

**Fiscal Year 2014  
DOE/NNSA Strategic Performance Evaluation Plan (PEP)**

**FOR**

**Sandia Corporation**

**MANAGEMENT AND OPERATION OF THE**

**Sandia National Laboratories**

**Contract Number: DE-AC04-94AL85000**

**Performance Period: October 01, 2013 through March 31, 2014**

Signature of Paul Hommert  
Signature of Paul Hommert  
Signature of Paul Hommert

11/14/13

Paul J. Hommert  
President and Laboratories Director  
Sandia Corporation

Date

Signature of Geoffrey Beausoleil  
Signature of Geoffrey Beausoleil  
Signature of Geoffrey Beausoleil  
Signature of Geoffrey Beausoleil

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Geoffrey L. Beausoleil  
Field Office Manager  
Sandia Field Office  
National Nuclear Security Administration

Date

Signature of James Eanes  
Signature of James Eanes

11/14/13

James L. Eanes  
Senior Manager, Corporate Contract Management  
Sandia Corporation

Date

Signature of JoAnn Wright

11/14/2013

JoAnn Wright  
Contracting Officer  
Sandia Field Office  
National Nuclear Security Administration

Date

## INTRODUCTION

Sandia National Laboratories is a Federally Funded Research and Development Center (FFRDC) owned by the United States Department of Energy (DOE), herein referenced as “Laboratory,” and is managed by Sandia Corporation. Pursuant to the terms and conditions of the Contract, and clause H-10, *Performance Based Management*, this Performance Evaluation Plan (PEP) sets forth the criteria in which the Laboratory 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 2014 are specified in Section B, *Supplies or Services and Prices/Costs*, of Contract number DE-AC04-94AL85000. This PEP 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 the Laboratory’s performance through a set of Performance Objectives (PO). Each PO, and its associated Contributing Factors (CF) and Site Specific Outcomes (SSO), will be measured against authorized work and the respective outcomes, demonstrated performance, and impact to the DOE/NNSA mission. CFs and SSOs will be assessed in the aggregate to establish an adjectival performance rating for each PO. Notwithstanding the overall strategic framework, failure to achieve an individual SSO, the most important DOE/NNSA fiscal year objectives at the laboratory, may limit the award-fee.

## MISSION

Sandia Corporation shall manage, operate, protect, sustain, and enhance the Laboratory's ability to function as a NNSA Multi-Program Laboratory, while assuring accomplishment of its primary assignment as a nuclear weapons research, development, and engineering laboratory. Sandia Corporation shall facilitate the Laboratory's ability to project its efforts and participate with the scientific, engineering, and technical communities on both the national and international levels with the highest degree of vision, quality, integrity, and technical excellence. Sandia Corporation shall engage in the strategic and institutional planning necessary to assure that the Laboratory maintains a posture aimed at anticipating the national technical and scientific needs and dedicated to providing practical solutions. Sandia Corporation shall study and explore innovative concepts to minimize or mitigate possible national security threats, current and future.

## MISSION PERFORMANCE

The Laboratory 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 model for this PEP is to rely on the Laboratory’s 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 Laboratory 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 Laboratory control), degree of difficulty, significant accomplishments, and other events that may occur during the performance period. Effective efforts by the Laboratory to quickly identify, self-report, and overcome or mitigate the impact of issues, barriers or other circumstances will also be a factor in evaluating performance. A significant safety or security event may result in an overall limitation to adjectival ratings.

### **PERFORMANCE RATING PROCESS**

At the end of each of the first three quarters, DOE/NNSA will evaluate performance and provide feedback to the Laboratory highlighting successes and/or needed improvement. At the end of the year, an overall performance rating will be assigned for each PO using the table in Federal Acquisition Regulation Subpart 16.401(e)(3) yielding scores of Excellent, Very Good, Good, Satisfactory or Unsatisfactory. In general, performance objectives and contributing factors are written to reflect an overall adjectival performance level of **Good**. DOE/NNSA will consider the Laboratory end of year self-assessment report in preparing the Performance Evaluation Report (PER) for the Fee Determining Official (FDO). The PER transmits the final recommendations on performance ratings and award fee earned for the award fee period of performance. The unilateral decision of the total award fee earned will be made by the FDO.

### **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 PEP requires concurrence by the appropriate program office, NA-00 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 contract H-10 *Performance Based Management*, and H-11 *Performance Incentives*, bilateral changes are the preferred method of change whenever possible.

### **FINAL DECISION**

Prior to a final decision by the FDO the Laboratory Director will have a face-to-face opportunity to provide a final presentation in support of strategic performance determination and direction of the enterprise.

