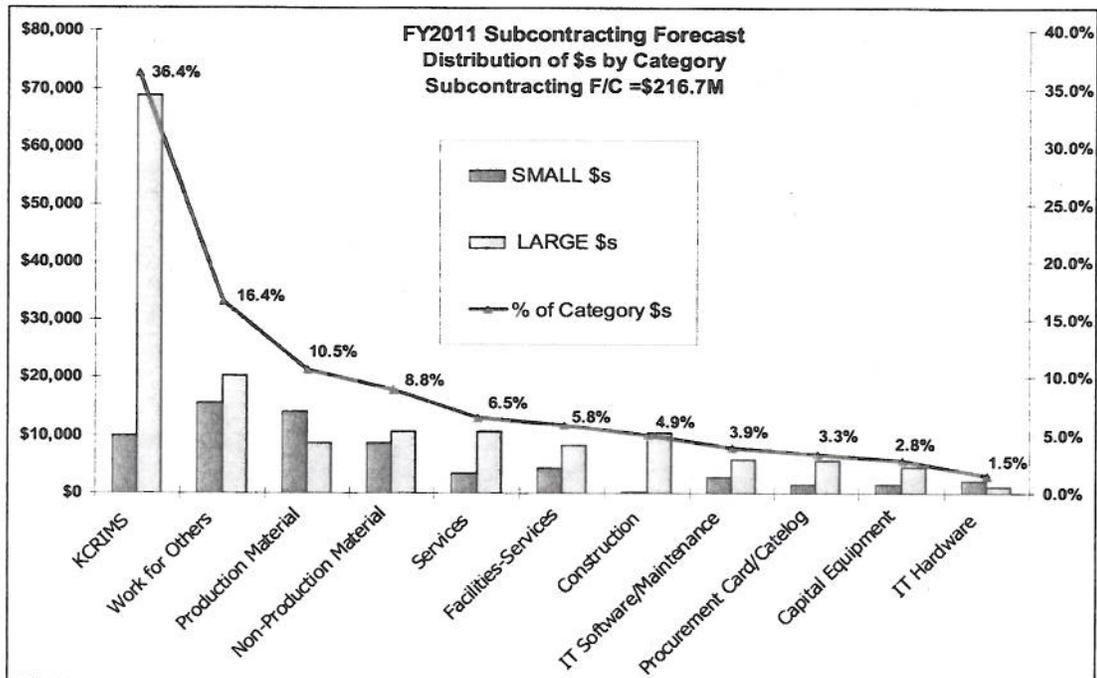
This section highlights key procurement areas (KCRIMS, Production Material, Work for Others, Construction) with explanation of the factors considered when developing the small business forecast.

KCRIMS: The nonnuclear production transformation project, Kansas City Responsive Infrastructure, Manufacturing and Sourcing (KCRIMS) identifies the project planning strategy focused on the following three foundational elements: 1) strategic sourcing & sizing; 2) change to a near commercial business model; and 3) relocation to a new 3<sup>rd</sup> party financed facility. By mid-2014, the new location for the Kansas City Plant is scheduled to be fully functional. The privately financed construction price is estimated at \$443M, but other costs, including \$263M to relocate operations from the existing site will have an immense impact on the subcontracting activities for Honeywell FM&T through the transition to a new location and disposition of the existing facility.

Expectations are high that this massive industrial relocation project will be accomplished on-schedule, within budget, and without impact to the National Security Enterprise (NSE) supply chain. The forecast also assumes timely completion of scheduled KCRIMS milestones in FY2011. Relocation of an active production facility the size of the Kansas City Plant will be a unique challenge. Preliminary reviews of experience companies that could efficiently address technical and capacity requirements for the physical move were of large business concerns. The rationale used to develop the FY2011 subcontracting forecast considers this factor in the projection.

Figure SB-3 displays the magnitude of KCRIMS procurements in comparison to the remaining categories in the subcontracting base. The subcontract projection is \$79.8M; the small business content is 15%, based on initial market assessment of firms meeting technical and capacity requirements for this project. Honeywell's historical subcontract performance exceeds 45%. KCRIMS strategies will affect procurement patterns through the transition period, in turn; subcontracting results are anticipated to trend lower than the previous Contract performance period.

