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PART I - THE SCHEDULE

SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS

B-1. Services Being Acquired

The Contractor shall manage and operate the Oak Ridge National Laboratory (ORNL or Laboratory), a Federally Funded Research and Development Center (FFRDC). The Contractor shall provide the necessary personnel, equipment, materials, supplies, and services (except as may be provided by the Government) and otherwise do all things necessary for, or incidental to, performing the Statement of Work set forth in Section C as directed by the Contracting Officer within the scope of this contract, or as may be agreed upon by the Contractor and the Contracting Officer.

B-2. Fixed Fee

A fixed fee of _____ shall be paid to the Contractor for performance of the
(offeror propose)
work under the contract for the period February 1, 2000, through September 30, 2000, in accordance with the provisions of the clause entitled "Payments and Advances" in Section I. There shall be no adjustment in the amount of the fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work. Fee is subject to adjustment only under the provisions of the clause entitled "Changes" in Section I. The fixed fee shall be applicable to the prime contractor and its members in a joint venture or limited liability company, teaming partner, and subcontractors identified and considered a part of the selection and award of this contract, if any.

B-3. Total Available Fee: Base Fee Amount and Performance Fee

- (a) Total Available Fee. Total available fee, consisting of a base fee amount (which may be zero) and a performance fee amount (consisting of an incentive fee component for objective performance requirements, an award fee component for subjective performance requirements, or both) determined in accordance with the provisions of this clause, is available for payment in accordance with the clause of this contract entitled "Payments and Advances."

- (b) Fee Negotiations. Prior to the beginning of each fiscal year under this contract, or other appropriate period as mutually agreed upon and if exceeding one year approved by the Procurement Executive, or designee, the Contracting Officer and Contractor shall enter into negotiation of the requirements for the year or appropriate period including the evaluation areas and individual requirements subject to incentives, the total available fee, and the allocation of fee. The Contracting Officer shall modify this contract at the conclusion of each negotiation to reflect the negotiated requirements, evaluation areas and individual requirements subject to incentives, the total available fee, and the allocation of fee. In the event the parties fail to agree on the evaluation areas and individual requirements subject to incentives, the total available fee, or on the allocation of fee, a unilateral determination will be made by the Contracting Officer. It is herein agreed the total available fee amount shall be allocated to a twelve month cycle composed of one or more evaluation periods, or such longer period as may be mutually agreed to between the parties and approved by the Procurement Executive, or designee.
- (c) Determination of Total Available Fee Amount Earned.
- (1) The Government shall, at the conclusion of each specified evaluation period, evaluate the contractor's performance of all requirements, including performance based incentives completed during the period and determine the fee amount earned of total available. At the Contracting Officer's discretion, evaluation of incentivized performance may occur at the scheduled completion of specific incentivized requirements.
 - (2) The DOE Operations/Field Office Manager, or designee, will be the Manager, Oak Ridge Operations, or designee. The contractor agrees that the determination as to the total available fee earned is a unilateral determination made by the DOE Operations/Field office Manager, or designee.
 - (3) The evaluation of contractor performance shall be in accordance with the performance evaluation and measurement plan(s) described in subparagraph (d), below, unless otherwise set forth in the contract. The Contractor shall be promptly advised in writing of the fee determination, and the basis of the fee determination. In the event that the contractor's performance is considered to be less than the level of performance set forth in the Statement of Work, as amended to include the current Work Authorization Directive or similar document, for any contract requirement, it will be considered by the DOE Operations/Field Office Manager, or

designee who may at his/her discretion adjust the fee determination to reflect such performance. Any such adjustment shall be in accordance with the clause entitled "Conditional Payment of Fee, Profit, or Incentives" if contained in the contract.

- (4) Award fee not earned during the evaluation period shall not be allocated to future evaluation periods.

