

**PART I - THE SCHEDULE**

**SECTION B**

**SUPPLIES OR SERVICES AND PRICES/COSTS**

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**PART I - THE SCHEDULE**

**SECTION B**

**SUPPLIES OR SERVICES AND PRICES/COSTS**

**B-1 SERVICES BEING ACQUIRED**

The Contractor shall, in accordance with the terms 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, providing its best efforts so as to carry out in an efficient and effective manner all necessary and related services to manage and operate the Savannah River Site (SRS) owned by the U.S. Department of Energy (DOE) located near Aiken, South Carolina, as described in Section C, Statement of Work (SOW), or as may be directed by the Contracting Officer (CO) within the scope of this Contract.

**B-2 TRANSITION COST, ESTIMATED COST, FIXED FEE, AND MAXIMUM AVAILABLE FEE**

**B-2.1 Transition Activities**

The Total Estimated Cost for the Transition Term of the Contract is:

<u>Transition Term of the contract</u>	<u>Total Estimated Cost</u>
January 10, 2008 – January 22, 2008**	\$ *
April 25, 2008 – July 31, 2008***	

[\*The estimated costs will be negotiated with the CO after contract award. The successful Offeror shall submit a proposed Transition Cost estimate to the CO for approval within 10 days after contract award. There will be no fee paid on transition costs.]

\*\* GAO protest filed and stay of performance issued on January 23, 2008

\*\*\* Notice to proceed issued on April 25, 2008

**B-2.2 Fixed Fee**

The Contractor shall be paid a fixed fee of ~~\$7,650,609~~ \$10,325,707 for the first six months of the base contract period August 1, 2008 – ~~January 31, 2009~~ February 28, 2009. (Modification M015)

**B-2.3 Total Available Fee**

- (a) The total available fee for the base period of the contract, beginning August 1, 2008, and the option period, if exercised, is shown below. The total available fee shall be made available in accordance with Section I Clause entitled, DEAR 970.5215-1 “Total Available Fee: Base Fee Amount and Performance

Fee Amount.” Since the total available fee for each period has been established below, there will be no annual negotiation of total available fee at the beginning of each fiscal year as contemplated in paragraph (b) of the above referenced clause. (Modification M015)

<b>PERFORMANCE PERIOD</b>	<b>Total Available Fee</b>
<b>Base Contract Period</b>	
August 1, 2008 – January 31, 2009	\$7,650,609 <del>\$10,325,707</del>
February 1, 2009 – September 30, 2009	<del>\$25,177,390</del> \$22,502,292
October 1, 2009 – September 30, 2010	\$50,354,780
October 1, 2010 – September 30, 2011	\$49,750,000
October 1, 2011 – September 30, 2012	\$48,950,000
October 1, 2012 – July 31, 2013	\$48,145,000
<b>Option Period</b>	
August 1, 2013 – September 30, 2013	\$7,890,000
October 1, 2013 – September 30, 2014	\$46,535,000
October 1, 2014 – September 30, 2015	\$45,730,000
October 1, 2015 – September 30, 2016	\$44,930,000
October 1, 2016 – September 30, 2017	\$44,211,120
October 1, 2017 – July 31, 2018	\$39,363,880
<b>Total Fixed and Available Fee</b>	
	<b>\$458,687,779</b>

- (b) At the end of each performance period specified above, there shall be no adjustment in the amount of the total available fee based on differences between any estimate of cost for performance of the work and the actual cost for performance of the work. Fee is subject to adjustment only under the provisions of the clause in Section I entitled, DEAR 970.5243-1 “Changes”; and, for a plus or minus 10% change in the estimated fee base of \$719,354,000 upon which the awarded contract was based.