Figure SB-3



**Section I. GOALS (con't):**

Work for Others: A growing segment of the Honeywell subcontracting base is comprised of non-traditional workloads (work for others). The category forecast combines requirements from two separate customers. The forecast was determined based on the following analysis:

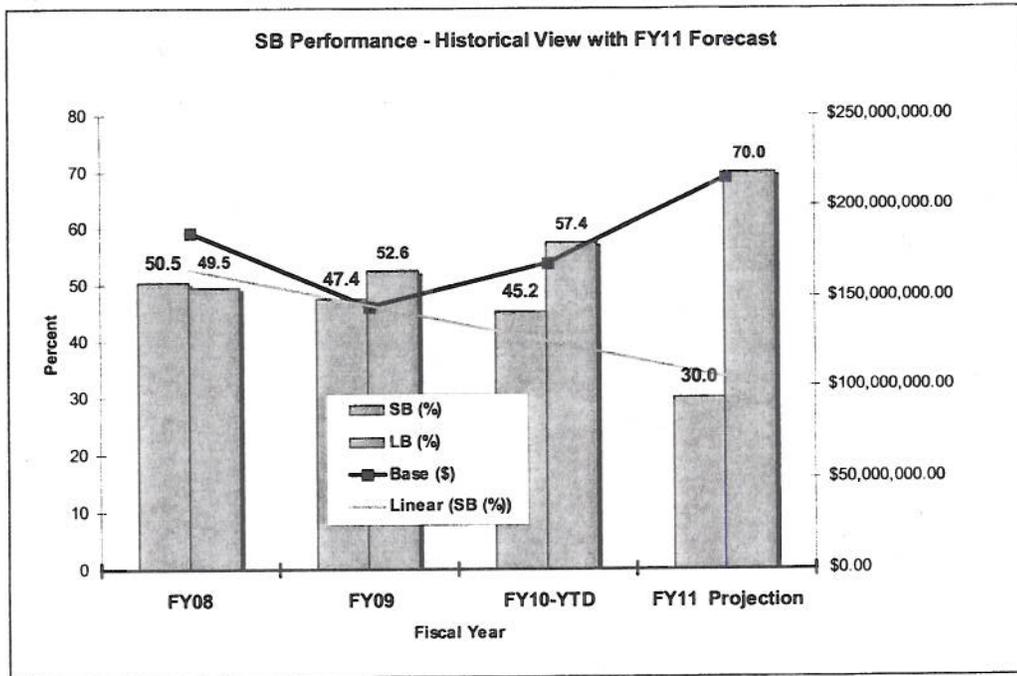
- 1) Customer A: subcontract projection - \$26M; small business content – 25%. External customer requirements usually drive short lead time for procurements and most orders are one-time or limited purchases with customer-directed supplier sources. A team is assigned to review and develop a process to improve visibility and lead time notice of requirements. These actions are projected to positively affect the purchasing organization's influence on supplier sourcing selections.
- 2) Customer B: subcontract projection - \$8.8M; small business content is optimistically targeted to be 100%. Forecasted subcontracts for this project are pending funding authorization.

Construction: Local site construction requirements comprise less than 1% of the total subcontracts forecasted. The forecast balance is one large business contract for the company that coordinates construction at NSE sites for the Roof Asset Management Program (RAMP), a project managed at the Kansas City Plant. The forecast is based on the current level of funding for FY11 (\$10M) and does not consider contingency for increased funding from NSE sites that could increase total commitments plan higher, up to the average range of \$15M-\$18M annually.

Production Material: The KCRIMS planning phase developed a build-ahead strategy to prevent delivery gaps in the NSE supply chain while the site relocation is being executed. The "pull-up" strategy that began in FY2006 is nearing the end of the scheduled quantities required and the volume of procurements will be significantly reduced. Production material procurements on average comprise 30% of the subcontracting base and contribute to the achievement of 60% of the small business forecast. Lower performance is forecasted based on FY11 assessment that production procurements will comprise only 17% of the base and support only 30% of the small business subcontracts forecasted.

