

SECTION J

APPENDIX G

PERSONNEL APPENDIX

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1.0 Introduction

The Contract TBD, Federal Acquisition Regulation (FAR) Part 31, Department of Energy Acquisition Regulation (DEAR) Part 931 and DEAR 970.30 govern the allowability of personnel and other related costs incurred pursuant to the Contract. This Appendix sets forth personnel and other related policies that have cost implications under this Contract and are not covered explicitly in FAR or DEAR cost principles. This Appendix identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of Contract work. The Contractor shall seek Contracting Officer approval prior to incurring costs not specifically identified as allowable in this Contract. The Contractor shall identify and treat all unallowable costs and directly associated unallowable costs in accordance with the criteria set forth in FAR 52.230-2, *Cost Accounting Standards*, including but not limited to placing unallowable costs in appropriate allocation bases.

The Contractor shall obtain prior Contracting Officer approval of changes within the scope of the Personnel Appendix when such changes are expected to increase costs to the Government. In situations where changes may set a precedent among the Department of Energy/National Nuclear Security Administration (DOE/NNSA) Contractors, the Contractor shall consult with the Contracting Officer regarding program cost reimbursement prior to implementation, even if there is no expected increase in cost. This requirement is not intended to prohibit the Contractor from taking advantage of efficiency gains realized from new and innovative approaches in providing Human Resource services.

The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded. In addition, the Contractor shall ensure that, cost items which require prior approval of the NNSA Contractor Officer or designated representative are reviewed and approved prior to incurrence of costs.

Either party may request revisions to this Appendix and both the parties agree to give consideration in good faith to any such request. When revisions to this Appendix are made, a contract modification shall be executed to effect the changes.

This Appendix is for the exclusive benefit and convenience of the parties hereto. Nothing contained herein shall be construed as granting, vesting, creating, or conferring any right of action or any other right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

2.0 Definitions

The following terms as used in this Appendix have the meaning defined herein.

Additional definitions shall be added at a later date.

Compensation Increase Plan (CIP): A plan for established need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, Promotion, Adjustment, and Reclassification increases.

Exempt Employee: Employees who are not eligible for overtime pay because they are executive, administrative or professional employees and meet other applicable criteria under the Fair Labor Standards Act (FLSA) and FLSA implementing regulations.

Variable Pay: A lump-sum, non-base cash payment separate from base salary.

3.0 Compensation

The Compensation System program costs directly attributable to compensation provided to Contractor employees will be allowable under this Appendix G. Section 3.0, Compensation, does not apply to bargaining unit employees. Section 4.0 sets forth allowable costs associated with bargaining unit employees.

3.1 VARIABLE PAY

1. Variable pay is reimbursable as outlined in the annual Compensation Increase Plan (CIP) and allows the company to maintain a competitive position in the external market to attract, retain, and motivate top talent.
2. Non-base payments determined concurrently with salary increases and certain non-base awards may be granted throughout the year. These awards are funded from the total non-base budget. The Contractor shall develop a plan for non-base bonuses and submit to the Contracting Officer for approval.

3.2 OVERTIME

1. *Annual Budget for Overtime*: The Contractor shall maintain adequate internal controls to ensure that employee overtime is authorized only if cost effective and necessary to ensure performance of work under this Contract. The Contractor shall submit to the Contracting Officer overtime utilization reports no later than one month after the end of each quarter (end of quarter = March 31, June 30, September 30 and December 31). If the report indicates that overtime comprised 4% or more of the overall payroll, the Contracting Officer

may request that the Contractor submit a plan to lower the overall usage overtime rate as a percentage of payroll for the quarter following the quarter in which overtime exceeded 4% of total payroll.

2. *Extended Workweek and Flextime*: When deemed essential to the performance of work under this Contract, the Contractor may establish an extended workweek. Extended workweeks apply to Exempt Employees and shall require the appropriate approval and timely notification to the Contracting Officer. This will be reimbursed in accordance with the Extended Workweek and Flextime Plan approved by the Contracting Officer.

3. All other overtime is paid in accordance with the Fair Labor Standards Act.

3.3 SHIFT DIFFERENTIAL

Shift differentials may be paid to eligible employees. Shift differential rates shall be based on surveys of shift differential practices and shall be approved by the Contracting Officer prior to implementation.

3.4 CALL-IN ALLOWANCE

Call-in allowances may be paid to employees and reimbursed in accordance with the Call-In Allowance Plan approved by the CO.

