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|---|--|---|--|--|--|
| <b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>   |  | <b>1. CONTRACT ID CODE</b>  |  | <b>PAGE OF PAGES</b><br>1   16   |  |
| <b>2. AMENDMENT/MODIFICATION NO.</b><br>0017  |  | <b>3. EFFECTIVE DATE</b><br>See Block 16C   |  | <b>4. REQUISITION/PURCHASE REQ. NO.</b>  |  |
| <b>5. PROJECT NO. (If applicable)</b>   |  | <b>6. ISSUED BY</b><br>NNSA M&O Contracting Branch<br>NA-APM-131<br>Albuquerque Complex<br>P.O. Box 5400<br>Albuquerque NM 87185-5400 |  | <b>7. ADMINISTERED BY (If other than Item 6)</b><br>NNSA Kansas City Field OFC<br>NA-00-KC<br>P.O. Box 410202<br>Kansas City MO 64141-0202 |  |
| <b>8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code)</b><br>HONEYWELL<br>Attn: JOHN MURRAY<br>23500 WEST 105TH STREET<br>MS 300<br>OLATHE KS 66061 |  | <b>9A. AMENDMENT OF SOLICITATION NO.</b>  |  | <b>9B. DATED (SEE ITEM 11)</b>   |  |
| <b>9C. MODIFICATION OF CONTRACT ORDER NO.</b><br>DE-NAD002839   |  | <b>9D. DATED (SEE ITEM 13)</b><br>07/09/2015  |  | <b>10. ACCOUNTING AND APPROPRIATION DATA (If required)</b><br>See Schedule   |  |
| <b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>  |  | <b>12. ACCOUNTING AND APPROPRIATION DATA (If required)</b><br>See Schedule  |  | <b>13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>         |  |

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers  is extended.  is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

|                                     |   |
|-------------------------------------|---|
| <input type="checkbox"/>            | A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.   |
| <input type="checkbox"/>            | B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). |
| <input checked="" type="checkbox"/> | C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF P.L. 95-91, Clause DEAR 970.5243-1 CHANGES  |
| <input type="checkbox"/>            | D. OTHER (Specify type of modification and authority)   |

**E. IMPORTANT:** Contractor  is not  is required to sign the document and return \_\_\_\_\_ 1 \_\_\_\_\_ copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)**

- The purposes of this modification are to:
1. Update Sections B-1 and B-2 regarding Estimated Costs and Fees,
  2. To make administrative changes to Section G,
  3. To update Special Clauses in Section H,
  4. To update Contract Clauses in Section I.
  5. To add Appendices to Section J.

See Page 2.  
Payment:

Except as provided herein, all terms and conditions of the document referenced in item 9 A or 10A, as heretofore changed, remains unchanged and in full force and effect.

|  |  |                                      |  |                                    |  |
|--|--|--------------------------------------|--|------------------------------------|--|
| <b>15A. NAME AND TITLE OF SIGNER (Type or print)</b><br>John Ricciardelli, President     |  | <b>15B. CONTRACT OFFICER</b>         |  | <b>15C. DATE SIGNED</b><br>9/29/16 |  |
| <b>16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)</b><br>Ralph B. Tennant II |  | <b>16B. UNITED STATES OF AMERICA</b> |  | <b>16C. DATE SIGNED</b><br>9/29/16 |  |

Block 14 "DESCRIPTION OF AMENDMENT/MODIFICATION," continued.

Contract No. DE-NA0002839 is amended as follows:

1. Section B-1, CLIN 0002 WORK FOR OTHERS is deleted and the following is substituted (CLINs 0002A BASE TERM – 0002F OPTION TERM 5 remain unchanged):

#### CLIN 0002 WORK FOR OTHERS AND OTHER REIMBURSABLE WORK

"Reimbursable work" as used herein is the work performed by the Contractor that is not funded out of the Laboratory Table included in the President's annual budget request for the National Security Campus. The Contractor shall, in accordance with Section J, Appendix A, Chapter II, paragraph 8.1 Work for Others (WFO) Program, and all other the terms and conditions of this Contract, provide the personnel, equipment, materials, supplies, and services, (except as may be furnished by the Government) and otherwise do all things necessary for, or incident to effectively, efficiently, and safely perform all Work For Others and other reimbursable work efforts as directed by the Contracting Officer.

2. Section B-2 CONTRACT TYPE AND VALUE

- a. Paragraph (b) is deleted and the following is substituted:

- (b) "DOE/NNSA work" as used herein is the work performed by the Contractor that is funded out of the Laboratory Table included in the President's annual budget request for the National Security Campus. The estimated cost, award fee available, and award fee earned for CLIN 0001 (DOE and NNSA work) is set forth in Table 1 below:

3. Section B-2 CONTRACT TYPE AND VALUE

- a. Table 1 CLIN 0001 – Management and Operation of NSC is updated. The entry for Estimated Cost "\$TBD" on the line for "Transition Term" is changed to "\$233,076." The remainder of Table 1 remains unchanged.

- b. Paragraph (c) is deleted and the following is substituted:

- (c) The estimated cost and fixed fee for CLIN 0002 (Work for Others and Other Reimbursable Work) are set forth in Table 2 below. The estimated cost and the fixed fee for Work for Others and Other Reimbursable Work during the Base Term of the Contract and for each Option Term will be established by the NNSA prior to the commencement of the applicable fiscal year and will be revised and incorporated into the Table below through a modification to this clause. The Fixed-Fee for Work for Others and Other Reimbursable Work will be up to 4.7% of the estimated cost of all projects anticipated for the applicable fiscal year.

- c. Table 2 CLIN 0002 – Work for Others is renamed

From: Table 2 CLIN 0002 – Work for Others

To: Table 2 CLIN 0002 – Work for Others and Other Reimbursable Work

- d. Table 2 CLIN 0002 – Work for Others and Other Reimbursable Work is deleted and replaced with the following:

| <b>Contract Period</b>          | <b>Estimated Cost</b> | <b>Fixed Fee*</b> | <b>Estimated Cost + Fixed Fee</b> |
|---------------------------------|-----------------------|-------------------|-----------------------------------|
| Base Term Year 1                | \$297,455,000         | \$13,980,000      | \$311,435,000                     |
| Base Term Year 2                | \$TBD                 | \$TBD             | \$TBD                             |
| Base Term Year 3                | \$TBD                 | \$TBD             | \$TBD                             |
| Base Term Year 4                | \$TBD                 | \$TBD             | \$TBD                             |
| Base Term Year 5                | \$TBD                 | \$TBD             | \$TBD                             |
| Option Term 1<br>(if exercised) | \$TBD                 | \$TBD             | \$TBD                             |
| Option Term 2<br>(if exercised) | \$TBD                 | \$TBD             | \$TBD                             |
| Option Term 3<br>(if exercised) | \$TBD                 | \$TBD             | \$TBD                             |
| Option Term 4<br>(if exercised) | \$TBD                 | \$TBD             | \$TBD                             |
| Option Term 5<br>(if exercised) | \$TBD                 | \$TBD             | \$TBD                             |

- e. Paragraphs (a) and (b) immediately following Table 2 CLIN 0002 – Work for Others and Other Reimbursable Work are deleted in their entirety.