**b. Evaluation of Historical Performance**

Figure SB-4 Historical Performance Data



For the 3-year period shown in Figure SB-4, small business performance exceeds 45%. In FY11, the spike in KCRIMS procurements and lower production material requirements are forecasted to shift results from historical performance achievement. As Honeywell moves forward through the transition period (FY2011-2015), KCRIMS

**Section I. GOALS (con't):**

planning stages for execution of the move and closing the current facility will drive new requirements that are expected to affect the traditional subcontracting base of suppliers and commodities. FY2011 represents a pinnacle culmination of KCRIMS strategies and a new phase for Honeywell FM&T's mission at the Kansas City Plant. The forecast assumes priority execution of KCRIMS deliverables and efficiencies.

c. Assessment of leveraged/unleveraged procurements: Feedback from a review of Honeywell procurement requirements (>\$40K) provides detail of scheduled and planned procurements provide information to develop a subcontracting forecast. Although ERP systems are in place, additional input and assessment is sought from Project Teams to develop an annual quantitative subcontracting forecast as well as indications of sourcing strategies and potential suppliers. This comprehensive report provides visibility of a forecast by commodity, business types and by socioeconomic category.

d. Honeywell identifies potential subcontractors using the following source lists and organizations. The resources referenced were used to develop the subcontracting forecast or will be used to support goals established for small business concerns:

**On-Line Source Lists**

- Dynamic Small Business Search (SBA)
- Central Contractor Registration (CCR)
- National Minority Supplier Develop Council Member Business Information System –MBISYS
- Honeywell FM&T Vendor Table

**Organization Resources**

- NNSA/DOE Market Research
- Honeywell Aerospace Supplier Diversity Council
- The MidAmerica Minority Business Development Council (MAMBDC)
- Missouri/Kansas Procurement Technical Assistance Centers (PTAC)
- Regional Councils for Small Business Education and Advocacy
- Greater Area Chambers of Commerce

**Section I.B.3.**

**Indirect Costs**

Indirect and overhead costs have not been included in the dollar and percentage subcontracting goals stated above. The subcontracting goals include dollars directly associated with purchases in support of the individual contract, less allowable exclusions.

**II. PROGRAM ADMINISTRATOR:**

The subcontracting plan is administered by Honeywell to assure that provisions of applicable law and the plan are implemented and performed. Any change in the name of the program administrator will be communicated without delay to the Contracting Officer in writing, and will not require immediate Contract modification. Changes, if any, will be included in the next applicable supplement agreement Contract modification.

<b>Name:</b>	<b>C.J. Warrick</b>
<b>Title:</b>	Small Business Liaison Officer
<b>Address:</b>	2000 E. 95 <sup>th</sup> Street, PO Box 419159 Loc: OC44 Kansas City, MO 64141-6159
<b>Telephone:</b>	816-997-2874
<b>Fax:</b>	816-997-5063
<b>e-mail:</b>	cwarrick@kcp.com

The Program Administrator has general overall responsibility for the Honeywell FM&T Small Business Subcontracting program that involves developing, preparing, and executing individual subcontracting plans and monitoring performance relative to this particular plan. These duties include, but are not limited to, the following activities:

- A. Developing and promoting company/division policy statements that demonstrate Honeywell FM&T's support for awarding contracts and subcontracts to small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns.
- B. Assuring that qualified small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small businesses are included on requests for information (RFI) or proposal (RFP) lists for applicable subcontract solicitations.
- C. Ensuring that procurement procedures are designed to permit the maximum possible participation of small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns.
- D. Reviewing Ariba Buyer requisitions over \$50K for statements and clauses which might tend to restrict or prohibit small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business participation.
- E. Conducting Annual Buyer Socioeconomic training.
- F. Conducting periodic reviews of internal processes governing supplier source selection.
- G. Supporting outreach with business development organizations in the Kansas City area, Albuquerque and nationally by attending, sponsoring or arranging for the attendance of company representatives at business events that facilitate small business sourcing efforts. An annual budget will be prepared for membership fees, planned events and appropriate program promotional expenditures that will include: Workshops, Minority Business Enterprise Seminars, Business Expositions, Matchmaker Forums, Conferences, and other Outreach programs.
- H. Encouraging lower tier subcontractor participation in local and national small business outreach events through notification of events and opportunities to participate.
- I. Ensuring support of external small business supplier award nominations. Provide nomination criteria and assist staff with process.
- J. Maintaining viable small business information on the company web site.
- K. Counseling small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns on subcontracting opportunities and how to prepare proposals to Honeywell FM&T.
- L. Providing notice to subcontractors concerning penalties for misrepresentations of business status as small, HUBZone small, small disadvantaged, women-owned, veteran-owned or service-disabled veteran-owned small business concerns for the purpose of obtaining a subcontract that is to be included as part or all of a goal contained in the contractor's subcontracting plan.
- M. Monitoring Honeywell FM&T's performance and making any adjustments necessary to achieve subcontract plan goals.
- N. Preparing and submitting timely reports.
- O. Coordinating company activities during compliance reviews by federal agencies.

### **III. EQUITABLE OPPORTUNITY AND OUTREACH EFFORTS:**

Honeywell is built upon a long history of strengths: technological innovation, leadership, outstanding people, and delivering on our commitments. The company will make every effort to ensure that internal business practices and procedures are reflective of a procurement environment where small, HUBZone small, small disadvantaged, women-owned, veteran-owned, and service-disabled veteran-owned small business concerns will have an

equitable opportunity to participate at the maximum extent practical. These efforts include, but are not limited to, the following activities:

A. Outreach efforts to obtain sources:

- Contacting minority and small business development organizations
- Attending small, minority, and women-owned small business procurement conferences and business fairs.

B. Internal efforts to guide and encourage purchasing personnel:

- Presenting workshops, seminars and training programs
- Establishing, maintaining and using small, HUBZone small, small disadvantaged, and women-owned, veteran-owned, and service-disabled veteran-owned small business source lists, guides, and other data for soliciting subcontractors.
- Monitoring activities to evaluate compliance with the subcontracting plan

C. Additional efforts:

- To ensure organizational alignment with the goals and actions, the Honeywell annual performance review documents results for:
  - Buyer achievement against the goals, and
  - Annual participation at business outreach programs and events.

**IV. SUBCONTRACTING PLAN FLOW DOWN:**

Honeywell FM&T agrees to include the clause at FAR 52.219-8, "Utilization of Small Business Concerns" in all subcontracts that offer further subcontracting opportunities, and that it will further require all subcontractors (except Small Business concerns), who receive subcontracts in excess of \$650,000, (\$1,500,000 for construction) to adopt a subcontracting plan that complies with requirements at FAR 52.219-9, "Small Business Subcontracting Plan".

**V. REPORTS AND SURVEYS:**

Honeywell FM&T agrees to: (1) cooperate in any studies or surveys as may be required; (2) submit periodic reports which show compliance with the subcontracting plan; (3) register and enter required updates in the government-wide electronic Subcontracting Reporting System (eSRS) for Individual Subcontract Reports (ISR) and the Summary Subcontract Report (SSR); and (4) ensure that subcontractors agree to submit the Subcontract Report for Individual Contracts and the Summary Subcontract Report in the eSRS.

As a Prime Contractor, Honeywell FM&T will require Subcontractors to register in the eSRS as a lower tier subcontractor referencing the following set-up information:

Required Element	Input Required	Where to find Input Information
Honeywell FM&T Prime Contract Number (eSRS)	DE-NA0000622	Contact the SBLO if not listed.
Subcontract Number	FM&T Purchase Order Number	(Reference Section I -Identification Data). Contract Number or Project Tracking Number.
DUNS Number	9-Digit Dun & Bradstreet Number	Site/location specific ID for the subcontractor's company. D&B contact number: 1-866-705-5711
Product and Service Codes	Alpha Numeric Code	Select code from report in eSRS
NAICS	6-Digit NAICS code	North American Industry Classification System Code. If unknown, there is a link to a web site search within the eSRS report or search here: <a href="http://www.census.gov/epcd/www/naics.html">http://www.census.gov/epcd/www/naics.html</a>