(d) Performance Evaluation and Measurement Plan(s). To the extent not set forth elsewhere in the contract:

- (1) The Government shall establish a performance evaluation and measurement plan(s) upon which the determination of the total available fee amount earned shall be based. The performance evaluation and measurement plan(s) will address all of the requirements of contract performance specified in the contract directly or by reference. A copy of the performance evaluation and measurement plan(s) shall be provided to the Contractor:
 - (i) prior to the start of an evaluation period if the requirements, evaluation areas, specific incentives, amount of fee, and allocation of fee to such evaluation areas and specific incentives have been mutually agreed to by the parties; or
 - (ii) not later than thirty days prior to the scheduled start date of the evaluation period, if the requirements, evaluation areas, specific incentives, amount of fee, and allocation of fee to such evaluation areas and specific incentives have been unilaterally established by the Contracting Officer.
- (2) The performance evaluation and measurement plan(s) will set forth the criteria upon which the Contractor will be evaluated relating to any technical, schedule, management, and/or cost objectives selected for evaluation. Such criteria should be objective, but may also include subjective criteria. The plan(s) shall also set forth the method by which the total available fee amount will be allocated and the amount earned determined.

- (3) The performance evaluation and measurement plan(s) may, consistent with the contract statement of work, be revised during the period of performance. The Contracting Officer shall notify the contractor:
- (i) of such unilateral changes at least ninety calendar days prior to the end of the affected evaluation period and at least thirty calendar days prior to the effective date of the change;
 - (ii) of such bilateral changes at least sixty calendar days prior to the end of the affected evaluation period; or
 - (iii) if such change, whether unilateral or bilateral, is urgent and high priority, at least thirty calendar days prior to the end of the evaluation period.
- (e) Schedule for Total Available Fee Amount Earned Determinations. The DOE Operations/Field Office Manager, or designee, shall issue the final total available fee amount earned determination in accordance with the schedule set forth in the performance evaluation and measurement plan(s). However, a determination must be made within sixty calendar days after the receipt by the Contracting Officer of the Contractor's self-assessment, if one is required or permitted per paragraph (f) of this clause, or seventy calendar days after the end of the evaluation period, whichever is later. If the Contracting Officer evaluates the Contractor's performance of specific requirements on their completion, the payment of any earned fee amount must be made within seventy calendar days (or such other time period as mutually agreed to between the Contracting Officer and the Contractor) after such completion. If the determination is delayed beyond that date, the Contractor shall be entitled to interest on the determined total available fee amount earned at the rate established by the Secretary of the Treasury under section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the payment date. This rate is referred to as the "Renegotiations Board Interest Rate," and is published in the Federal Register semiannually on or about January 1 and July 1. The interest on any late total available fee amount earned determination will accrue daily and be compounded in 30-day increments inclusive from the first day the schedule determination date through the actual date the determination is issued. That is, interest accrued at the end of any 30-day period will be added to the determined amount of fee earned and be subject to interest if not paid in the succeeding 30-day period.

- (f) Contractor self-assessment . Following each evaluation period, the Contractor shall submit a self-assessment within twenty (20) calendar days after the end of the period. This self-assessment shall address both the strengths and weaknesses of the Contractor's performance during the evaluation period. Where deficiencies in performance are noted, the Contractor shall describe the actions planned or taken to correct such deficiencies and avoid their recurrence. The DOE Operations/Field Office Manager, or designee, will review the Contractor's self-assessment, if submitted, as part of the evaluation of the Contractor's management during the period. The self-assessment, if any, itself will not be the basis for the award fee determination.

B-4. Performance Fee

Consistent with the provisions of and in implementation of the clause entitled "Total Available Fee: Base Fee Amount and Performance Fee" above, the following shall apply:

- (a) There is no base fee for the period October 1, 2000, through September 30, 2005. Total available performance fee for each evaluation period, as specified below, is available for payment in accordance with the provisions of this clause and the clause entitled "Payments and Advances" in Section I.
 - (1) October 1, 2000 - September 30, 2001 \$ _____
(offeror propose)
 - (2) October 1, 2001 - September 30, 2002 \$ _____
(offeror propose)
 - (3) October 1, 2002 - September 30, 2003 \$ _____
(offeror propose)
 - (4) October 1, 2003 - September 30, 2004 \$ _____
(offeror propose)
 - (5) October 1, 2004 - September 30, 2005 \$ _____
(offeror propose)
- (b) There will be no annual negotiation of fee since the fee for the basic period of the contract has been established. There shall be no adjustment in the amount of the available fee by reason of differences between any estimate of cost for performance of the work under this contract and the actual costs for performance of that work.

