



WBS 1.3 Organization

OneSC Project Review

October 30 – November 1, 2002

Ed Cumesty

Project Manager



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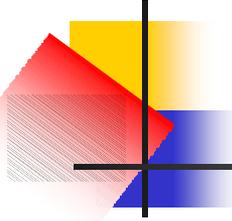
WBS 1.3.1 SC Headquarters

OneSC Project Review

October 30 – November 1, 2002

Iran L. Thomas

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Headquarters Team

- The team used the following techniques
 - A thorough analysis of legislation, regulations, and orders affecting the Office of Science
 - An interview process
 - An email questionnaire
 - Review by Principals

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Headquarters Team

- John Alleva
- Pam Carter
- Leah Dever
- Dennis Kovar
- Devon Streit
- Iran Thomas
- Camille Torquato
- Jim Yeck

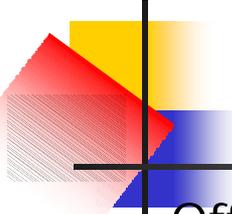
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Current structure of the Office of Science in 5 Chapters

- The current structure of the Office of Science came about because of legislation, orders, directives, regulations, and traditions over more than the 58 years of its existence.
- Chapter I gives a summary of the legislation that led to the Office of Science. (Iran Thomas)
- Chapter II describes how we implement the legislation outlined in Chapter I (John Alleva and Dennis Kovar)
- Chapter III describes how the Office of Science is organized now and the roles, responsibilities, authorities, and accountabilities of each unit. (Camille Torquato). **Chapter III reviewed by AD/ODs. Comments incorporated.**
- Chapter IV ties the Office of Science in the Washington, DC environs to the current field organizations (Leah Deaver and Jim Yeck)
- Chapter V is based on interviews and responses to a questionnaire describes some of the major frustrations that people have because of processes and procedures that cause work to be done inefficiently or non-productive work to be done. (Devon Streit and Pam Carter)
- **Chapters I-V reviewed by OneSC Team. Comments incorporated.**

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Proposed Structure

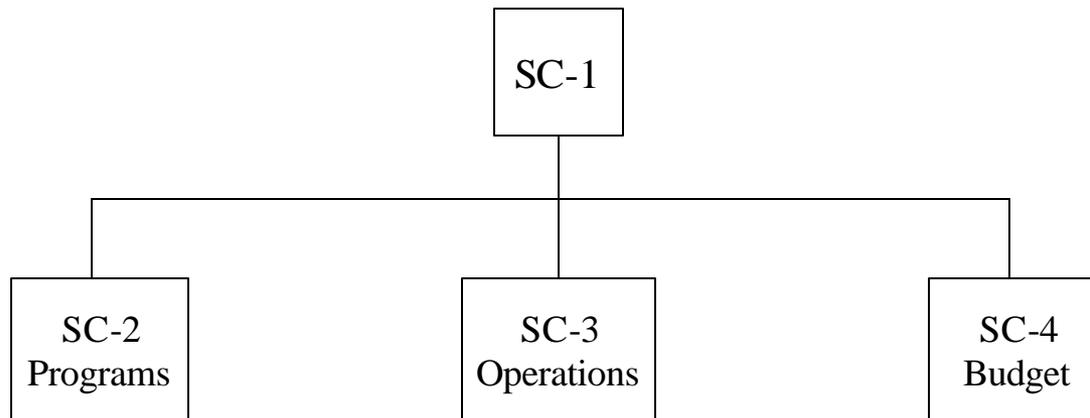
- Office of the Principal Deputy consolidated
 - Includes the five technical programs (ADs), education/workforce development, Cross-cutting International Affairs, and Major Systems Assessment Division (formerly titled the Construction Management Division)

- Office of Operations reporting to SC Director established
 - Includes Site Offices; Service Centers; current Resource Management activities with the exception of Division of Financial Management; consolidated activities of Laboratory Policy, Laboratory Operations and Environment Health and Safety, and landlord responsibilities; Grants and Contracts Policy Division (formerly the Grants and Contracts Division); Chief Information Officer (direct reports include OSTI and the Information Management and Technology Division).

- Office of the Budget reporting to SC Director established
 - Includes Financial Management and parts of Office of Program Analysis relating to the budget and strategic planning transferred to the Budget Office.