4. Section G, clause 6 RESPONSIBLE CORPORATE OFFICIAL is updated as follows. The President of Honeywell Defense & Space, Michael Madsen, is replaced with Carey Smith. The new name and contact information below replaces Mr. Madsen's information.

Name: Carey Smith  
 Position: President, Honeywell Defense & Space  
 Company: Honeywell International Inc.  
 Address: 7000 Columbia Gateway Dr.  
 Columbia, MD 21046  
 Phone: (410) 294-2378  
 Email: Carey.Smith@Honeywell.com

5. Section H. Special Contract Requirements is revised as follows.

- a. H-11 Accountability is deleted and replaced with the following.

## H-11 KANSAS CITY OVERSIGHT MODEL

The NNSA is committed to improving the effectiveness and efficiency of the Nuclear Security Enterprise. This Clause sets forth an overview of NNSA's approach to achieve this commitment. The following provisions set forth the specific Contract requirements that will provide the Contractor the flexibility to improve its management and performance. This Clause and its provisions are consistent with the principles and practices contained the KCNSC/KCP Oversight Plan. The major elements include:

- Section 1. Defining the Federal/Contractor Relationship
- Section 2. Operating Requirements and Standards Management
- Section 3. Management Assurance (Contractor Assurance)
- Section 4. Accountability
- Section 5. NNSA Oversight

### Section 1. Defining the Federal/Contractor Relationship

- (a) To clarify the contractual relationship, NNSA will establish the work to be accomplished by the Contractor, set applicable operating requirements to be met by the Contractor, and will provide program and performance direction regarding what NNSA wants in each of its programs. The Contractor shall determine how the program is executed and shall be accountable for performance in accordance with the terms and conditions of this Contract. The Contractor will utilize its expertise and ingenuity in determining how the work is to be accomplished in the most effective and efficient manner. NNSA will issue performance direction to the Contractor only through a Contracting Officer or a designated COR. All other Federal staff and oversight components are therefore precluded from tasking contractor personnel. The Contractor is accountable for assuring safe, secure, effective and efficient operations in accordance with the terms and conditions of this Contract.

- (b) Approach to Oversight

NNSA will increase Contractor accountability as a result of implementation of the Contractor's Management Assurance System to achieve improved Contractor performance on the Contract. Parent Organization oversight shall be a key feature of the Contractor's Management Assurance System. NNSA oversight will focus on evaluating systems and performance rather than transactions. NNSA will determine the level of NNSA oversight of all Contractor activities under this Contract, consistent with the Oversight Plan and approved funding levels. Oversight will focus on the essential outcomes of the following core requirements for the KCNSC: meeting product schedule; meeting product specification; cost management; asset management; and compliance to contract standards including ES&H and National Security.

- (c) Empowering Contractor Expertise

The Contractor is encouraged to identify and evaluate best commercial standards and best business practices and to continuously pursue cost effective and efficient improvements in Contract performance. The contractor and its parent organization shall provide the functional leadership, core processes and policies, and best practices to be deployed under the contract. The Contractor shall use the private-sector expertise of its parent organization to improve contract performance as appropriate by maintaining and enhancing strong ties to the contractor's parent organization, the exercise of parent accountability over contract operations, and maintaining and expanding the application of corporate systems, processes and human resources to the contract.

(d) Results-Oriented, Streamlined Performance Appraisal

A results-oriented, streamlined performance appraisal process will be established with critical performance objectives, measures, and targets that focus on those areas of greatest strategic value to NNSA using systems-based metrics. The parties will maximize whatever flexibility is permitted within the NNSA Corporate Performance Evaluation Process to ensure site-specific priorities are incentivized.

(e) Reward for Achieving Cost Efficiencies

The Contractor will be rewarded for the achievement of cost efficiencies through onsite investment of cost savings with program approval.

(f) Performance Direction

The basic principles and processes related to technical or performance direction are covered in Clause DEAR 952.242-70 TECHNICAL DIRECTION.

- (1) The contractor is responsible for the management, integration, and operation of the site in accordance with the Terms and Conditions of the contract, duly issued Work Authorizations (WAs), and written direction provided by the Contracting Officer and the Contracting Officer's Representatives (COR). NNSA is responsible for establishing the work to be accomplished, the applicable standards and requirements to be met, and overseeing the work of the contractor. The contractor will use its expertise and ingenuity in contract performance and in making choices among acceptable alternatives to most effectively and efficiently accomplish the work called for by this contract.
- (2) The parties agree to maintain full and open communication at all times, and on all issues affecting contract performance, during the term of this contract. Technical or performance direction issued pursuant to this clause is intended to be consistent with the approach described above that

government direction will be limited to “what” the contractor intends to accomplish. The contractor is encouraged to identify concerns to the Contracting Officer whenever it believes that performance direction defines “how” the contractor is intended to accomplish the work, and the Contracting Officer will work to revise the performance direction if appropriate.

## Section 2. Operating Requirements and Standards Management

- (a) The Contractor shall comply with those "Operating Requirements" listed in Section J, Appendix K or directed by the Contracting Officer that include DOE directives incorporated into the contract in accordance with the Contract Clause entitled "Laws, Regulations, and DOE Directives," best-in-class commercial standards and best business practices. A current list of operational requirements shall be maintained by the Contractor as an "Operating Requirements" section of a KCNSC plant information system that is to be updated as part of the “Operating Requirements” change control process and available to all employees and the NNSA. Revisions to the "Operating Requirements" may be made unilaterally by the Contracting Officer in accordance with the Contract Clause entitled "Laws, Regulations, and DOE Directives," or they may be initiated by the Contractor or NNSA through the process described in Paragraph (c) below.
- (b) The Contractor shall benchmark with industry as appropriate to identify best-in-class commercial practices and best business practices that may, when substituted for existing contractual requirements, improve site operations and cost effective performance, while effectively managing safety and security.
- (c) Operating Requirements Change Control
  - (1) Definitions:
    - (A) **Baseline:** The baseline shall consist of the Operating Requirements. The Contractor shall maintain a record of the baseline in its Command Media.
    - (B) **Change:** Any directive, inspection, audit finding, informal or formal communication that if implemented by the Contractor would add or delete an element to the baseline or would alter, increase or decrease the contractor’s work relating to the baseline.
  - (2) **Baseline Change Control Process** – The parties shall jointly develop and use the Baseline Change Control Process for evaluating and recommending Baseline changes to the Contracting Officer. The Baseline Change Control Process shall not affect the application of otherwise applicable laws and regulations of the United States, including DOE/NNSA regulations.