3.5 SPECIAL ALLOWANCES

Special salary allowances may be paid to employees for certifications and/or qualifications and in specific work environments, and reimbursed in accordance with the Special Allowance Plan approved by the Contracting Officer.

3.6 APPROVAL OF INDIVIDUAL COMPENSATION ACTIONS IN EXCESS OF SALARY RANGE

The Contractor shall obtain DOE/NNSA approval for any proposed salary amount paid an employee in excess of the salary range prior to payment.

3.7 PAY IN LIEU OF NOTICE

In the event the Contractor allows an Exempt Employee to resign because the services of such Employee cannot be productively utilized during the period of notice or if his/her presence at the work site during the notice period is not desired, the Contractor may pay the employee at his/her base pay for two (2) weeks in lieu of continuing the employee's employment for two weeks. However, such payment shall be approved in advance by the Contracting Officer.

3.8 SEVERANCE PAY

Severance schedule to be included here upon approval by Contracting Officer as required in Section J Appendix A, *Statement of Work*, Chapter III Section 3.0, Compensation, Section 3.2.7.

4.0 Labor Relations – Collective Bargaining Agreements

Costs of wages and fringe benefits to employees represented by collective bargaining units and all other costs and expenses incurred pursuant to the provisions of collective bargaining agreements and revisions thereto are allowable costs provided the Contractor adheres to requirements provided in Section J Appendix A, *Statement of Work*, Chapter III Section 5.0, Labor Relations.

The incumbent contractor is a party to collective bargaining agreements with the following titles as of the date of issuance of the RFP:

- International Association of Machinists and Aerospace Workers, Local Lodge No. 778
- The International Union, Security, Police and Fire Professionals of America and its Amalgamated Local No. 251

Expenses associated with employee representation activities that are not prohibited by Section 302 of the Labor Management Relations Act, 29 U.S.C. § 186, or any other applicable law, are allowable costs.

5.0 Group Insurance and Legally Required Payments

5.1 GENERAL PROVISIONS

1. Costs incurred in implementing, administering, and funding comprehensive DOE/NNSA approved group insurance plans are allowable. Administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits.
2. Annual renewal of the group insurance policies, certificates and accounts, cost-sharing arrangements, renewal of group services agreements establishing new premium rates and the implementation of changes of minor significance does not require Contracting Officer approval.
3. The Contractor is responsible for administrative functions related to medical insurance for retirees or their surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the Grand Junction, Colorado facility under Contract No. DE-AC07- 76GJ01664.

4. The Contractor is responsible for administrative functions related to medical insurance for retirees or their surviving spouses or dependents covered by Kansas City Division Hourly employees Pension Plan Provisions Applicable to Employees Represented by the Hotel Employees, Restaurant Employees, Local No. 64, AFL-CIO. Premium charges minus participant contributions for such insurance are allowable.

The health and welfare plans for the non-bargaining active Employees and retirees will be listed here:

[PLACEHOLDER]

5.2 DISPLACED WORKERS MEDICAL BENEFITS PROGRAM (DWMBP)

The Contractor may provide Displaced Workers Medical Benefits to displaced workers if provision of such benefit is set forth in the Contractor's workforce restructuring plan that is approved by DOE/NNSA (see Section J, Appendix A, 6.2).

Benefits under the DWMBP are available to displaced workers who are not eligible for health insurance coverage under another plan, e.g., another employer's health plan, the Contractor's retiree medical plan, a spouse's medical plan or Medicare. Generally, DWMBP benefits are as follows (note: NNSA may approve Contractor workforce restructuring plans that include less years of coverage):

1. For the first 12-month period after the termination date, the Contractor shall continue to pay the employer portion of the medical premium and the separated employee will pay a premium equal to the monthly premium paid by active employees for the type and level of coverage the separated Employee has at the termination Date.
2. Beginning in the second year after the termination date, the separated employee will be responsible for one-half of the full Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) rate for this coverage and the Contractor shall pay the remainder.
3. Beginning in the third and final year of the DWMBP, the separated employee will be responsible for paying the full COBRA. At the end of the third year the employee's coverage eligibility ends.