- Proposed Structure reviewed by SC-1, SC-2, SC-3, ADs, and OneSC Team; and their comments incorporated.

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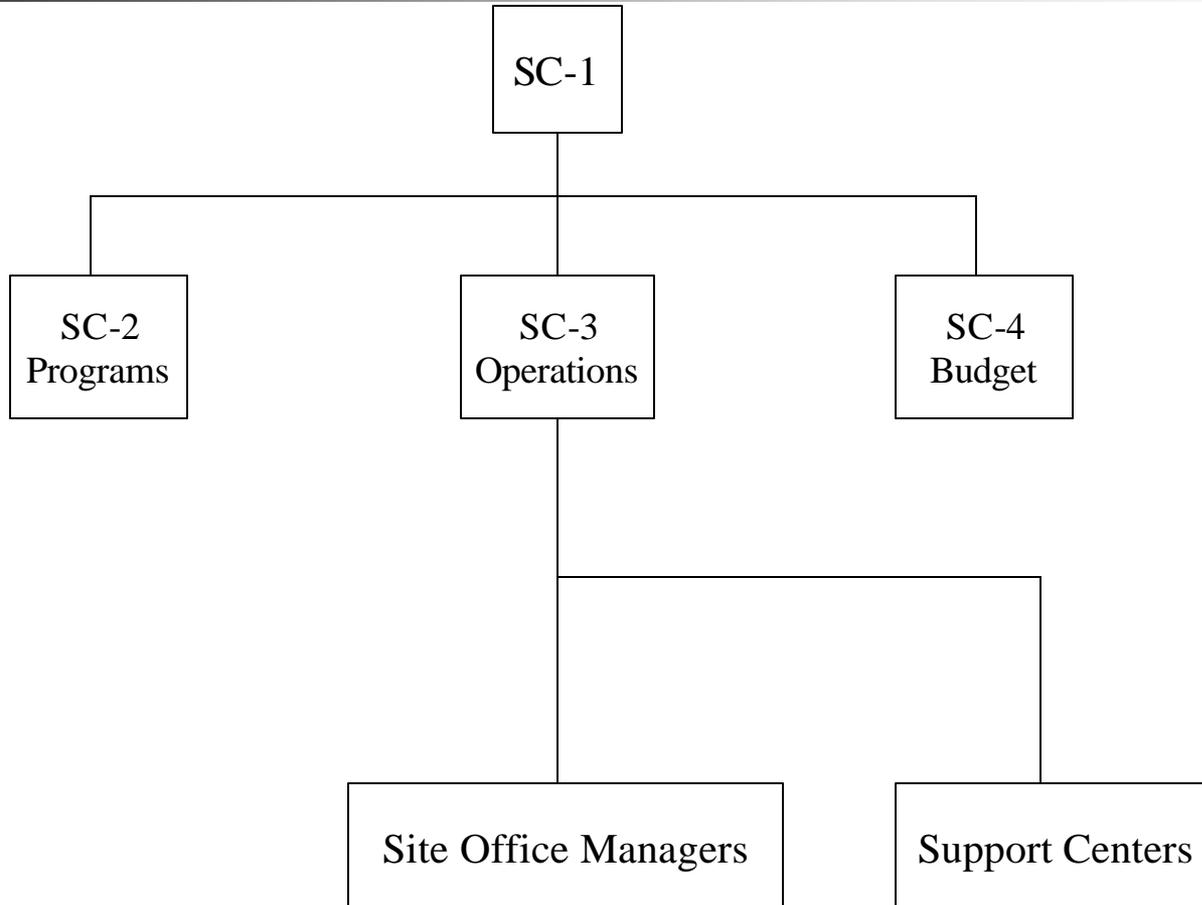


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Proposed Structure

- The Deputy for Operations (SC-3) will be responsible for infrastructure, landlord responsibilities, ES&H, procurement, personnel, legal, and M&O contract management, among other duties.
- Both the Site Office Managers and the Support Center Managers will report directly to SC-3.
- The SC Support Centers will provide services, e.g., legal, personnel, procurement, ES&H, to HQ and the Site Offices.
- (One layer eliminated. Line management goes straight to Site Office Managers rather than through Operations Office Managers. Clear operational line of authority)