- (3) **Implementation:** The Contracting Officer will make a final decision on the recommendations resulting from the process. For change requests that have been initiated by the Contracting Officer, the Contractor will receive a comprehensive description of Contractor requirements necessitated by the change and a date for implementation.
- (4) **Documentation:** Systems shall be established for documenting all change requests, Operating Requirements Review Board recommendations and decisions resulting from the process.
- (5) **Contract Modification:** The contractor shall be under no obligation to respond to orders for changes to the Baseline absent a modification to this Contract. Any change to Operating Requirements approved by the Contracting Officer under this clause shall be incorporated into the Contract under Section J, Appendix K.
- (6) Ordinarily no change will be made to the Baseline without first following the process identified in this Section and the associated Baseline Change Control Process. Nothing in this Clause is intended to limit the authority of the Contracting Officer to incorporate or reinstate a directive or requirement under the DEAR clause entitled "Laws, Regulations, and DOE Directives."

### Section 3. Management Assurance (Contractor Assurance)

- (a) "Management Assurance System" is the contractor's comprehensive approach to ensuring it is performing the scope of work of this contract. A management assurance system includes activities designed to identify deficiencies and opportunities for improvement, report deficiencies to responsible management, and ensure that corrective actions are completed and effective. An effectively working management assurance system will provide the government the opportunity to reduce oversight.
- (b) The Contractor shall implement a Management Assurance System. The Management Assurance System shall, at a minimum.
  - (1) Align with the contractor's business including major functional areas and management systems relating to the contract;
  - (2) Be generally consistent with the model that the Contractor deploys at its commercial manufacturing facilities;
  - (3) Apply the appropriate method of assurance to processes and systems including management reviews, oversight and administration, internal audits, internal independent assessments, and third-party assessments;

- (4) Identify and rely upon performance metrics and targets to assess performance;
  - (5) Provide an approach to identify performance issues and take corrective actions;
  - (6) Contain an approach to continuous improvement of performance relying on benchmarking to identify best practices as appropriate.
  - (7) The Contractor's Parent Organization oversight shall be a key feature.
- (c) The Contractor shall document the architecture for the Management Assurance System. The Management Assurance System shall be monitored by the Contractor's parent organization.
- (d) The Contractor shall provide the NNSA with access to all elements of the Management Assurance System and visibility of its metrics; except the Contractor shall be under no obligation to disclose confidential or proprietary information generated by its parent company or affiliates. The Contractor shall notify or make visible to the Contracting Officer any modifications to the Balanced Scorecard, framework of the Management Assurance System, or to the frequency or format of NNSA forums as defined by the Management Operating Systems.

#### Section 4. Accountability

The Contractor is responsible for the quality of its products and for assessing its operations, programs, projects and business systems and identifying deficiencies and implementing needed improvements in accordance with the terms and conditions of this Contract, regardless of whether NNSA has evaluated the Contractor's performance in any area of the Contract. The Contractor is encouraged to rely upon parent corporate leadership (as applicable), systems and processes as well as independent third party assessments in assessing its own performance under this contract. The purpose of NNSA oversight is for assessing the Contractor's performance in meeting its obligations under this Contract. NNSA oversight shall not be relied upon by the Contractor in assessing its performance.

#### Section 5. NNSA Oversight

- (a) As used in this clause, "NNSA oversight" encompasses activities performed by NNSA organizations to determine the effectiveness of contractor performance of the Scope of Work. Oversight includes onsite reviews, assessments, performance evaluations, and other activities.
- (b) NNSA oversight – NNSA will determine the level of NNSA oversight of all Contractor activities under this Contract, consistent with the Oversight Plan and approved funding levels. NNSA will apply its oversight of the Contractor



consistent with the contractor's management systems, the risk level of the work processes, the contractor's performance, and the effectiveness of the Contractor Assurance System. The Contracting Officer will seek input from the contractor on the appropriate type and level of effort of oversight for management systems and processes. The oversight mechanisms will be documented by NNSA, linked to the Contractor Assurance System and subject to modification. In general, NNSA oversight will be consistent with the following concepts:

- (1) There will be less oversight in areas subject to well-recognized, independent third party assessments, when the third party assessments find that the contractor systems are performing adequately.
  - (2) The level of oversight will take into account whether areas are directly related to critical outcomes of the mission of the KCNSC, or areas that are not central to the core mission such as administrative support functions.
  - (3) Oversight will not unduly interfere with contractor efforts to implement industrial standards and/or best commercial practices.
  - (4) Oversight is subject to increase in areas where performance deficiencies exist. However, prior to increasing oversight, the Contracting Officer will consider whether contractor corrective action plans provide sufficient assurance.
- (c) In addition to the rights and remedies provided to the Government under other provisions of the Contract, the Contractor shall fully cooperate with the NNSA oversight personnel and subject matter experts in the performance of their assigned oversight functions, and shall provide complete access to facilities, information and Contractor personnel.
- (d) The Contractor shall continue to be subject to the oversight of independent oversight functions authorized by the Secretary of Energy in the performance of their duties such as the Office of Security and Safety Performance Assurance or the Office of the Inspector General. The Contractor shall not comply with a finding, opinion, or directive of an Independent Oversight Function absent direction from the Contracting Officer.

b. H-12 NNSA Oversight is deleted and replaced with the following.

## **H-12 COMMUNITY COMMITMENT CLAUSE IMPLEMENTATION**

Pursuant to Section I clause DEAR 970.5226-3 Community Commitment, dated Dec 2000, the Contractor shall fund a profit investment pool from profit earned under this contract with \$1,000,000 per year over the duration of the exercised contract. The profit investment will be independent of actual fees earned and performance under the contract, and these funds shall not be recovered directly or indirectly against the contract. The Contractor shall place the earned

profit investment into an escrow account to fund various initiatives. The contractor's investment is intended to support local community service projects. Prior to the start of each year of the contract's Base Term the Contractor shall inform NNSA leadership of its intended profit investment initiatives. The final list of FY 17 commitments will be negotiated with the NNSA prior to October 1, 2016.

5. Section H. Special Contract Requirements is revised as follows. Clauses H-16 CONFERENCE MANAGEMENT and H-17 MANAGEMENT AND OPERATING CONTRACTOR (M&O) SUBCONTRACT REPORTING are renumbered as clauses H-17 and H-18, respectively due to "H-16" being duplicated in Modification 0006.
6. Section I, page 6, DEAR clause 952.227-82, Rights to Proposal Data, Dated April 1994, is updated to read as follows.

Except for technical data contained on all pages of the contractor's original proposal dated February 10, 2015, as well as its final proposal dated May 14, 2015, which are asserted by the contractor as being proprietary data, it is agreed that, as a condition of the award of this contract, and notwithstanding the provisions of any notice appearing on the proposal, the Government shall have the right to use, duplicate, disclose and have others do so for any purpose whatsoever, the technical data contained in the proposal upon which this contract is based.