Any adjustment in the amount of the fee under the provision of this paragraph for fees specified in paragraph B-2.3(a) above, shall take into consideration the ratio (see equation below) between the Contractor’s fee specified in paragraph B-2.3(a) above of the original contract and the maximum fees specified in Section L-3 of the Request for Proposal No. DE-RP09-06SR22470. The revised fee will be calculated in accordance with the fee policy then in effect, utilizing the adjusted fee base, while maintaining the ratio described above.

$$\frac{\text{Maximum Available Performance Fee for Applicable Year of Paragraph B-2.3(a) above}}{\$50,354,780} = \text{Ratio}$$

- (c) The CO may mutually negotiate with the Contractor additional available fee for additional work that is not covered by the available budget. The funds for such work and the associated available fee shall be funded through the Contractor's efficiencies in accomplishing the otherwise funded work. The additional work shall be performed in a safe manner that meets all necessary requirements; and the performance of the additional work shall not affect the safe, proper performance of the otherwise funded work. Any additional work shall be authorized in accordance with the provision in Section H entitled, "Work Authorization System" and the basis for earning the additional available fee shall be included in the Performance Evaluation and Measurement Plan (PEMP) in accordance with the provision in Section H entitled "Performance-Based Incentives."

### **B-3 AVAILABILITY OF APPROPRIATED FUNDS**

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

### **B-4 OBLIGATION OF FUNDS (Modification 187)**

Pursuant to the clause in Section I entitled, DEAR 970.5232-4 "Obligation of Funds," the total amount obligated by the Government with respect to this Contract is [\\$4,300,563,439.22.](#)

### **B-5 SUPPLEMENTAL FEE PAYMENT PROVISIONS**

The National Nuclear Security Administration (NNSA) and Environmental Management (EM) incentives established under this contract are contained in the PEMP. Provisions regarding payment of the incentives are included in the PEMP. Special provisions regarding payment of an incentive may also be included in the incentive itself.

### **B-6 KEY PERSONNEL REPLACEMENT**

Unless approved in advance, in writing, by the CO, should any Key Personnel be removed, replaced, or diverted by the Contractor for reasons under the Contractor's control (other than to maintain satisfactory standards of employee competency, conduct, and integrity under the clause in Section I entitled, DEAR 970.5203-3 "Contractor's Organization") within the first two years of performance from the effective date of the contract (SF 33, Block 2); or for a replacement Key Person within two years of being placed in the position, the Contractor shall forfeit \$1,000,000 in fee if said Key Person is the chief executive or Savannah River National Laboratory (SRNL) director, and \$500,000 in fee for each occurrence with all other Key Personnel.

**B-7 SINGLE FEE**

If the Contractor is part of a consortium, joint venture, and/or other teaming arrangement, the team shall share in this Contract fee structure and separate additional subcontractor fee for teaming partners shall not be considered an allowable cost under the contract. If a subcontractor, supplier, or lower-tier subcontractor is a wholly owned, majority owned, or affiliate of any team member, any fee or profit earned by such entity shall not be considered an allowable cost under this contract.

**B-8 ALLOWABILITY OF SUBCONTRACTOR FEE (Amendment 002)**

The subcontractor fee restriction in Paragraph B-7 above does not apply to members of the Contractor's team that are: (1) small business(es); or (2) protégé firms as part of an approved Mentor-Protégé relationship under the clause in Section L entitled, DEAR 952.219-70 "DOE Mentor-Protégé Program."

**B-9 DEAR 970.5215-3 CONDITIONAL PAYMENT OF FEE, PROFIT, AND OTHER INCENTIVES -- FACILITY MANAGEMENT CONTRACTS (JAN 2004) ALTERNATE II [JAN 2004] [DEVIATION]**

(a) General.

- (1) The payment of earned fee, fixed fee, profit, or share of cost savings under this contract is dependent upon:
  - (i) The contractor's or contractor employees' compliance with the terms and conditions of this contract relating to ES&H, which includes worker safety and health (WS&H), including performance under an approved Integrated Safety Management System (ISMS); and
  - (ii) The contractor's or contractor employees' compliance with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information.
- (2) The ES&H performance requirements of this contract are set forth in its ES&H terms and conditions, including the DOE approved contractor ISMS or similar document. Financial incentives for timely mission accomplishment or cost effectiveness shall never compromise or impede full and effective implementation of the ISMS and full ES&H compliance.
- (3) The performance requirements of this contract relating to the safeguarding of Restricted Data and other classified information are set forth in the clauses of this contract entitled, "Security" and "Laws, Regulations, and DOE Directives," as well as in other terms and conditions.
- (4) If the contractor does not meet the performance requirements of this contract relating to ES&H or to the safeguarding of Restricted Data and other classified

information during any performance evaluation period established under the contract pursuant to the clause of this contract entitled, "Total Available Fee: Base Fee Amount and Performance Fee Amount," otherwise earned fee, fixed fee, profit or share of cost savings may be unilaterally reduced by the contracting officer.