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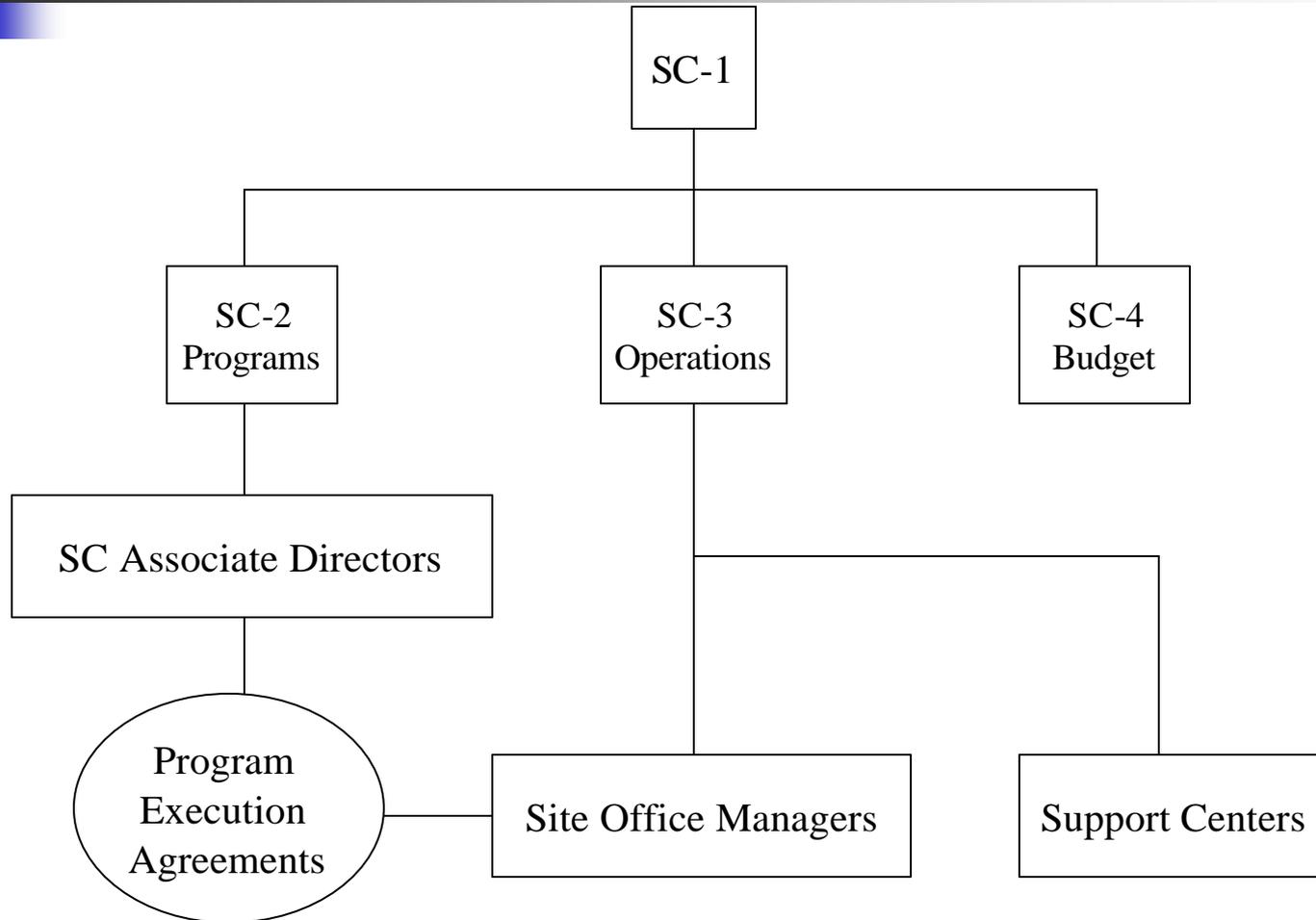