7. Section I, page 9, clause I-3 (52.216-7 ALLOWABLE COST AND PAYMENT (JUN 2013)(AS MODIFIED BY DEAR 952.216-7))
  - a. In the title of the clause correct the spelling by changing "MOFIFIED" to "MODIFIED."
  - b. Paragraph (a)(3). Revise the first sentence to read as follows:

The designated payment office will make interim payments for contract financing on the 30<sup>th</sup> day after the designated billing office receives a proper payment request.
  - c. Paragraph (d)(2)(iii)(B) *General and Administrative expenses (final indirect cost pool)* (page 11). Correct the spelling by changing "identified" to "identified."
8. Section I clause I-10 (STATE OF NEW MEXICO GROSS RECEIPTS AND COMPENSATING TAX (APR 2003)(AS MODIFIED BY DEAR 970.2904-1(A))). Insert "Department of Energy" wherever a space for a fill-in "(\* \_\_\_\_\_)" is designated. Delete "[Insert appropriate agency name in blanks.]" at the end of the clause.
9. Section I clause I-23 (DEAR 970.5232-2 PAYMENTS AND ADVANCES (DEC 2000) ALTERNATE II (DEC 2000) ALTERNATE III (DEC 2000) (NNSA CLASS DEVIATION OCT 2011)). In paragraph (c) insert a "M" in the blank after "Appendix-".

10. Section I clause I-25 (DEAR 970.5244-1 CONTRACTOR PURCHASING SYSTEM (AUG 2009) (NNSA CLASS DEVIATION OCT 2011) is deleted and the following is substituted:

I-25. DEAR 970.5244-1 CONTRACTOR PURCHASING SYSTEM (JAN 2013)  
(DEVIATION)

CONTRACTOR PURCHASING SYSTEM (JAN 2013)

- (a) *General.* The Contractor shall develop, implement, and maintain formal policies, practices, and procedures to be used in the award of subcontracts consistent with this clause and 48 CFR subpart 970.44. The Contractor's purchasing system and methods shall be fully documented, consistently applied, and acceptable to the Department of Energy (DOE) in accordance with 48 CFR 970.4401-1. The Contractor shall maintain file documentation which is appropriate to the value of the purchase and is adequate to establish the propriety of the transaction and the price paid. The Contractor's purchasing performance will be evaluated against such performance criteria and measures as may be set forth elsewhere in this contract. DOE reserves the right at any time to require that the Contractor submit for approval any or all purchases under this contract. The Contractor shall not purchase any item or service, the purchase of which is expressly prohibited by the written direction of DOE, and shall use such special and directed sources as may be expressly required by the DOE Contracting Officer. DOE will conduct periodic appraisals of the Contractor's management of all facets of the purchasing function, including the Contractor's compliance with its approved system and methods. Such appraisals will be performed through the conduct of Contractor Purchasing System Reviews in accordance with 48 CFR subpart 44.3, or, when approved by the Contracting Officer, through the Contractor's participation in the conduct of the Balanced Scorecard performance measurement and performance management system. The Contractor's approved purchasing system and methods shall include the requirements set forth in paragraphs (b) through (y) of this clause.
- (b) *Acquisition of utility services.* Utility services shall be acquired in accordance with the requirements of 48 CFR subpart 970.41.
- (c) *Acquisition of Real Property.* Real property shall be acquired in accordance with 48 CFR subpart 917.74.
- (d) *Advance Notice of Proposed Subcontract Awards.* Advance notice shall be provided in accordance with 48 CFR 970.4401-3.
- (e) *Audit of Subcontractors.*
- (1) The Contractor shall provide for—
- (i) Periodic post-award audit of cost-reimbursement subcontractors at all tiers; and

- (ii) Audits, where necessary, to provide a valid basis for pre-award or cost or price analysis.
  - (2) Responsibility for determining the costs allowable under each cost-reimbursement subcontract remains with the contractor or next higher-tier subcontractor. The Contractor shall provide, in appropriate cases, for the timely involvement of the Contractor and the DOE Contracting Officer in resolution of subcontract cost allowability.
  - (3) Where audits of subcontractors at any tier are required, arrangements may be made to have the cognizant Federal agency perform the audit of the subcontract. These arrangements shall be made administratively between DOE and the other agency involved and shall provide for the cognizant agency to audit in an appropriate manner in light of the magnitude and nature of the subcontract. In no case, however, shall these arrangements preclude determination by the DOE Contracting Officer of the allowability or unallowability of subcontractor costs claimed for reimbursement by the Contractor.
  - (4) Allowable costs for cost reimbursable subcontracts are to be determined in accordance with the cost principles of 48 CFR part 31, appropriate for the type of organization to which the subcontract is to be awarded, as supplemented by 48 CFR part 931. Allowable costs in the purchase or transfer from contractor-affiliated sources shall be determined in accordance with 48 CFR 970.4402-3 and 48 CFR 31.205-26(e).
- (f) *Bonds and Insurance.* 489
- (1) The Contractor shall require performance bonds in penal amounts as set forth in 48 CFR 28.102-2(a) for all fixed-priced and unit-priced construction subcontracts in excess of \$100,000. The Contractor shall consider the use of performance bonds in fixed-price non-construction subcontracts, where appropriate.
  - (2) For fixed-price, unit-priced and cost reimbursement construction subcontracts in excess of \$100,000, a payment bond shall be obtained on Standard Form 25A modified to name the Contractor as well as the United States of America as obligees. The penal amounts shall be determined in accordance with 48 CFR 28.102-2(b).
  - (3) For fixed-price, unit-priced and cost-reimbursement construction subcontracts greater than \$25,000, but not greater than \$100,000, the Contractor shall select two or more of the payment protections at 48 CFR 28.102-1(b), giving particular consideration to the inclusion of an irrevocable letter of credit as one of the selected alternatives.
  - (4) A subcontractor may have more than one acceptable surety in both construction and other subcontracts, provided that in no case will the liability of any one surety exceed the maximum penal sum for which it is qualified for any one obligation. For subcontracts other than construction, a co-surety (two or more sureties together) may

reinsure amounts in excess of their individual capacity, with each surety having the required underwriting capacity that appears on the list of acceptable corporate sureties.

- (g) *Buy American.* The Contractor shall comply with the provisions of the Buy American Act as reflected in 48 CFR 52.225-1 and 48 CFR 52.225-9. The Contractor shall forward determinations of non-availability of individual items to the DOE Contracting Officer for approval. Items in excess of \$100,000 require the prior concurrence of the Head of Contracting Activity. If, however, the Contractor has an approved purchasing system, the Head of the Contracting Activity may authorize the Contractor to make determinations of non-availability for individual items valued at \$100,000 or less.
- (h) *Construction and Architect-Engineer Subcontracts.*
- (1) *Independent Estimates.* A detailed, independent estimate of costs shall be prepared for all construction work to be subcontracted.
- (2) *Specifications.* Specifications for construction shall be prepared in accordance with the DOE publication entitled "General Design Criteria Manual."
- (3) *Prevention of Conflict of Interest.*
- (i) The Contractor shall not award a subcontract for construction to the architect-engineer firm or an affiliate that prepared the design. This prohibition does not preclude the award of a "turnkey" subcontract so long as the subcontractor assumes all liability for defects in design and construction and consequential damages. 490
- (ii) The Contractor shall not award both a cost-reimbursement subcontract and a fixed-price subcontract for construction or architect-engineer services or any combination thereof to the same firm where those subcontracts will be performed at the same site.
- (iii) The Contractor shall not employ the construction subcontractor or an affiliate to inspect the firm's work. The contractor shall assure that the working relationships of the construction subcontractor and the subcontractor inspecting its work and the authority of the inspector are clearly defined.
- (i) *Contractor-Affiliated Sources.* Equipment, materials, supplies, or services from a contractor-affiliated source shall be purchased or transferred in accordance with 48 CFR 970.4402-3.
- (j) *Contractor-Subcontractor Relationship.* The obligations of the Contractor under paragraph (a) of this clause, including the development of the purchasing system and methods, and purchases made pursuant thereto, shall not relieve the Contractor of any obligation under this contract (including, among other things, the obligation to properly

supervise, administer, and coordinate the work of subcontractors). Subcontracts shall be in the name of the Contractor, and shall not bind or purport to bind the Government.