(b) Reduction Amount.

- (1) The amount of earned fee, fixed fee, profit, or share of cost savings that may be unilaterally reduced will be determined by the severity of the performance failure pursuant to the degrees specified in paragraphs (c) and (d) of this clause.
- (2) If a reduction of earned fee, fixed fee, profit, or share of cost savings is warranted, unless mitigating factors apply, such reduction shall not be less than 26% nor greater than 100% of the amount of earned fee, fixed fee, profit, or the contractor's share of cost savings for a first degree performance failure, not less than 11% nor greater than 25% for a second degree performance failure, and up to 10% for a third degree performance failure.
- (3) In determining the amount of the reduction and the applicability of mitigating factors, the contracting officer must consider the contractor's overall performance in meeting the ES&H or security requirements of the contract. Such consideration must include performance against any site specific performance criteria/requirements that provide additional definition, guidance for the amount of reduction, or guidance for the applicability of mitigating factors. In all cases, the contracting officer must consider mitigating factors that may warrant a reduction below the applicable range (see 48 CFR 970.1504-1-2). The mitigating factors include, but are not limited to, the following ((v), (vi), (vii) and (viii) apply to ES&H only).
  - (i) Degree of control the contractor had over the event or incident.
  - (ii) Efforts the contractor had made to anticipate and mitigate the possibility of the event in advance.
  - (iii) Contractor self-identification and response to the event to mitigate impacts and recurrence.
  - (iv) General status (trend and absolute performance) of: ES&H and compliance in related areas; or of safeguarding Restricted Data and other classified information and compliance in related areas.
  - (v) Contractor demonstration to the contracting officer's satisfaction that the principles of industrial ES&H standards are routinely practiced (e.g., Voluntary Protection Program, ISO 14000).
  - (vi) Event caused by "Good Samaritan" act by the contractor (e.g., offsite emergency response).

- (vii) Contractor demonstration that a performance measurement system is routinely used to improve and maintain ES&H performance (including effective resource allocation) and to support DOE corporate decision-making (e.g., policy, ES&H programs).
  - (viii) Contractor demonstration that an Operating Experience and Feedback Program is functioning that demonstrably affects continuous improvement in ES&H by use of lessons-learned and best practices inter- and intra-DOE sites.
- (4)
- (i) The amount of fee, fixed fee, profit, or share of cost savings that is otherwise earned by a contractor during an evaluation period may be reduced in accordance with this clause if it is determined that a performance failure warranting a reduction under this clause occurs within the evaluation period.
  - (ii) The amount of reduction under this clause, in combination with any reduction made under any other clause in the contract, shall not exceed the amount of fee, fixed fee, profit, or the contractor's share of cost savings that is otherwise earned during the evaluation period.
  - (iii) For the purposes of this clause, earned fee, fixed fee, profit, or share of cost savings for the evaluation period shall mean the amount determined by the contracting officer or fee determination official as otherwise payable based on the contractor's performance during the evaluation period. Where the contract provides for financial incentives that extend beyond a single evaluation period, this amount shall also include: any provisional amounts determined otherwise payable in the evaluation period; and, if provisional payments are not provided for, the allocable amount of any incentive determined otherwise payable at the conclusion of a subsequent evaluation period. The allocable amount shall be the total amount of the earned incentive divided by the number of evaluation periods over which it was earned.
  - (iv) The Government will effect the reduction as soon as practicable after the end of the evaluation period in which the performance failure occurs. If the Government is not aware of the failure, it will effect the reduction as soon as practical after becoming aware. For any portion of the reduction requiring an allocation the Government will effect the reduction at the end of the evaluation period in which it determines the total amount earned under the incentive. If at any time a reduction causes the sum of the payments the contractor has received for fee, fixed fee, profit, or share of cost savings to exceed the sum of fee, fixed fee, profit, or share of cost savings the contractor has earned (provisionally or otherwise), the contractor shall immediately return the excess to the Government. (What the contractor "has earned" reflects any reduction made under this or any other clause of the contract.)