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Proposed Structure

- The line of authority for the programs is defined from SC-1 to the M&O contractor through a Program Execution Agreement (PEA). A PEA can be thought of as analogous to a Project Execution Plan for a construction project.
- A tailored PEA between each AD Office and each relevant Site Office will establish the R2A2s of each party in the relationship and identify the responsible persons.
- The PEA becomes the formal “bridge” between HQ and the Field for programmatic activities. Each PEA will have a generic set of R2A2s, to which each AD would add special R2A2s that are appropriate for their program at that site.
- Some PEAs will be simple, reflecting minor involvement of a program with a Site Office; others will be complex, reflecting major involvement.
- Most ADs will have PEAs with several Site Offices.
- PEAs can also be established with non-SC Site Offices, as appropriate, and non-SC organizations can use PEAs to manage work through SC Site Offices.
- PEAs will be reviewed annually and updated as needed. (Clear programmatic line of authority)

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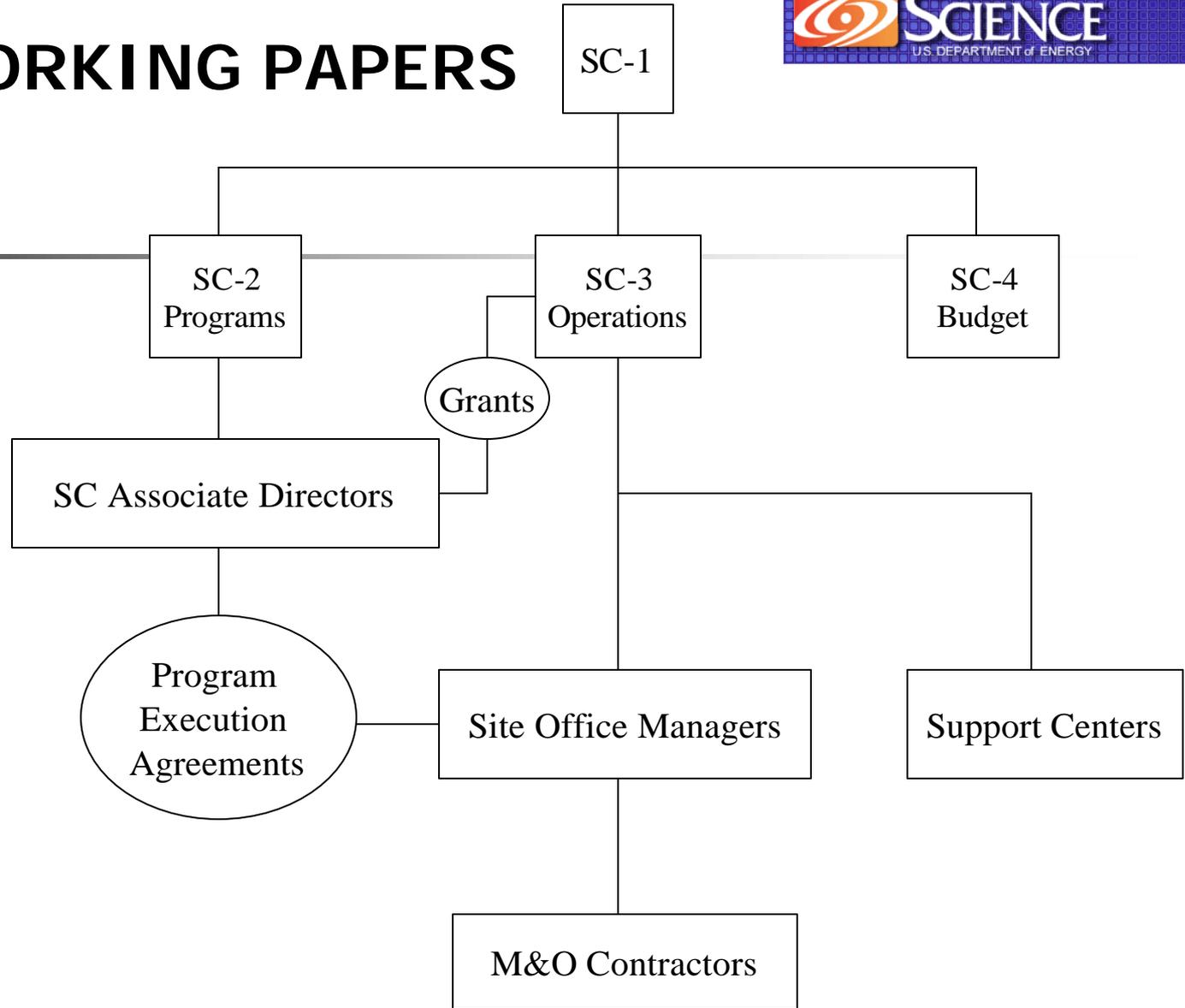
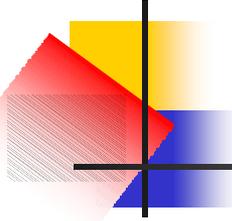


