

Award Fee Evaluation Period 3 Determination Scorecard

Contractor: Mid-America Conversion Services, LLC.
Contract: DE-EM0004559

Award Fee Evaluation Period: Period 3 (October 1, 2018- September 30, 2019)
Basis of Evaluation: Performance Evaluation and Measurement Plan for Mid-America Conversion Services, LLC
Categories of Performance: Subjective: \$1,497,660 PBI: \$2,002,729 Stretch: \$0
Award Fee Available: \$3,500,389 **Award Fee Earned: \$2,424,023.90**

Categories of Performance (Subjective)

Subjective Fee Available: \$1,497,660, available.

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|--|---|--------------|
| 1. Quality (20%): | ● | Satisfactory |
| 2. Schedule (20%): | ● | Satisfactory |
| 3. Cost Control (20%): | ● | Satisfactory |
| 4. Management (20%): | ● | Good |
| 5. Utilization of Small Business (5%): | ● | Excellent |
| 6. Regulatory Compliance (15%): | ● | Very Good |

The overall fee awarded based on these grades is: **\$771,294.90.**

Quality: MCS continued to execute and, when appropriate, further strengthen its policies, plans, and procedures during FY19. MCS has an approved and compliant Contractor Assurance System (CAS) program and has successfully sought to partner with DOE to ensure that work is being performed safely, securely, and in compliance with all requirements. DOE approved the CAS Description on June 5, 2019. DOE completed its Integrated Safety Management System (ISMS) validation assessment. DOE noted three proficiencies, four medium significance findings, and six low level findings. There were no major findings (i.e., no significant conditions adverse to quality). MCS initiated a process improvement (PI) database in June, 2019, as a result of these findings to document employee feedback outside of formal work control processes. Effective communication throughout the organization continues to be an issue. DOE has seen several of con-ops related issues associated with ineffective communication throughout the evaluation period. Additional Con-ops related issues during this evaluation period indicate some degradation of overall performance. Overall S&M activities at both sites are very good. There are several areas where improvement can continue, particularly in the support organizations. One area that is a concern to DOE is the implementation of Commercial Grade Dedication (CGD) requirements vs vendor qualification for Quality Level (QL-2) components. Although the MCS program appears to be written compliantly, the implementation of the applicable CGD requirements don't clearly reflect alignment with Nuclear Quality Assurance (NQA-1).

Schedule: MCS continues to perform well in submitting deliverables on-time or ahead of schedule. MCS exceeds the criteria pertaining to minimizing deferred maintenance, which constituted a combined total of 3.6%, which is below the total goal of 5%. MCS has met the 100% completion prior to end of grace period requirement and have been well above the 80% target for prior to grace period for Technical Safety Requirement surveillances. MCS exceeded expectations for FY19 by completing 98.3% of all scheduled PMs on or ahead of schedule at PAD and 97.8% at PORTS. However, Resources were not adequately allocated to complete all scheduled work activities. MCS has not completed the work scheduled in the annual work plan. MCS has significant difficulty submitting cost proposals in the timeframes desired by DOE, even though DOE is providing significant time to prepare such cost proposals. MCS does not appear to have the ability to develop and manage project schedules to a critical path and has not demonstrated an ability to recover baseline schedule. Schedules are not resource loaded and leveled or linked (precursor/predecessor relationships) so that impactive relationships of individual work activities are understood and can be effectively managed. As such, work schedules are more of a task-list with targeted work durations than an effective schedule. Work is not performed in accordance with schedules.

Cost Control: Billings are accurate and timely. Vouchers continue to be submitted on-time in alignment with the established schedule. MCS has continued to achieve a variety of cost savings from initiatives from past years. However, for the third evaluation period in a row, MCS spending was not effectively managed throughout the fiscal year. MCS did not take corrective action to reduce spending in a timely manner to reduce spending to meet available FY19 spending targets. Although MCS was able to keep costs within the FY19 Annual Spend Plan, significant work scope activities were not completed. MCS overtime management was poor, resulting in excessive costs. MCS management of fringe has not been effective. MCS overestimated the FY19 projected labor hours and had some medical cost omissions/ errors that resulted in under accrual of fringe costs, requiring large beginning of calendar year adjustments. MCS's FY20 AWP was not acceptable. MCS management of cost against the baseline and evaluation/development of the EAC is below expectations.

Management: MCS personnel have worked injury free since March 2, 2019. Prior to January 2019, MCS worked more than 3.1 million man-hours without a loss-time event. MCS received the Kentucky Governor's Safety and Health Award for the third year in a row. MCS achieved the first complete transfer of excess material in FY 2019 through SODI. MCS continues to cultivate a "one project" management mindset. MCS continues to meet many of its Performance, Objectives, Measures, and Commitments (POMC) goals but has not met the criteria in this category of performance. At Paducah, there has been growing concern by the work force that MCS mid-level management does not effectively address issues or provide feedback regarding how those issues are addressed. This issue was identified in the ISMS assessment at Paducah and continues to be an area of weakness by MCS. Communications with PORTS could be improved and should be a focus during the next FY. Lessons Learned are developed internally and distributed across the DUF₆ project. Areas of additional management focus pertain to the operation HF detectors and management of waste.

Utilization of Small Business: Significantly exceeded or met ambitious contracting goals for utilization of small business.

Regulatory Compliance: Cylinder inspections in the Cylinder Yards were completed ahead of the regulatory due dates. All regulatory required submittals (e.g., KPDES data and reports) have been on time. PAD underwent a full compliance audit from Kentucky Department of Environmental Protection regarding air permit compliance and recordkeeping - no issues were noted. PORTS supported a site-wide inspection by US Environmental Protection Agency regarding National Pollution Discharge Elimination System permit compliance - two issues were noted but no notices of violation were issued. MCS continually improves the cyber posture and proactively guards against threats. The results of the Safeguards & Security and Nuclear Material Control and Accountability assessments show that MCS has a robust program.

Performance Based Incentives (PBI)

Performance Based Incentives: (70% of Total Fee)			Total Fee Available: \$11,187,729*		PEB Recommended Fee: \$1,652,729	
PBI	Total Fee Available	Fee Earned Last Rating Period	Fee Lost Last Rating Period	Fee Earned This Rating Period	Fee Lost This Rating Period	Fee Remaining
1.0 PBI-1 CTS/CER	\$ 2,775,000	\$ -	\$ -	\$ 325,000	\$ -	\$ 2,450,000
2.0 PBI-2 DUF ₆	\$ 4,500,000	\$ -	\$ -	\$ 1,050,000	\$ -	\$ 3,450,000
3.0 PBI-3 Safety/Process Imp.	\$ 3,885,000	\$ -	\$ -	\$ 250,000	\$ 350,000	\$ 3,285,000
FY18 Deferred PBI VPP	\$ 27,729	\$ -	\$ -	\$ 27,729	\$ -	\$ -
	\$ 11,187,729	\$ -	\$ -	\$ 1,652,729	\$ 350,000	\$ 9,185,000

*There is \$636,970 in unallocated fee that will be distributed in a subsequent PEMP.

Performance Based Incentive Fee Earned: The overall fee awarded based on completion of the PBI activities is: **\$1,652,729.**