- (k) *Government Property.* The Contractor shall establish and maintain a property management system that complies with criteria in 48 CFR 970.5245-1, Property, and 48 CFR 52.245-1, Government Property.
- (l) *Indemnification.* Except for Price-Anderson Nuclear Hazards Indemnity, no subcontractor may be indemnified except with the prior approval of the Senior Procurement Executive.
- (m) *Leasing of Motor Vehicles.* Contractors shall comply with 48 CFR subpart 8.11 and 48 CFR subpart 908.11.
- (n) [Reserved]
- (o) *Management, Acquisition and Use of Information Resources.* Requirements for automatic data processing resources and telecommunications facilities, services, and equipment, shall be reviewed and approved in accordance with applicable DOE Orders and regulations regarding information resources.
- (p) *Priorities, Allocations and Allotments.* Priorities, allocations and allotments shall be extended to appropriate subcontracts in accordance with the clause or clauses of this contract dealing with priorities and allocations.
- (q) *Purchase of Special Items.* Purchase of the following items shall be in accordance with the following provisions of 48 CFR subpart 8.5, 48 CFR subpart 908.71, Federal Management Regulation 41 CFR part 102, and the Federal Property Management Regulation 41 CFR chapter 101:
  - (1) Motor vehicles—48 CFR 908.7101 491
  - (2) Aircraft—48 CFR 908.7102
  - (3) Security Cabinets—48 CFR 908.7106
  - (4) Alcohol—48 CFR 908.7107
  - (5) Helium—48 CFR subpart 8.5
  - (6) Fuels and packaged petroleum products—48 CFR 908.7109
  - (7) Coal—48 CFR 908.7110
  - (8) Arms and Ammunition—48 CFR 908.7111

- (9) Heavy Water—48 CFR 908.7121(a)
- (10) Precious Metals—48 CFR 908.7121(b)
- (11) Lithium—48 CFR 908.7121(c)
- (12) Products and services of the blind and severely handicapped—41 CFR 101-26.701
- (13) Products made in Federal penal and correctional institutions—41 CFR 101-26.702
- (r) *Purchase versus Lease Determinations.* Contractors shall determine whether required equipment and property should be purchased or leased, and establish appropriate thresholds for application of lease versus purchase determinations. Such determinations shall be made—
  - (1) At time of original acquisition;
  - (2) When lease renewals are being considered; and
  - (3) At other times as circumstances warrant.
- (s) *Quality Assurance.* Contractors shall provide no less protection for the Government in its subcontracts than is provided in the prime contract.
- (t) *Setoff of Assigned Subcontractor Proceeds.* Where a subcontractor has been permitted to assign payments to a financial institution, the assignment shall treat any right of setoff in accordance with 48 CFR 932.803.
- (u) *Strategic and Critical Materials.* The Contractor may use strategic and critical materials in the National Defense Stockpile. 492
- (v) *Termination.* When subcontracts are terminated as a result of the termination of all or a portion of this contract, the Contractor shall settle with subcontractors in conformity with the policies and principles relating to settlement of prime contracts in 48 CFR subparts 49.1, 49.2 and 49.3. When subcontracts are terminated for reasons other than termination of this contract, the Contractor shall settle such subcontracts in general conformity with the policies and principles in 48 CFR subparts 49.1, 49.2, 49.3 and 49.4. Each such termination shall be documented and consistent with the terms of this contract. Terminations which require approval by the Government shall be supported by accounting data and other information as may be directed by the Contracting Officer.
- (w) *Unclassified Controlled Nuclear Information.* Subcontracts involving unclassified uncontrolled nuclear information shall be treated in accordance with 10 CFR part 1017.

(x) *Subcontract Flowdown Requirements.* In addition to terms and conditions that are included in the prime contract which direct application of such terms and conditions in appropriate subcontracts, the Contractor shall include the following clauses in subcontracts, as applicable:

- (1) Davis-Bacon clauses prescribed in 48 CFR 22.407.
- (2) Foreign Travel clause prescribed in 48 CFR 952.247-70.
- (3) Counterintelligence clause prescribed in 48 CFR 970.0404-4(a).
- (4) Service Contract Act clauses prescribed in 48 CFR 22.1006.
- (5) State and local taxes clause prescribed in 48 CFR 970.2904-1.
- (6) Cost or pricing data clauses prescribed in 48 CFR 970.1504-3-1(b).
- (7) Nondisplacement of Qualified Workers clause prescribed in 48 CFR 22.1207.
- (8) Service Contract Reporting clause prescribed in 48 CFR 4. 1705.
- (9) Minimum Wages under Executive Order 13658 clause prescribed in 48 CFR 22.1906

(y) *Legal Services.* Contractor purchases of litigation and other legal services are subject to the requirements in 10 CFR part 719 and the requirements of this clause.

11. Section J, Appendix B, Award Fee Plan. The attached award fee plan, consisting of 11 pages, is hereby included as Appendix B.
12. Section J, Appendix C. The Contractor's Transition Plan (Revised 9-15-2015 and attached) is hereby incorporated in the "Plan" section of Appendix C.
13. All other terms and conditions remain unchanged.



**Fiscal Year 2016  
DOE/NNSA Strategic Performance Evaluation and Measurement Plan (PEMP)**

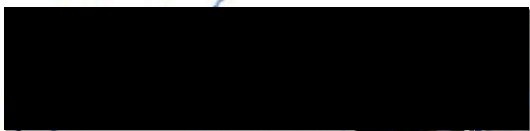
**Honeywell Federal Manufacturing and Technologies**


**MANAGEMENT AND OPERATION OF THE**

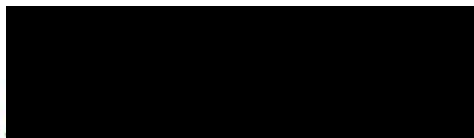
**National Security Campus**


**Contract Number: DE-NA0002839**

**Performance Evaluation Period: October 01, 2015 through September 30, 2016**

  
Christopher C. Gentile  
President  
Honeywell FM&T  
Date 9/30/15

  
Mark Holecek  
Field Office Manager  
Kansas City Field Office  
National Nuclear Security Administration  
Date 9-29-2015

  
Kariah W Konkoly-Thege  
Senior Counsel  
Honeywell FM&T  
Date 9-30-15

  
Hillary A. Cole  
Contracting Officer  
Kansas City Field Office  
National Nuclear Security Administration  
Date 9/30/2015

# FY 2016 PERFORMANCE EVALUATION AND MEASUREMENT PLAN

## DOCUMENT REVISION HISTORY

## INTRODUCTION

The Kansas City Plant is a Government leased facility, herein referenced as "the plant," and is managed by Honeywell Federal Manufacturing and Technologies (FM&T). Pursuant to the terms and conditions of the Contract, this Performance Evaluation and Measurement Plan (PEMP) sets forth the criteria in which Honeywell FM&T performance will be evaluated and upon which the determination of the amount of award fee earned shall be based. The available award fee amounts for FY 2016 are specified in Section B, *Supplies or Services and Prices/Costs*, of the contract. This PEMP promotes a strategic Governance and Oversight framework based on prudent management of risk, accountability, transparency, and renewed trust. It has been written to implement the collective governance and oversight reform principles as expressed by the DOE/National Nuclear Security Administration (NNSA).