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Proposed Structure

- Grants, cooperative agreements, and (non-M&O) contracts will be administered by the Support Centers through the HQ Deputy for Operations.
- The Site Offices will be responsible for ensuring that the terms of the M&O contract are met for both programmatic and operational matters.
 - Clear line management accountability through a single federal official for Laboratory performance with authority to integrate administrative and operations requirements into program missions. (Card Principle).
 - Meets Ray Orbach's requirements that the Site Offices become the eyes and ears of the Office of Science and give him the sense of the laboratory.

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ADs establish, evaluate, and manage national scientific research portfolios, setting priorities among performers

Program Execution Agreement (PEA): AD-Site Office agreement establishing chain of command and R2A2s relevant to the interaction

Site Office ensures that the terms of the M&O contract are met

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WBS 1.3.1 Progress to Date

Define RA2 for “As Is” Structure	Done
Review by AD/ODs and HQ of “As Is”	Done
Draft “To Be”	Done
Rreview of draft “To Be” by SC-1, SC-2, and SC-3	October 4
Input on “To Be” from AD’s	Oct 17
Review of “As Is” and “To Be” by OneSC team	Oct 16 and 17
Input on ” To Be” from Site Managers	Oct 29
Review by SC-81	Oct 30-Nov 1

Office of Science



Director
Raymond L. Orbach

Principal Deputy Director
James F. Decker

Deputy Director for Operations
Milton D. Johnson

Executive Director
James A. [redacted] (Acting)

Office of Basic Energy Sciences
Associate Director
Patricia M. Dehmer

Office of Biological and Environmental Res.
Associate Director
Aristides Patrinos

Office of High Energy and Nuclear Physics
Associate Director
S. Peter Rosen

Office of Fusion Energy Sciences
Associate Director
N. Anne Davies

Office of Advanced Scientific Computing Res.
Associate Director
C. Edward Oliver

Office of Resource Management
Associate Director
John Rodney C. [redacted]

Office of Planning and Analysis
Director
William J. Valdes

Office of Laboratory Programs
Director
Antionette Jose

Office of Laboratory Operations and ES&H
Associate Director
G. Leah Dever (Acting)

Chicago Operations Office
Manager
Marvin E. Gunn

Oak Ridge Operations Office
Manager
Michael D. Holland (Acting)