## TOTAL AVAILABLE AWARD FEE ALLOCATION

<b>Performance Category</b>	<b>Performance Objective</b>	<b>% At-Risk Fee Allocation</b>
Programs (NA-10 & FOM)	<b>PO-1:</b> Manage the Nuclear Weapons Mission	20%
Programs (NA-2 & FOM)	<b>PO-2:</b> Broader National Security Mission	20%
Programs (NA1.1 & FOM)	<b>PO-3:</b> Science, Technology, and Engineering and Other DOE Mission Objectives	20%
Operations & Mission Execution (NA-3 & FOM)	<b>PO-4:</b> Operations & Infrastructure	20%
Operations & Mission Execution (NA-1 & FOM)	<b>PO-5:</b> Leadership	20%

### **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 the Laboratory must earn an adjectival score of Very Good or better in four of the five POs and receive no adjectival score of Satisfactory or lower in any POs.

### **INNOVATIVE SOLUTIONS**

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

## **PO-1: Manage the Nuclear Weapons Mission – NA-10 & FOM (At-Risk Fee: 20%)**

Successfully execute Nuclear Weapons mission work in accordance with DOE/NNSA Priorities, Program Control Document and Deliverables, and Program Implementation Plans. Integrate across the laboratory, while maintaining a DOE/NNSA enterprise-wide focus, to achieve greater impact on a focused set of strategic national security priorities. Provide defensible objective evidence.

### Contributing Factors:

- CF-1.1 Accomplish work as negotiated with program sponsors and partners, achieving the expected level of quality to ensure safe, secure, reliable weapon performance, transportation, and cost effective operations.
- CF-1.2 Increase 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.
- CF-1.3 Execute deliveries for the stockpile work to meet limited-life component exchanges, and dismantlements.
- CF-1.4 Demonstrate the application of new strategies, technologies, and scientific understanding to support stewardship of the existing stockpile and future stockpile needs.
- CF-1.5 Sustain and strengthen unique science and engineering capabilities, facilities and essential skills to ensure current and future Nuclear Weapons mission requirements will be met.
- CF-1.6 Execute W78/88-1 phase 6.2 activities, B61-12 phase 6.3 activities, and W88 ALT 370 phase 6.3 activities in accordance with the NNSA approved schedules.

### Site Specific Outcomes:

- SSO-1.1 Demonstrate the effective application of existing capabilities and progress toward developing and implementing new capabilities to support stockpile sustainment and stewardship of the existing stockpile, including, but not limited to: plutonium experiments on Z, advanced computer architectures and software, predictive simulations, materials science, radiation sciences, engineering sciences, and diagnostics.
- SSO-1.2 Conduct baseline design, implement Earned Value Management System (EVMS) consistent with the Project Controls System Description and Implementation Schedule, effectively manage risks and contingency, and perform weapon system and subsystem/component development and qualification activities to meet joint Air Force and NNSA B61-12 deliverables. Sites are allowed to tailor EVMS implementation to account for program complexity, cost, and risks, only if approved prior to implementation by the Federal Program Manager.

- SSO-1.3 Execute negotiated Neutron Generator Integrated Program Plan (NIPP) to identify and manage risk and build program contingency (schedule and inventory) for the NG enterprise.
- SSO-1.4 Develop and implement surveillance metrics that accurately assess the state of the Surveillance Program.
- SSO-1.5 Implement project controls that enhance the management of program cost, scope, and schedule. In particular implement EVMS consistent with the W78/88-1 and W88 ALT 370 Project Controls System Description and Implementation Schedule and enhance the Joint Integrated Lifecycle Surety tool to incorporate additional aspects of surety and provide cost-benefit assessments. Sites are allowed to tailor EVMS implementation to account for program complexity, cost, and risks, only if approved prior to implementation by the Federal Program Manager.
- SSO-1.6 Provide weapon system integration management, maintenance and evaluation to ensure the stockpile meets requirements for safety, security and reliability.

## **PO-2: Broader National Security Mission – NA-2 & FOM (At-Risk Fee: 20%)**

Successfully execute authorized broader national security mission work to include the Non-Proliferation, Emergency Operations and Counterterrorism missions as well as high-impact interagency work. Integrate across the laboratory, while maintaining an NNSA enterprise-wide focus, to achieve greater impact on a focused set of strategic national security priorities. Provide defensible objective evidence.