## PERFORMANCE BASED APPROACH

The performance-based approach evaluates Honeywell FM&T performance through a set of Goals. Each Goal, and its associated Objectives and Key Outcomes (KOs), will be measured against authorized work in terms of cost, schedule, and technical performance, and the respective outcomes, demonstrated performance, and impact to the DOE/NNSA mission.

## MISSION

### Kansas City Plant

The objective of this Contract is to obtain non-nuclear production services to support National Nuclear Security Administration (NNSA) and broader national security requirements. Honeywell FM&T shall be fully responsible for functions to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs (DP). Furthermore, Honeywell FM&T 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, Honeywell FM&T shall provide services to ongoing missions for other Government agencies or privately owned organizations in accordance with policies identified in the operating requirements.

## MISSION PERFORMANCE

The Plant is accountable for and will be evaluated on successfully executing program work in accordance with applicable DOE/NNSA safety and security requirements consistent with the terms and conditions of the Contract. Protection of worker and public safety, the environment, and security are essential and implicit elements of successful mission performance. Accordingly, The Plant shall plan safety and security improvements and accomplishments as an integral component of mission performance contributing to meeting the affected programmatic Goals. The model for this PEMP is to rely on The Plant leadership to use appropriate DOE contractual requirements and recognized industrial standards based on consideration of assurance systems, and the related measures, metrics, and evidence. **The Plant is expected to manage in a safe, secure, efficient, effective, results-driven manner, with appropriate risk management and transparency to the government, while taking appropriate measures to minimize costs that do not compromise core objectives and mission performance.** Products and services are expected to be delivered on-schedule and within budget.

## CONSIDERATION OF CONTEXT IN PERFORMANCE EVALUATION

The evaluation of performance will consider "context" such as unanticipated barriers (e.g., budget restrictions, rule changes, circumstances outside The Plant's control), degree of difficulty, significant accomplishments, and other events that may occur during the performance period. A significant safety or security event may result in an overall limitation to adjectival ratings. Such impacts may be balanced by the response to the incident, and by other initiatives to improve overall safety or security performance. The Plant is encouraged to note significant safety and security continuous improvements.

### **PERFORMANCE RATING PROCESS**

DOE/NNSA will review performance throughout the performance evaluation period, and provide tri-annual feedback to The Plant highlighting successes and/or needed improvement. At the end of the performance evaluation period, an evaluation of The Plant performance will be completed. This evaluation will be documented in a Performance Evaluation Report (PER), and will include the performance ratings and award fee earned for the subject performance evaluation period. Objectives and KOs will be assessed in the aggregate to determine an adjectival performance rating for each Goal. DOE/NNSA will consider The Plant end of year self-assessment report in the performance evaluation. The performance ratings will be determined in accordance with FAR 16.401(e)(3) yielding ratings of Excellent, Very Good, Good, Satisfactory or Unsatisfactory. The Goals will then be considered in the aggregate to provide an overall rating and percentage of award fee earned for the contract. Notwithstanding the overall strategic framework, any significant failure may impact the overall rating and award fee earned. The Fee Determining Official's (FDO) award fee determination is a unilateral decision made solely at the discretion of NNSA.

### **PEP CHANGE CONTROL**

It is essential that a baseline of performance expectations be established at the beginning of the performance period to equitably measure performance, and that changes to that baseline are carefully managed. Any change to the PEMP requires concurrence by the appropriate program office and the NNSA Senior Procurement Executive prior to the Field Office Manager and Contracting Officer signatures. While recognizing the unilateral rights of DOE/NNSA as expressed in the contract terms and conditions, bilateral changes are the preferred method of change whenever possible.

### **FINAL DECISION**

The Plant may request a face-to-face meeting with the FDO to highlight their site's strategic performance at the end of the performance evaluation period. This meeting should occur within the first two weeks after the end of the period.

**TOTAL AVAILABLE AWARD FEE ALLOCATION**

| <b>Performance Category</b>          | <b>Goal</b>   | <b>% At-Risk Fee Allocation</b> |
|--------------------------------------|---|---------------------------------|
| Programs (NA-10)                     | <b>Goal-1: Manage the Nuclear Weapons Mission</b>                       | 40%                             |
| Programs (NA-20, NA-40, NA-80)       | <b>Goal-2: Reduce Nuclear Security Threats</b>                          | 7.5%                            |
| Programs (FOM)                       | <b>Goal-3: DOE and Strategic Partnership Project Mission Objectives</b> | 2.5%                            |
| Operations & Mission Execution (FOM) | <b>Goal-4: Science, Technology, and Engineering (ST&amp;E)</b>          | 5%                              |
| Operations & Mission Execution (FOM) | <b>Goal-5: Operations and Infrastructure</b>                            | 35%                             |
| Operations & Mission Execution (FOM) | <b>Goal-6: Leadership</b>   | 10%                             |

**UNEARNED FEE**

DOE/NNSA reserves the right to withdraw and redistribute DOE/NNSA unearned fees.

**AWARD TERM INCENTIVE**

To be eligible to earn available award term Honeywell Federal Manufacturing and Technologies must earn an adjectival score of Very Good or better in four of the six Goals and receive no adjectival score of Satisfactory or lower in any Goal, and further, meet any additional requirements as specified in Honeywell Federal Manufacturing and Technologies contract.

**INNOVATIVE SOLUTIONS**

The Plant will recommend innovative, science-based, systems-engineering solutions to the most challenging problems that face the nation and the globe. The Plant will also provide evidence to support programmatic needs and operational goals tempered by risk. DOE/NNSA will take into consideration all major functions including safety and security contributing to mission success. In addition, The Plant is expected to recommend and implement innovative business and management improvement solutions that enhance efficiencies.

## **Goal-1: Manage the Nuclear Weapons Mission**

Successfully execute Nuclear Weapons mission work in a safe and secure manner in accordance with DOE/NNSA Priorities, Program Control Document and Deliverables, and Program Implementation Plans, and Weapon Quality Assurance Requirements. Integrate across the National Security Campus, while maintaining a DOE/NNSA enterprise-wide focus, to achieve greater impact on a focused set of strategic national security priorities.