Berkeley Site Office
Director
Richard H. Nolan

Stanford Site Office
Director
John S. Muhlestein

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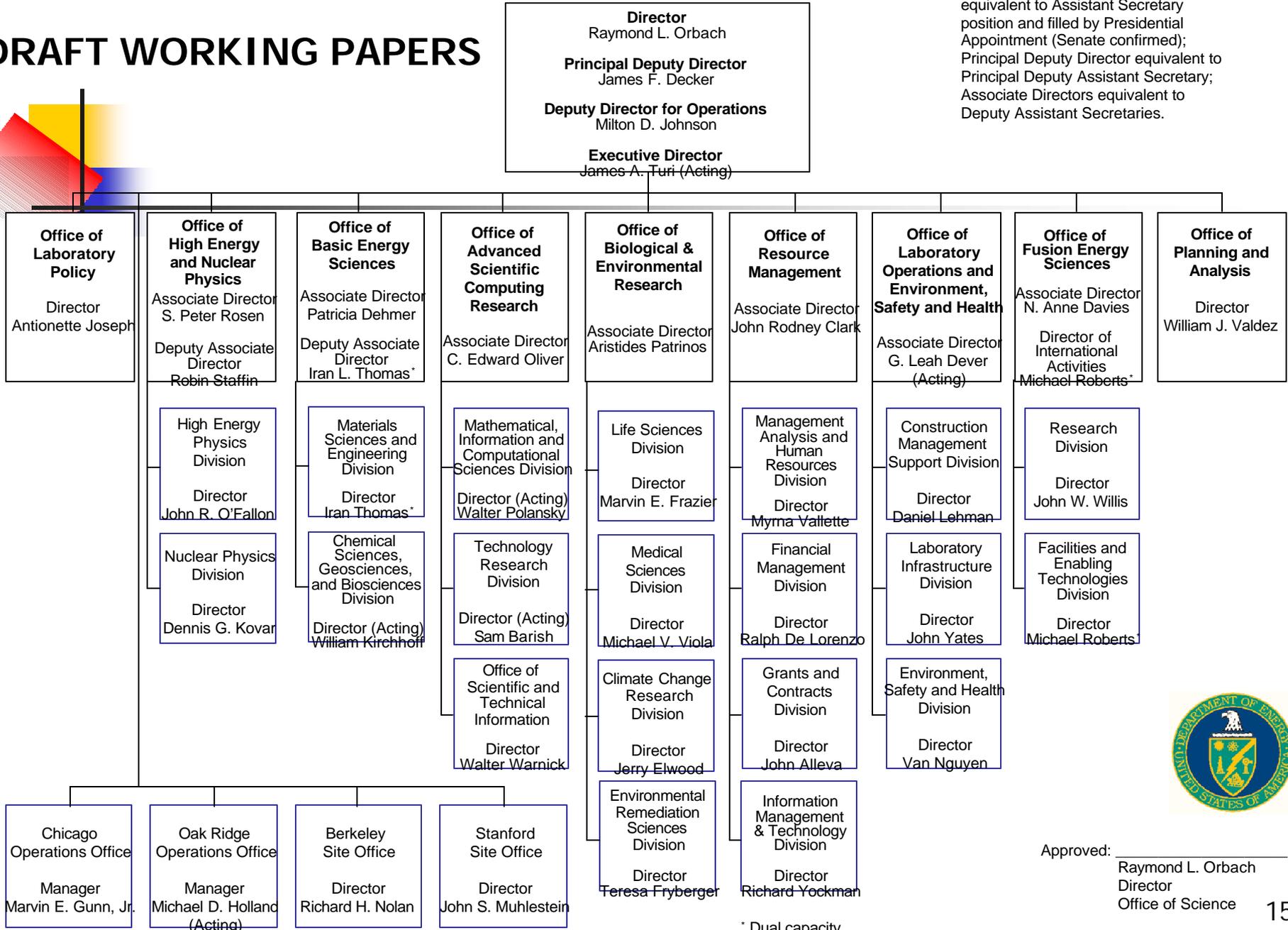
NOTE: Director of Science equivalent to Assistant Secretary position and filled by Presidential Appointment (Senate confirmed); Principal Deputy Director equivalent to Principal Deputy Assistant Secretary; Associate Directors equivalent to Deputy Assistant Secretaries.

Approved: _____
Raymond L. Orbach
Director
Office of Science

Office of Science - Headquarters

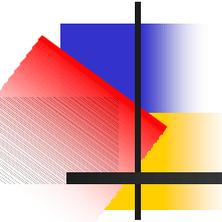
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Approved: _____
Raymond L. Orbach
Director
Office of Science