- (v) At the end of the contract:
  - (A) The Government will pay the contractor the amount by which the sum of fee, fixed fee, profit, or share of cost savings the contractor has earned exceeds the sum of the payments the contractor has received; or
  - (B) The contractor shall return to the Government the amount by which the sum of the payments the contractor has received exceeds the sum of fee, fixed fee, profit, or share of cost savings the contractor has earned. (What the contractor "has earned" reflects any reduction made under this or any other clause of the contract.)
- (c) Environment, Safety and Health (ES&H). Performance failures occur if the contractor does not comply with the contract's ES&H terms and conditions, including the DOE approved contractor ISMS. The degrees of performance failure under which reductions of earned or fixed fee, profit, or share of cost savings will be determined are:
  - (1) First Degree: Performance failures that are most adverse to ES&H. Failure to develop and obtain required DOE approval of an ISMS is considered first degree. The Government will perform necessary review of the ISMS in a timely manner and will not unreasonably withhold approval of the contractor's ISMS. The following performance failures or performance failures of similar import will be considered first degree.
    - (i) Type A accident (defined in DOE Order 225.1A).
    - (ii) Two Second Degree performance failures during an evaluation period.
  - (2) Second Degree: Performance failures that are significantly adverse to ES&H. They include failures to comply with an approved ISMS that result in an actual injury, exposure, or exceedence that occurred or nearly occurred but had minor practical long-term health consequences. They also include breakdowns of the Safety Management System. The following performance failures or performance failures of similar import will be considered second degree:
    - (i) Type B accident (defined in DOE Order 225.1A).
    - (ii) Non-compliance with an approved ISMS that results in a near miss of a Type A or B accident. A near miss is a situation in which an inappropriate action occurs, or a necessary action is omitted, but does not result in an adverse effect.
    - (iii) Failure to mitigate or notify DOE of an imminent danger situation after discovery, where such notification is a requirement of the contract.



- (3) Third Degree: Performance failures that reflect a lack of focus on improving ES&H. They include failures to comply with an approved ISMS that result in potential breakdown of the System. The following performance failures or performance failures of similar import will be considered third degree:
- (i) Failure to implement effective corrective actions to address deficiencies/non-compliances documented through: external (e.g., Federal) oversight and/or reported per ~~DOE Order 232.1A~~ [DOE Manual 231.1-2, Occurrence Reporting and Processing of Operations Information] requirements; or internal oversight of ~~DOE Order 440.1A~~ [10 CFR 830, 10 CFR 835, 10 CFR 850, and 10 CFR 851] requirements. (*Deviation*)
  - (ii) Multiple similar non-compliances identified by external (e.g., Federal) oversight that in aggregate indicate a significant programmatic breakdown.
  - (iii) Non-compliances that either have, or may have, significant negative impacts to the worker, the public, or the environment or that indicate a significant programmatic breakdown.
  - (iv) Failure to notify DOE upon discovery of events or conditions where notification is required by the terms and conditions of the contract.
- (d) Safeguarding Restricted Data and Other Classified Information. Performance failures occur if the contractor does not comply with the terms and conditions of this contract relating to the safeguarding of Restricted Data and other classified information. The degrees of performance failure under which reductions of fee, profit, or share of cost savings will be determined are as follows:
- (1) First Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have resulted in, or that can reasonably be expected to result in, exceptionally grave damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered first degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating a risk of, loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a Special Access Program (SAP), information identified as sensitive compartmented information (SCI), or high risk nuclear weapons-related data.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level

of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.