### **Objectives:**

- Objective-1.1** Accomplish work as negotiated with program sponsors and partners integrating quality requirements into an effective quality assurance program at their sites and through their suppliers that results in the design, production, and delivery of safe, secure, and reliable weapon products meeting performance, transportation, and cost effective operations.
- Objective-1.2** Maintain knowledge of the state of the stockpile, resulting from successful execution of the stockpile surveillance program and a robust scientific and engineering understanding for the delivery of the annual stockpile assessment.
- Objective-1.3** Execute stockpile work to deliver stockpile system maintenance, production, limited-life component exchanges, weapon containers and dismantlements.
- Objective-1.4** Demonstrate the application of new strategies, technologies, and scientific understanding to support stewardship of the existing stockpile and future stockpile needs.
- Objective-1.5** Sustain unique science and engineering capabilities, facilities and essential skills to ensure current and future Nuclear Weapons mission requirements will be met.
- Objective 1.6** Execute Phase 6.X and product realization processes and activities in support of nuclear weapon life extension programs, modification and alterations in accordance with NNSA requirements and Nuclear Weapons Council guidance.

### **Key Outcome(s):**

- KO 1.1** Quality Performance Scorecard: Achieve quality performance metrics as described in the FY16 NSC Quality Performance Scorecard.
- KO 1.2** Execute the following Weapon Quality Assurance initiatives:
  - Implement continuous improvement projects to correct identified systemic weapon product/process defects (nonconformance)
  - Continue supplier quality management improvements that ensure validation of procured weapon product to design and quality requirements.
  - Demonstrate early weapon quality assurance integration into weapon program development and process prove-in activities.
- KO 1.3** Demonstrate effective risk management of supplier base and implement efficient strategies to achieve mission requirements.
- KO 1.4** Effectively execute B61-12 LEP, W88 Alt 370 and W80-4 LEP Phase 6.X programs in accordance with program-specific and NNSA Project Controls System directives, including Earned Value Management System implementation, in order to: 1) meet schedule, 2) comply with Phase 6.x Process and Product Realization Processes; 3) lower risks; 4) control change; and 5) control costs.

## Goal 2: Reduce Nuclear Security Threats

Successfully execute authorized global nuclear security mission work in a safe and secure manner to include the Defense Nuclear Nonproliferation, Nuclear Counterterrorism, and Counter Proliferation and Incident Response missions. Integrate across the NNSA enterprise to achieve greater impact on a focused set of strategic national security priorities.

### Objectives:

- Objective-2.1 Support efforts to secure, account for, and interdict the illicit movement of nuclear weapons, weapons-useable nuclear materials and radiological materials.
- Objective-2.2 Support U.S. national and nuclear security objectives in reducing global nuclear security threats through the innovation of unilateral and multi-lateral technical capabilities to detect, identify, and characterize: 1) foreign nuclear weapons programs, 2) illicit diversion of special nuclear materials, and 3) global nuclear detonations.
- Objective-2.3 Support efforts to achieve permanent threat reduction by managing and minimizing excess weapons-useable nuclear materials and providing nuclear materials for peaceful uses.
- Objective-2.4 Support efforts to prevent proliferation, ensure peaceful nuclear uses, and enable verifiable nuclear reductions in order to strengthen the nonproliferation and arms control regimes.
- Objective-2.6 Sustain and improve nuclear counterterrorism and counterproliferation science, technology, and expertise; execute unique emergency response missions, implement policy in support of incident response and nuclear forensics missions, and assist international partners/ organizations. (NA-80)

### Key Outcome(s):

- KO 2.1 Support diagnostic tool development, selected disablement efforts, and new technologies and capabilities for incident response, manage and maintain readiness for deployment and home teams, and train and develop new and existing staff to become qualified responders.

### **Goal-3: DOE and Strategic Partnership Project Mission Objectives**

Successfully execute high-impact work for DOE and Strategic Partnership Project Mission Objectives safely and securely. Demonstrate the value of the work in addressing the strategic national security needs of the U.S. Government.

#### **Objectives:**

- Objective-3.1** Pursue and perform high-impact work for DOE that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills.
- Objective-3.2** Pursue and perform high-impact Strategic Partnership Projects that strategically integrates with the DOE/NNSA mission, and leverages, sustains and strengthens unique science and engineering capabilities, facilities and essential skills in support of future national security mission requirements.

#### **KeyOutcome(s):**

None.



#### **Goal-4: Science, Technology, and Engineering (ST&E)**

Successfully advance national security missions and advance the frontiers of ST&E in accordance with budget profile, scope, cost, schedule and risk while achieving the expected level of quality, safety and security. Effectively manage National Security Campus Directed Research and Development (PDRD) and Technology Transfer programs to advance the frontiers of ST&E.

##### **Objectives:**

- Objective-4.1 Execute a research strategy that is clear and aligns discretionary investments (e.g., PDRD) with National Security Campus strategy and support DOE/NNSA priorities.
- Objective-4.2 Ensure that research is relevant, enables the national security missions, and benefits DOE/NNSA and the nation.
- Objective-4.3 Ensure that research is transformative, innovative, leading edge, high quality, and advances the frontiers of science and engineering.
- Objective-4.4 Maintain a healthy and vibrant research environment that enhances technical workforce competencies and research capabilities.
- Objective-4.5 Research and develop high-impact technologies through effective partnerships and technology transfer mechanisms that support the National Security Campus strategy, DOE/NNSA priorities and impact the public good.

##### **KeyOutcome(s):**

## **Goal-5: Operations and Infrastructure**

Effectively and efficiently manage the safe and secure operations of the National Security Campus while maintaining an NNSA enterprise-wide focus; demonstrate accountability for mission performance and management controls; assure mission commitments are met with high-quality products and services; and maintain excellence as a 21<sup>st</sup> century government-owned, contractor-operated facility.

### **Objectives:**

- Objective-5.1** Deliver effective, efficient, and responsive environment, safety, health and quality (ESH&Q) management and processes
- Objective-5.2** Accomplish capital projects in accordance with scope, cost, and schedule baselines.
- Objective-5.3** Deliver effective, efficient, and responsive safeguards and security and site emergency management programs in support of the DOE/NNSA Emergency Management Enterprise.
- Objective-5.4** Maintain, operate and modernize DOE/NNSA facilities, infrastructure, and equipment in an effective, energy efficient manner; including disposition of unneeded infrastructure and excess hazardous materials. Demonstrate progress to advance the Department of Energy's crosscut initiative to halt the growth of deferred maintenance and support arresting the declining state of infrastructure.
- Objective-5.5** Deliver efficient, effective, and responsible business operations, systems and financial management, including financial transparency; budget formulation and execution; and, internal controls.
- Objective-5.6** Deliver efficient and effective management of legal risk and incorporation of best legal practices.
- Objective-5.7** Deliver effective, efficient, and responsive information technology systems and cyber security.