### Contributing Factors:

- CF-2.1 Support efforts to remove, eliminate and minimize the use of proliferation-sensitive materials.
- CF-2.2 Support efforts to safeguard and secure materials, technologies, and facilities.
- CF-2.3 Support efforts to detect and prevent the illicit trafficking of nuclear/radiological materials, technology, information and expertise.
- CF-2.4 Provide R&D technology solutions for treaty monitoring, minimizing the use of proliferation-sensitive materials, and the application of safeguards and security.
- CF-2.5 Provide unique technical/policy solutions and develop programs/strategies to reduce nuclear/radiological dangers.
- CF-2.6 Demonstrate effective operations and implementation of policy for mission success in support of emergency management, incident response and nuclear forensics mission support capability.
- CF-2.7 Sustain and improve nuclear counterterrorism and counterproliferation science, technology, and expertise.
- CF-2.8 Pursue and perform high-impact interagency work 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.
- CF-2.9 Accomplish work within the budget profile, scope, cost, schedule, quality and risk negotiated with the program sponsors or partners.

### Site Specific Outcome:

- SSO-2.1 Successfully meet the expected NNSA-Air Force negotiated schedule and performance requirements in delivering Space Nuclear Detonation Detection mission-related capabilities.
- SSO-2.2 Provide negotiated planning and execution assets for NUWAIX14, the DOE/NNSA-led nuclear weapons accident/incident exercise.
- SSO-2.3 Execute Nuclear Counterterrorism program explosives, nuclear materials, and render safe activities; provide technical leadership for dynamic disablement approaches; and support selected Safe to Fire experimental and modeling efforts.

**PO-3: Science, Technology, and Engineering (ST&E) and Other DOE Mission Objectives –  
NA-1.1 & FOM (At-Risk Fee: 20%)**

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. Execute other DOE Mission Objectives for programs such as Environmental Management in accordance with the budget profile, scope, cost, and schedule. Effectively manage Laboratory Directed Research and Development Programs (LDRD) to advance the frontiers of ST&E. Provide defensible objective evidence.

Contributing Factors:

- CF-3.1 Implement a research strategy that is clear and aligns discretionary investments (e.g., LDRD) with the research strategy and support DOE/NNSA priorities.
- CF-3.2 Ensure that research is relevant, enables the national security missions, and benefits DOE/NNSA and the nation.
- CF-3.3 Ensure that research is transformative, innovative, leading edge, high quality, and advances the frontiers of science and engineering.
- CF-3.4 Maintain a healthy and vibrant research environment that enhances technical workforce competencies and research capabilities.
- CF-3.5 Perform research to accomplish the high priority, multi-year research objectives, advance ST&E, and develop technologies for the public good through technology transfer.
- CF-3.6 Pursue and perform high impact work 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.
- CF-3.7 Accomplish work within the budget profile, scope, cost, schedule, risk, and quality negotiated with the program sponsors or partners.

Site Specific Outcome: N/A



#### **PO-4: Operations & Infrastructure – NA-3 & FOM (At-Risk Fee: 20%)**

Effectively and efficiently manage the safe & secure operations of the laboratory 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.

##### Contributing Factors:

- CF-4.1 Deliver effective, efficient, and responsive environment, safety and health (ES&H) management and processes.
- CF-4.2 Accomplish capital projects in accordance with scope, cost, and schedule baselines.
- CF-4.3 Deliver effective, efficient, and responsive physical, information and cyber security management and processes.
- CF-4.4 Maintain, operate and modernize the DOE/NNSA facilities, infrastructure, and equipment in an effective, energy efficient manner; including disposition of unneeded infrastructure and excess hazardous materials.
- CF-4.5 Deliver efficient, effective and responsible business operations and systems.
- CF-4.6 Deliver efficient and effective management of legal risk and incorporation of best legal practices.

##### Site Specific Outcome:

- SSO-4.1 Demonstrate corporate improvement in work planning and control across the Laboratories from the application of engineered safety.
- SSO-4.2 Improve the life-cycle management process and reduce chemical/hazardous/nuclear material inventory.

## **PO-5: Leadership -NA-1 & FOM (At-Risk Fee: 20%)**

Successfully demonstrate leadership in supporting the direction of the overall DOE/NNSA mission, the responsiveness of the laboratory 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 laboratory and the Enterprise.

### Contributing Factors:

- CF-5.1 Define and implement a realistic strategic vision for the laboratory, in alignment with the NNSA Strategic Plan, which demonstrates enterprise leadership and effective collaborations across the NNSA enterprise to ensure DOE/NNSA success.
- CF-5.2 Promote a culture of critical self-assessment and transparency across all areas; instill a culture of accountability, responsibility, and performance through the entire organization; and coordinate/communicate these key issues and concerns to DOE/NNSA leadership.
- CF-5.3 Demonstrate performance results through the institutional utilization of the Management Assurance System and the leveraging of parent company resources and expertise.
- CF-5.4 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.
- CF-5.5 Exhibit professional excellence in performing roles/responsibilities while pursuing opportunities for continuous learning.