- (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data, or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Top Secret Restricted Data or other information classified as Top Secret, any classification level of information in a SAP, information identified as SCI, or high risk nuclear weapons-related data.
- (2) Second Degree: Performance failures that have been determined, in accordance with applicable law, DOE regulation, or directive, to have actually resulted in, or that can reasonably be expected to result in, serious damage to the national security. The following are examples of performance failures or performance failures of similar import that will be considered second degree:
- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Secret Restricted Data or other information classified as Secret.
  - (ii) Contractor actions that result in a breakdown of the safeguards and security management system that can reasonably be expected to result in the loss, compromise, or unauthorized disclosure of Secret Restricted Data, or other information classified as Secret.
  - (iii) Failure to promptly report the loss, compromise, or unauthorized disclosure of Restricted Data or other classified information regardless of classification (except for information covered by paragraph (d)(1)(iii) of this clause).
  - (iv) Failure to timely implement corrective actions stemming from the loss, compromise, or unauthorized disclosure of Secret Restricted Data or other classified information classified as Secret.
- (3) Third Degree: Performance failures that have been determined, in accordance with applicable law, regulation, or DOE directive, to have actually resulted in, or that can reasonably be expected to result in, undue risk to the common defense and security. In addition, this category includes performance failures that result from a lack of contractor management and/or employee attention to the proper safeguarding of Restricted Data and other classified information. These performance failures may be indicators of future, more severe performance failures and/or conditions, and if identified and corrected early would prevent serious incidents. The following are examples of performance

failures or performance failures of similar import that will be considered third degree:

- (i) Non-compliance with applicable laws, regulations, and DOE directives actually resulting in, or creating risk of, loss, compromise, or unauthorized disclosure of Restricted Data or other information classified as Confidential.
  - (ii) Failure to promptly report alleged or suspected violations of laws, regulations, or directives pertaining to the safeguarding of Restricted Data or other classified information.
  - (iii) Failure to identify or timely execute corrective actions to mitigate or eliminate identified vulnerabilities and reduce residual risk relating to the protection of Restricted Data or other classified information in accordance with the contractor's Safeguards and Security Plan or other security plan, as applicable.
  - (iv) Contractor actions that result in performance failures which unto themselves pose minor risk, but when viewed in the aggregate indicate degradation in the integrity of the contractor's safeguards and security management system relating to the protection of Restricted Data and other classified information.
- (e) Minimum requirements for specified level of performance.
- (1) At a minimum the contractor must perform the following:
    - (i) The requirements with specific incentives which do not require the achievement of cost efficiencies in order to be performed at the level of performance set forth in the Statement of Work, Work Authorization Directive, or similar document unless an otherwise minimum level of performance has been established in the specific incentive;
    - (ii) All of the performance requirements directly related to requirements specifically incentivized which do not require the achievement of cost efficiencies in order to be performed at a level of performance such that the overall performance of these related requirements is at an acceptable level; and
    - (iii) All other requirements at a level of performance such that the total performance of the contract is not jeopardized.
  - (2) The evaluation of the Contractor's achievement of the level of performance shall be unilaterally determined by the Government. To the extent that the Contractor fails to achieve the minimum performance levels specified in the Statement of Work, Work Authorization Directive, or similar document, during the performance evaluation period, the DOE Operations/Field Office Manager, or

designee, may reduce any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit, or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.

- (f) Minimum requirements for cost performance.
  - (1) Requirements incentivized by other than cost incentives must be performed within their specified cost constraint and must not adversely impact the costs of performing unrelated activities.
  - (2) The performance of requirements with a specific cost incentive must not adversely impact the costs of performing unrelated requirements.
  - (3) The contractor's performance within the stipulated cost performance levels for the performance evaluation period shall be determined by the Government. To the extent the contractor fails to achieve the stipulated cost performance levels, the DOE Operations/Field Office Manager, or designee, may reduce in whole or in part any otherwise earned fee, fixed fee, profit, or shared net savings for the performance evaluation period. Such reduction shall not result in the total of earned fee, fixed fee, profit or shared net savings being less than 25% of the total available fee amount. Such 25% shall include base fee, if any.