

Fiscal Year 2015  
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, 2014 through September 30, 2015

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9/25/14

Date

Paul J. Hommert  
President and Laboratories Director  
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25 SEP 2014

Date

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

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Date

James L. Eanes  
Senior Manager, Corporate Contract Management  
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Lindsey E. VanNess  
Contracting Officer  
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## 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 2015 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. 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 contractor is encouraged to note significant safety and security continuous improvements.

### **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, the NNSA Senior Procurement Executive, and the NNSA corporate PEP manager prior to the Field Office Manager (FOM) 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**

The Laboratory Director can request a face-to-face meeting with the FDO to highlight their site’s strategic performance. This meeting should occur in early October.

## TOTAL AVAILABLE AWARD FEE ALLOCATION

<b>Performance Category</b>	<b>Performance Objective</b>	<b>% At-Risk Fee Allocation</b>
Programs (NA-10)	<b>PO-1:</b> Manage the Nuclear Weapons Mission	25%
Programs (NA-20, NA-40, and NA-80)	<b>PO-2:</b> Reduce Global Nuclear Security Threats Mission	15%
Programs (FOM)	<b>PO-3:</b> DOE and Strategic Partnership Project Mission Objectives	20%
Operations & Mission Execution (FOM)	<b>PO-4:</b> Science, Technology, and Engineering (ST&E)	10%
Operations & Mission Execution (FOM)	<b>PO-5:</b> Operations and Infrastructure	20%
Operations & Mission Execution (FOM)	<b>PO-6:</b> Leadership	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 the Laboratory must earn an adjectival score of Very Good or better in four of the six 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 including safety and security 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 (At-Risk Fee: 25%)**

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. 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 stockpile work to deliver stockpile system maintenance, production, limited-life component exchanges, weapon containers, 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 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.

### Site Specific Outcome(s):

- 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 the Z Machine, microelectronics, advanced computer architectures and software, codes and algorithms for predictive simulations on next-generation computing platforms, materials science, radiation/hostile environment sciences, engineering sciences, and diagnostics.
- SSO-1.2 Effectively implement the Federal Program Manager (FPM) defined Earned Value Management System and project controls tools on the W88 Alt 370 and B61-12 Life Extension Program (LEP) to execute the program and lower risks while providing detailed program status to FPMs, including deployment of Management Reserve, and to implement an effective cost control process and develop opportunities for cost reduction.
- SSO-1.3 Execute development, qualification, production readiness and production activities in accordance with the NNSA Integrated Master Schedule on the W88 Alt 370 and B61-12 LEP while effectively utilizing project controls tools to meet scheduled deliverables.

**PO-2: Reduce Global Nuclear Security Threats Mission – NA-20, NA-40, and NA-80  
(At-Risk Fee: 15%)**

Successfully execute authorized global nuclear security mission work in a safe and secure manner to include the Non-Proliferation, Emergency Operations and Counterterrorism missions. 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.

Site Specific Outcome(s):

- SSO-2.1 Meet the expected NNSA and Air Force negotiated schedule and performance requirements in delivering Space Nuclear Detonation Detection mission-related capabilities.
- SSO-2.2 Host and implement the 25<sup>th</sup> International Training Course on the Physical Protection of Nuclear Materials and Facilities in partnership with the International Atomic Energy Agency.
- SSO-2.3 Fully support emergency operations to include, managing and maintaining readiness for deployable response and home teams; training and developing new and existing staff to become qualified responders; supporting new technologies and capabilities to support the mission; integrating the Headquarters Emergency Management Team and Emergency Operations Center in to site exercises; and supporting Headquarters in the development of new and existing emergency management policies and practices.
- SSO-2.4 Execute all shot time on Z allocated to Counterterrorism and Counterproliferation (CTCP), and obtain all required, approved documentation (including a Safety Basis) to conduct high-hazard CTCP material tests on Z.



**PO-3: DOE and Strategic Partnership Project Mission Objectives – FOM (At-Risk Fee: 20%)**

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

Contributing Factors:

- CF-3.1 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.
- CF-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.
- CF-3.3 Accomplish work within the budget profile, scope, cost, schedule, quality and risk negotiated with the program.

Site Specific Outcome(s):

- SSO-3.1 Improve Sandia communication and transparency with the Sandia Field Office (SFO) regarding Strategic Partnership Projects (SPP) as measured by SFO access to internal Sandia SPP-related sites, SFO invitations to Sandia management reviews at all levels and identifying opportunities for SFO to observe tests, demonstrations, and sponsor project reviews.

#### **PO-4: Science, Technology, and Engineering (ST&E) – FOM (At-Risk Fee: 10%)**

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 Laboratory Directed Research and Development (LDRD) and Technology Transfer programs to advance the frontiers of ST&E. Provide defensible objective evidence.

##### Contributing Factors:

- CF-4.1 Implement a research strategy that is clear and aligns discretionary investments (e.g., LDRD) with the research strategy and support DOE/NNSA priorities.
- CF-4.2 Ensure that research is relevant, enables the national security missions, and benefits DOE/NNSA and the nation.
- CF-4.3 Ensure that research is transformative, innovative, leading edge, high quality, and advances the frontiers of science and engineering.
- CF-4.4 Maintain a healthy and vibrant research environment that enhances technical workforce competencies and research capabilities.
- CF-4.5 Perform research to accomplish the high priority, multi-year research objectives, advance ST&E, and develop technologies for the public good through technology transfer.

##### Site Specific Outcome(s):

No Site Specific Outcomes for this PO



**PO-5: Operations and Infrastructure – FOM (At-Risk Fee: 20%)**

Effectively and efficiently manage the safe and 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-5.1 Deliver effective, efficient, and responsive environment, safety and health (ES&H) management and processes.
- CF-5.2 Accomplish capital projects in accordance with scope, cost, and schedule baselines.
- CF-5.3 Deliver effective, efficient, and responsive safeguards and security.
- CF-5.4 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-5.5 Deliver efficient, effective and responsible business operations, systems and information technology.
- CF-5.6 Deliver efficient and effective management of legal risk and incorporation of best legal practices.
- CF-5.7 Deliver effective, efficient, and responsive cyber security.

Site Specific Outcome(s):

- SSO-5.1 Improve and demonstrate sustainability for the hazardous materials lifecycle management program to reduce risk from legacy chemical/explosive/nuclear material.
- SSO-5.2 Ensure the Incidents of Security Concern (IOSC) Program properly addresses prioritization of incident closures and quality of inquiry reports. Incidents must be closely monitored and the appropriate actions taken to resolve any issue, to include notifying Federal oversight to initiate damage assessments, if warranted. Implement an effective and consistent IOSC program.

## **PO-6: Leadership - (At-Risk Fee: 10%)**

Successfully demonstrate leadership in supporting the direction of the overall DOE/NNSA mission, improving safety culture, 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-6.1 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-6.2 Promote a culture of critical self-assessment and transparency across all areas; instill a culture of accountability, responsibility, safety and performance through the entire organization; and coordinate/communicate these key issues and concerns to DOE/NNSA leadership.
- CF-6.3 Demonstrate performance results through the institutional utilization of the Management Assurance System and the leveraging of parent company resources and expertise.
- CF-6.4 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-6.5 Exhibit professional excellence in performing roles/responsibilities while pursuing opportunities for continuous learning.

### Site Specific Outcome(s):

- SSO-6.1 Demonstrate measureable site-wide safety enhancements through implementation of the "Site-Wide Strategy for Safety Improvement."