6.0 Retirement Plans

The Contractor shall administer the following plans with the following titles as of the date of issuance of the RFP:

- Honeywell Retirement Earnings Plan for Aerospace Employees at the Kansas City Division;
- Supplemental Agreement between Honeywell International, Inc., FM&T on behalf of its Kansas City Division Hourly Employees Pension Plan Provisions by IAM Local Lodge No. 778;
- Supplemental Agreement between AlliedSignal Inc., Kansas City Division and the Hotel Employees, Restaurant Employees, Local No. 64, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) Regarding Retirement and Pensions, Effective as of December 22, 1997, and
- Honeywell Savings and Ownership Plan.

6.1 GENERAL PROVISIONS

Reasonable costs involved in implementing, administering, and funding DOE/NNSA approved pension plans are allowable. Reasonable administrative costs associated with the effective administration of the plans include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits. In addition, only compensation reimbursed by DOE/NNSA under the Contract is authorized to be considered as pensionable earnings for purposes of the qualified and non-qualified plans.

The Contractor is responsible for the administrative functions related to retirement benefits for retirees and their eligible surviving spouses or dependents formerly administered by the Bendix Field Engineering Corporation at the Grand Junction, Colorado facility under Contract No. DE-AC07-76GJ01664.

6.1.1 Qualified Defined Contribution Plan

Contractor funds contributed on behalf of participating employees, who cancel their participation in the plan or whose employment is terminated, which are not vested pursuant to the provisions of the plan, shall be used to offset the Contractor's contributions obligated to be made on behalf of other participants in the plan or to offset reasonable plan expenses if permitted by the plan. In the event this Contract with the Contractor is terminated, funds not committed to participants pursuant to provisions of the plans in effect at the Kansas City Plant shall be returned to DOE/NNSA.

7.0 Paid Time Off

The Contractor shall submit a plan for Paid Time Off programs. Paid time off programs are considered to be one of the benefit plans that must be submitted pursuant to as required in Section J Appendix A, *Statement of Work*, Chapter III Section 2.2.1.

7.1 SERVICE CREDIT AND LEAVE BALANCES

The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

7.2 MILITARY LEAVE OF ABSENCE

The Contractor shall submit a plan for a Military Leave of Absence for training that is consistent with the provisions established in 5 U.S.C. 6323. The Contractor shall submit a plan for active duty military leave that, at minimum, complies with all applicable provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). Such plan shall be subject to Contracting Officer approval if it provides more benefits than are required by law.

7.3 SECURITY LEAVE (SUSPENSION OF ACCESS AUTHORIZATION)

1. If the access authorization of an employee is suspended by direction of the Contracting Officer, the Contractor shall transfer the employee to work not requiring access authorization if such work is available, without reducing the employee's base compensation. If the Contractor determines that no work is available in an uncleared area to which the employee may be transferred, the Contractor may prepare a written report, for the review and concurrence of the Contracting Officer that sets forth the reasons for the determination.
2. Subject to the Contracting Officer's concurrence that no such work is available, the Contractor may place the employee on leave with pay at his/her base compensation. If an employee who is continuing to receive compensation, files a timely request for hearing pursuant to 10 CFR Part 710, such base compensation shall be continued until the Contractor receives notification in writing from the Contracting Officer of the Hearing Officer's recommendation.
 - a. If the recommendation of the Hearing Officer is for revocation of access authorization, the Contractor may compensate the employee as set forth herein.
 - 1) In the event the employee was transferred to another position where such access authorization is not required, compensation may, thereafter, be the base compensation applicable to the new position, and such compensation shall continue until final disposition of the

case under DOE procedures as set forth in 10 CFR Part 710.

- 2) In the event a job transfer was not arranged (i.e., the employee was placed on a leave with pay), the employee shall be placed on leave without pay effective the date the Contractor received written notification of the Hearing Officer's recommendation. The employee shall remain on leave without pay until final disposition of the matter.
- 3) If at any stage of the access authorization procedure following a suspension or at the conclusion of the administrative review process provided under 10 CFR Part 710, the employee's access authorization is reinstated by the Contracting Officer, the Contractor will offer the employee reinstatement in the same or a comparable position to the one held prior to suspension, if available. The employee may be reimbursed for the difference between the employee's base wage or salary and actual earnings, including earnings from other employment, during the period of suspension.
- 4) If the recommendation of the Hearing Officer is to continue the administrative review process for revocation of access authorization, the employee's base compensation may be continued until a final decision is rendered by the Assistant Secretary for Defense Programs.

8.0 Training and Education

The training and education shall be directly related to the employee's current position or to another position to which the employee may reasonably be moved.