* Dual capacity



WBS 1.3.2 SC Site Offices

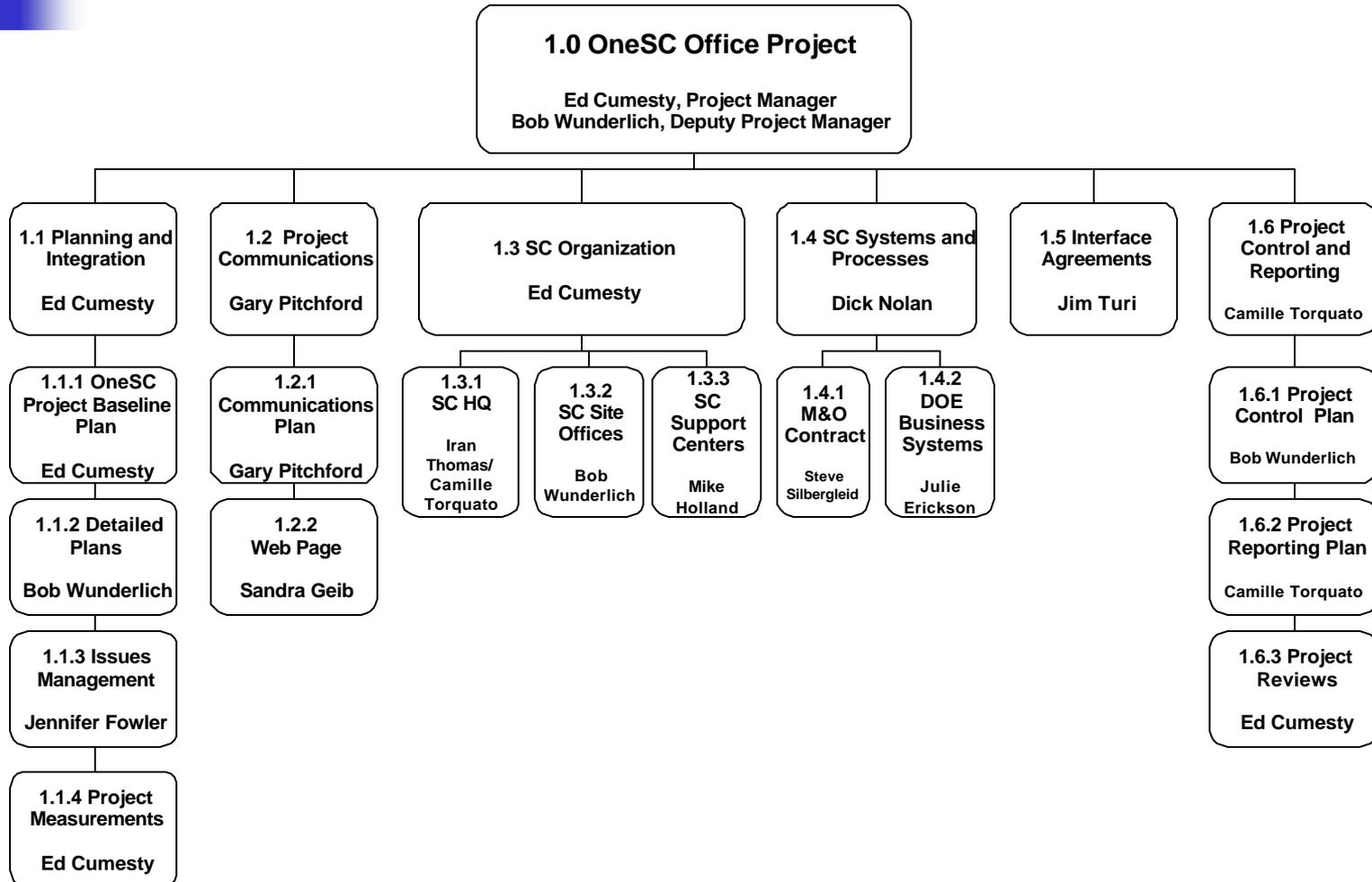
OneSC Project Review

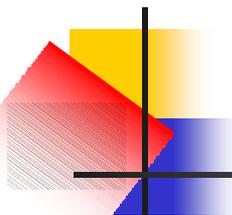
October 30 – November 1, 2002

Bob Wunderlich

Deputy Project Manager

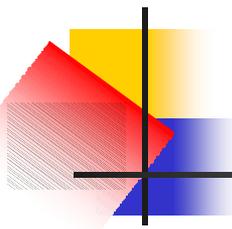
OneSC Work Breakdown Structure



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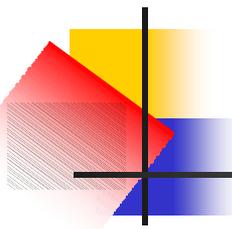
WBS 1.3.2 SC Site Offices Team Members

- R. Wunderlich, Argonne Area Office
- R. Purucker, Ames Area Office
- J. Faul, Princeton Area Office
- F. Crescenzo, Brookhaven Area Office
- P. Carolan, Fermi Area Office
- G. Malosh, Oak Ridge National Laboratory Site Office
- J. Conley, TJNAF Site Office
- J. Turner, PNNL Site Office
- J. Krupa, Berkeley Site Office
- T. Lindler, Stanford Site Office
- P. Hungerford, CH

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WBS 1.3.2 SC Site Offices Phase I Scope/Deliverables