Input applicable reports in the eSRS within 30 days after the close of each calendar reporting period or contract completion. Update results in the eSRS for Individual Subcontract Reports and the Summary Subcontracting Report by the deadline of each report period as indicated:

Report Period	Report Due	Date Due
10/01—03/31	Individual Subcontract Report for Contracts (ISR)	04/30
04/01—09/30	Individual Subcontract Report for Contracts (ISR)	10/30
10/01—09/30	Summary Subcontract Report (SSR)	10/30

Follow individual report instructions to add the name of the individual authorized to receive and approve reports in the eSRS as indicated:

Report	Prime- Govt Approval	Subcontract (lower-tier) Approval
Individual Subcontract Reports (ISR)	NNSA KCSC Adminstrating Contracting Officer	A) <u>Level One</u> - from Prime  Name: C.J. Warrick Title: Small Business Liaison Officer  e-mail: <a href="mailto:cwarrick@kcp.com">cwarrick@kcp.com</a>  B) <u>Level Two and Subsequent Levels</u> –input the name/email for the Subcontract Administrator identified in the Subcontracting Plan
Summary Subcontract Report (SSR)	NNSA Service Center Small Business Program Manager	Email the summary for the fiscal year from all NNSA contracts and report to the NNSA Service Center: SBLO will provide POC.

#### **VI. RECORDS AND PROCEDURES:**

Honeywell FM&T will maintain the following types of records to demonstrate procedures adopted to comply with the requirements and goals in this subcontracting plan. These records include, but are not limited to:

- A. Maintaining small, HUBZone, small disadvantaged, women-owned, veteran-owned business and service-disabled veteran-owned source lists, guides, and other data identifying such vendors.
- B. Organizations contacted for small, HUBZone small, small disadvantaged, women-owned, veteran-owned and service-disabled veteran-owned small business sources.
- C. On a contract-by-contract basis, all subcontract solicitations over \$150,000, which indicate for each solicitation (1) whether small business concerns were solicited, and if not, why not; (2) whether HUBZone small business concerns were solicited, and if not, why not; (3) whether small disadvantaged business concerns were solicited, and if not, why not; (4) Whether women-owned small business concerns were solicited, and if not, why not; (5) Whether veteran-owned small business concerns were solicited, and if not, why not; (6) Whether service-disabled veteran-owned small business concerns were solicited, and if not, why not and (7) reasons for the failure of solicited small, HUBZone small, small disadvantaged, women-owned, veteran-owned and service-disabled veteran-owned small business concerns to receive the subcontract award.
- D. Records to support other outreach efforts, such as contacts with minority and small business trade associations, attendance at small, minority, women-owned, veteran-owned and service-disabled veteran-owned small business procurement conferences and trade fairs.
- E. Records to support internal activities to (1) guide and encourage purchasing personnel, such as workshops, seminars, training programs, incentive awards; and (2) monitor and evaluate compliance.
- F. On a contract-by contract basis, records to support subcontract award data including the name, address and business size of each subcontractor.

**SIGNATURE APPROVALS:**

This subcontracting plan was submitted by:

**Signed:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

\_\_\_\_\_ Honeywell Federal Manufacturing & Technologies, LLC

**Date:** \_\_\_\_\_

\_\_\_\_\_ Phone No.:

**Contact Information:** \_\_\_\_\_ eMail:

**Plan Accepted by:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Plan Concurred on by:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_



**SIGNATURE APPROVALS:**

This subcontracting plan was submitted by

Signed: *Anthony J. Brancato*  
Printed Name: ANTHONY J. BRANCATO  
Title: PRESIDENT  
Honeywell Federal Manufacturing & Technologies, LLC  
Date: 9/28/2010  
Phone No: 816-997-3212  
Contract Information: eMail: TBRANCATO@FMP.COM

Plan Accepted by

*[Signature]*  
Title: NSA Joint Business Program Manager  
Date: 10-13-10

Plan Concurred on by:

*Colleen Burns*  
Title: PCR  
Date: 10-18-2010