Fee is subject to adjustment only under the provisions of the clause entitled “Changes” in Section I. The performance fee shall be applicable to the prime contractor and its members in a joint venture or limited liability company, teaming partner, and subcontractors identified and considered a part of the selection and award of this contract, if any.

- (c) Based on the annual evaluation of the Contractor’s performance, the total fee earned for each evaluation period shall be as follows:

Performance Attained Available Fee Earned

<u>Outstanding</u> - Exceeds performance expectations.	100%
<u>Excellent</u> - Meets performance expectations.	90%
<u>Good</u> - Meets most performance expectations.	50%
<u>Marginal</u> - Does not meet performance expectations.	0%

- (d) Critical outcomes, including relative weights, and performance objectives upon which the Contractor will be evaluated annually in meeting the performance expectations in Section C will be contained in a performance evaluation and measurement plan identified as a Critical Outcomes Plan consistent with the clause entitled “Critical Outcomes” in Section H.
- (e) The Contractor may be paid provisional fee payments consistent with the provisions of the clause entitled “Payments and Advances” in Section I. The Contractor shall promptly refund to the Government any amount of fee paid that exceeds the amount of fee earned.

B-5. Conditional Payment of Fee, Profit, or Incentives

In order for the Contractor to receive all otherwise earned fee, fixed fee, profit, or share of cost savings under the contract in an evaluation period, the Contractor must meet the minimum requirements in paragraphs (a), (b), (c), and (d) of this clause. If the Contractor does not meet the minimum requirements, the DOE Operations/Field Office Manager or

designee may make a unilateral determination to reduce the evaluation period's otherwise earned fee, fixed fee, profit or share of cost savings as described in the following paragraphs of this clause.

- (a) Minimum requirements for Environment Safety & Health (ES&H) Program. The Contractor shall develop, obtain DOE approval of, and implement a Safety Management System in accordance with the provisions of the clause entitled, "Integration of Environment, Safety and Health into Work Planning and Execution," if included in the contract, or as otherwise agreed to with the Contracting Officer. The minimal performance requirements of the system will be set forth in the approved Safety Management System, or similar document. If the Contractor fails to obtain approval of the Safety Management System or fails to achieve the minimum performance requirements of the system during the evaluation period, the DOE Operations/Field Office Manager or designee, at his/her sole discretion, may reduce, any otherwise earned fees, fixed fee, profit or share of cost savings, for the evaluation period by an amount up to the amount earned.

- (b) Minimum requirements for catastrophic event If, in the performance of this contract, there is a catastrophic event (such as a fatality, or a serious workplace related injury or illness to one or more Federal, contractor, or subcontractor employees or the general public, loss of control over classified or special nuclear material, or significant damage to the environment); the DOE Operations/Field Office Manager, or designee, may reduce any otherwise earned fee for the evaluation period by an amount up to the amount earned. In determining any diminution of fee, profit, or share of cost savings resulting from a catastrophic event, the DOE Operations/Field Office Manager or designee will consider whether willful misconduct and/or negligence contributed to the occurrence and will take into consideration any mitigating circumstances presented by the contractor or other sources.

- (c) Minimum requirements for specified level of performance
 - (1) At a minimum the Contractor must perform the following:
 - (i) the requirements with specific incentives at the level of performance set forth in the Statement of Work, Work Authorization Directive, or similar document unless an otherwise minimal level of performance has been established in the specific incentive;

- (ii) all of the performance requirements directly related to requirements specifically incentivized 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 Contracting Officer. 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 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 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.
- (d) 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 evaluation period shall be determined by the Contracting Officer. To the extent the Contractor fails to achieve the stipulated cost performance levels, the DQE Operations/Field Office Manager, or designee, at his/her sole discretion, may reduce in whole or in part any otherwise earned fee, fixed fee, profit, or shared net savings for the 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.

B-6. Fee During Option Period

If the option period of performance is exercised in accordance with the provisions of the clause entitled "Option to Extend the Term of the Contract" in Section I, the fee for the option period shall be negotiated between DOE and the Contractor and that fee shall:

- (a) not exceed the DOE policy on fee for laboratories in effect at the time DOE exercises the option; and
- (b) be consistent with the approach used in the basic term of the contract.