The Contractor shall establish written procedures outlining a system of approval for all requests for training and education. Such system shall provide an approval structure for in-house and outside training programs and educational assistance. Local colleges and universities will be utilized as primary sources.

8.1 TRAINING

1. Internal Training Programs - Internal training programs may include but are not limited to orientation, job training, supervisory training, and executive development. Such training programs may be conducted during employee's workday or after hours. Reasonable costs of in-house training including necessary equipment, materials, and instructor personnel are allowable.
2. External Training Programs - Employees may be selected by the Contractor to participate in job related training courses, technical meetings, professional society meetings, seminars, conferences, and other specialized training courses away from the site(s) facilities. Allowable costs for such training courses may include employee's regular pay, travel and subsistence expenses,

and the cost of tuition, fees, and course materials. Business travel and conference management shall be managed in accordance with the DOE/NNSA conference management requirements.

8.2 EDUCATION PROGRAM

The Contractor shall submit a plan for education programs for approval by the Contracting Officer.

9.0 Travel, Relocation, and Subsistence

The Contractor may pay transportation, lodging, meals, and incidental expenses for employees required to travel in conjunction with the performance of work under this Contract. Travel costs shall be allowable to the extent they are incurred in accordance with the FAR, DEAR, and Federal Travel Regulations (FTR) and do not exceed the maximum per diem rates in effect at the time of travel set forth in the FTR, prescribed by the General Services Administration.

The Contractor may deviate from this Appendix in specific instances where it is determined and approved by the Contracting Officer to be economically advantageous to DOE/NNSA and to the extent such deviations conform to regulations and law.

Relocation expenses shall be incurred in accordance with the provisions, limitations and exclusions of FAR. Relocation provisions are applicable to Exempt Employees and are allowable and will be reimbursed in accordance with the Federal Travel Regulation.

10.0 Recruiting

The costs of recruitment of personnel including cooperative education programs, summer internship programs, nominal costs for promotional items for recruitment purposes, employment advertising, services of staffing sourcing vendors, services of employment agencies at rates not in excess of standard commercial rates, participation in corporate recruiting activities, campus recruiting, career fairs, and operation of recruiting stations are allowable.

Applicants who are requested by the Contractor to report for a pre-employment interview shall be allowed transportation expenses. Reasonable actual costs of lodging not to exceed per diem and meals and incidental expenses (M&IE) shall be allowed.

11. Special Employee Activities

11.1 RECREATION AND MORALE BUILDING BENEFITS

A recreation and morale building program may be proposed by the Contractor for Contracting Officer approval.

11.2 EMPLOYEE RECOGNITION PROGRAMS

An employee recognition program may be proposed by the Contractor for Contracting Officer approval.

12. Community Outreach

The Contractor may authorize employees to participate in educational and community outreach in accordance with their Community Outreach Plan approved by the Contracting Officer. The salaries, wages, and fringe benefits of employees while engaged in such approved activities will be treated as allowable costs. Educational and community outreach does not include activities conducted by elected and officially appointed officials that take place during an employee's regularly scheduled work day. Hours associated with educational and community outreach outside of the employee's normal work schedule shall not be compensated by the Contractor. The Contractor shall submit a report annually, no later than November 1, to the Contracting Officer on the types of usage and number of hours authorized. Some examples of permissible educational and community outreach include, but are not limited to:

- Promotion of Science, Technology, Engineering, and Mathematics in the educational setting (elementary school through higher education institutions)
- Science Bowl and Science Fairs
- Blood bank drives
- Charity drives
- United Way campaigns

13. Special Contractor Mission Assignments

13.1 HUMAN RESOURCES NONNUCLEAR RECONFIGURATION PROVISIONS

The provisions of this Section shall apply to employees transferred to the employment of the Contractor from DOE Contractors at Mound, Pinellas, and Rocky Flats (Donors) in accordance with the Nonnuclear Reconfiguration Implementation Plans.

1. Service Credit

A transferred employee will be granted full service credit based on the employee's continuous length of service as credited with the Donor and with the Contractor.

2. Retirement, Thrift, and Savings Plans

A transferred employee shall be granted full service credit based on the employee's combined length of service with the Donor and with the Contractor for determining vesting, participation, and eligibility service in retirement and savings plans.

Any increase in cash contribution requirements to fund plan benefits that arise as a result of this service credit provision shall be an allowable cost under this contract.