### **Key Outcome(s):**

- KO 5.1** Property Disposition: Support KCFO/preferred planning partner transfer efforts, the preparation of a transfer agreement, and position the Bannister Road property for transition to commercial or industrial use.
- KO 5.2** Improve contractor oversight processes to ensure comprehensive and accurate reporting, timely identification and correction of issues, including metrics that provide accurate, meaningful, and timely information concerning the health of the security program. Implement consistent tools for conducting site assessments with a risk management strategy.
- KO 5.3** Create and demonstrate a controlled process for management and utilization of factory white space that ensures that future production mission assignments are supported.
- KO 5.4** Implement infrastructure management improvements such as MDI and G2.
- KO 5.5** Support milestones for the improvement of emergency preparedness and response core capabilities and demonstrate site-specific actions to increase overall readiness and performance. Integrate the Headquarters Emergency Management Team and Emergency Operations Center into site exercises and operations. (NA-40)

## **Goal-6: Leadership**

Successfully demonstrate leadership in supporting the direction of the overall DOE/NNSA mission, improving safety culture, the responsiveness of Honeywell Federal Manufacturing and Technologies leadership team to issues and opportunities for continuous improvement internally and across the Enterprise, and parent company involvement/commitment to the overall success of the National Security Campus and the Enterprise.

### **Objectives:**

- Objective-6.1** Define and implement a realistic strategic vision for the National Security Campus, in alignment with the NNSA Strategic Vision, which demonstrates enterprise leadership and effective collaborations across the NNSA enterprise to ensure DOE/NNSA success.
- Objective-6.2** Demonstrate performance results through the institutional utilization of a Contractor Assurance System and promoting a culture of critical self-assessment, transparency, and accountability through the entire organization, while also leveraging parent company resources and expertise.
- Objective-6.3** Work selflessly within the DOE/NNSA complex to develop, integrate, and implement enterprise solutions that maximize program outputs at best value to the government; identify innovative business and management solutions that greatly improve enterprise-wide efficiencies.
- Objective-6.4** Exhibit professional excellence in performing roles/responsibilities while pursuing opportunities for continuous learning.

### **KeyOutcome(s):**

## **National Security Campus Contract Transition Summary**

This document is intended to provide a synopsis of elements and deliverables managed in accordance with Section J, Appendix C, Transition Plan directives. The following contractual elements have artifacts that have been delivered and are currently under review by the appropriate NNSA staff.

### **0 Day Elements (and Revised as of 09-15-2015)**

- Project Plan Narrative
- Project Schedule
- Cost Estimate and Basis of Estimate

### **30 Day Elements**

- Substance Abuse Plan
- Patent Wavier
- Notification for Expenses Outside Normal Duty
- Report Contractor Salary – Wage Increase Report

### **45 Day Elements**

- Benefits Plan

### **60 Day Elements**

- Conflict of Interest Compliance and Management Plan
- Severance Plan
- Notification for Changes to Total Compensation
- Notification for Incentive Compensation Plan
- Implementation Plan for Applicable Directives
- Small Business Goals
- Conflict of Interest Procedures

### **90 Day Elements**

- Certificate of Exemption
- Interface Management Plan
- Compensation Plan
- Diversity Plan
- Execute Offers to Employees for First Right of Refusal

### **120 Day Elements**

- Execute New Banking Agreement
- Personnel Appendix

The following Transition Plan activities have artifacts that have been delivered and are currently under review by the appropriate NNSA staff

- Document 'Reduced Oversight Model' alignment
- Presentation of options related to an Independent Audit Committee
- Develop WFO Cost Estimate for 2016
- Perform Financial Activities with NNSA - OFFM
- Review Financial Requirements – DOE Financial Management Handbook
- Review new Contract Requirements and update Audit Risk Assessments & Plan Process
- FAR 52.237-2 Protection of Government Buildings, Equipment, and Vegetation
- Develop Honeywell Profit Reinvestment Structure and Process
- Perform Financial Activities pursuant to the new NSC Contract
- Proposed Clause Implementation for "Reduced Oversight Model "

#### **Authorized Carry-Over Activities**

The following activities have been dispositioned as authorized carry-over tasks by the Kansas City Field Office (KCFO) Contracting Officer(s). These tasks require additional effort that has been determined to be outside the scope of NSC Contract Transition or simply cannot be accomplished within the constraints of schedule.

- Plan for development and deployment of an Independent Audit Committee
- Review the Purchasing System
- Finalize all HR elements including the Personnel Appendix
- Finalize ORRB Disposition of Directives in process
  - ANSI B30.11
  - DOE O 483.1
  - DOE Voluntary Protection Program
  - KCP Site Security Standard, Rev 13
  - QP 100-1
  - DOE O 232.2 Attachment 1 para 1
- Disposition of new Directives using the ORRB process
  - DOE O 580.1A Chg 1
  - NA SD O 350.2 Rev1,
  - NA SD O 350.1
  - DOE O 142.3A
  - DOE M 483.1-1
- Review Honeywell H Clause proposed language and update as appropriate
- Deliver additional detail / plan in December 2015 for 5 Proposal Promises (see table below)
- Disposition of the Government Property / Vegetation Clause as it relates to impact at the Bannister Facility

#### **Items Requiring Additional Detail / Plans**

Honeywell will develop the plans and deliver them to NNSA / KCFO representatives for review in December 2015. Honeywell will provide additional detail in the form of a one page white paper, outlining the plan for implementation for each of the following contract proposal obligations.

| Summary Description                                 | Detailed Description  |
|---|---|
| DSW - Customer Programs promises - EVMS             | Honeywell FM&T commits to obtaining certification for a full earned value management system (EVMS) by 9/30/2016.  |
| Global Security promises - Hydra                    | In partnership with sponsoring agencies, Honeywell FM&T will create the Hydra program - a highly secure, state-of-the-art, high-speed information and analysis Operations Center.   |
| Small Business Management Center concept            | We further propose an SBMC concept that will be a natural extension of the SCMC, focusing on greater SB involvement on M&O contracts throughout the NSE. The SBMC will function to standardize processes for SB outreach, training, mentoring, engagement, and performance monitoring. It will be a central point of SB participation record-keeping and reporting for the NNSA across the NSE. |
| Operations - Mission Delivery - 30% cost efficiency | Improve overall cost efficiency 30% from FY14 baseline through full implementation of HOS, increased factory automation with AM and paperless factory, and implementing a second phase of functional transformation.  |
| General Manager promises - Trustworks               | Implement TrustWORXs® and facilitate a list of vetted, audited, and certified suppliers that can be used by both commercial and Government procurement organizations. Develop and implement additional transformative initiatives developed by David Feather and his staff to benefit both the NSC and the NSE.   |

KCFO Contracting Officers and the Honeywell Contract Transition Manager have validated the submission of artifacts for the Contract Transition activities.

**KCFO Contracting Officer(s)**

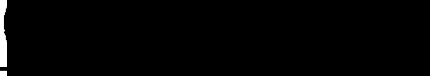
Hilary Cole  \_\_\_\_\_

Date: 9/30/2015

Ralph Tennant  \_\_\_\_\_

Date: 9/30/2015

Honeywell Contract Transition Manager  \_\_\_\_\_

Chris Rankin  \_\_\_\_\_

Date: 9/30/2015