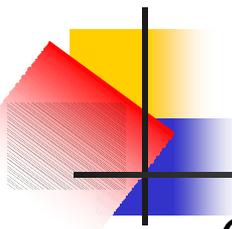
- Roles, responsibilities, authorities, and accountabilities (R2A2) for the Site Office “To Be” condition
- Functions and Activities (F&A) for the Site Office “To Be” condition
- A plan for each of the 10 Site Offices to get from the “As Is” condition to the “To Be” condition
- R2A2 and the F&A for the Site Office “As Is” condition
- SC Organization and reporting relationships for the Site Offices

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WBS 1.3.2 SC Site Offices Phase I Scope/Deliverables

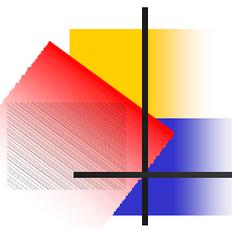
(continued)

- Proposed staffing levels for the Site Offices
- Identify those issues and organizations outside of SC where an agreement is needed for the SC Site Offices to operate effectively (input to WBS 1.5 deliverable)
- Provide a list of management systems used by the 10 SC Area Offices/Site Offices (recommend and provide a priority for Phase II) (input to WBS 1.4.2 deliverable)
- Identify any issues to be analyzed by the Issues Management Team (input to WBS 1.1.3 deliverable)

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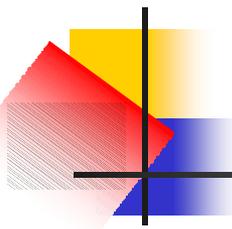
WBS 1.3.2 SC Site Offices Phase I Approach/Ground Rules

- OneSC Project Plan includes:
 - approved project baseline
 - description of desired end state
 - list of requirements
 - list of management principles and assumptions
- Guidance provide by OneSC Project Manager:
 - guidelines for “To Be” condition
 - format for Functions and Activities Matrix and definitions for key terms
 - format for R2A2 tables and definitions for key terms
 - specific directions through meeting minutes

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WBS 1.3.2 SC Site Offices Phase I Approach/Process

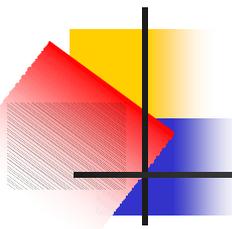
- Develop R2A2 for both “As Is” and “To Be” cases for all 10 Site Offices
- Develop Functions and Activities Matrix for both “As Is” and “To Be” cases for all 10 Site Offices
- Based on the above data sources, develop R2A2 for a model “To Be” Site Office”
- Identify differences between “As Is” and model “To Be” cases for each of the 10 Site Offices
- Develop a plan for each Site Office to get from their “As Is” to the model “To Be” condition

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WBS 1.3.2 SC Site Offices Phase I Approach/Process

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- Develop an organization chart including all 10 Site Offices
- Identify the reporting level within SC HQ for the 10 Site Offices
- Perform a staffing analysis of the 10 Site Offices in the “To Be” condition

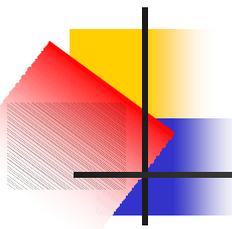
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WBS 1.3.2 SC Site Offices Phase I Schedule

- Detailed Phase I Plans were developed
- Detailed Site Office Team schedule was developed to be consistent with meeting the Project Master Schedule

WBS 1.3.2 SC Site Offices Phase I Costs

- Detailed Site Office Team cost estimates were not developed as part of the project baseline (not required by customer)
- Travel costs include:
 - Site Office Team Leader travel (approximately \$6K)
 - ORNL Site Manager travel (approximately \$2K)
- Opportunity lost from use of Site Office staff
 - Site Office Team Leader (1/2 FTE)
 - other 9 Site Offices (1/4 FTE or less for each office)

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WBS 1.3.2 SC Site Offices Phase I Progress

- Site Office “As Is” and “To Be” conditions developed for all 10 Site Offices (under final review)
- Analysis underway to determine plan for each Site Office to get to the “To Be” condition
- Business Systems inventoried and provided to WBS 1.4.2 (DOE Business Systems) Manager
- List of organizations requiring an Interface Agreement provided to WBS 1.5 (Interface Agreements) Manager
- Preparations complete for Lehman-Gunn Project Review

WBS 1.3.2 SC Site Offices

As Is Condition – Differences among the Site Offices

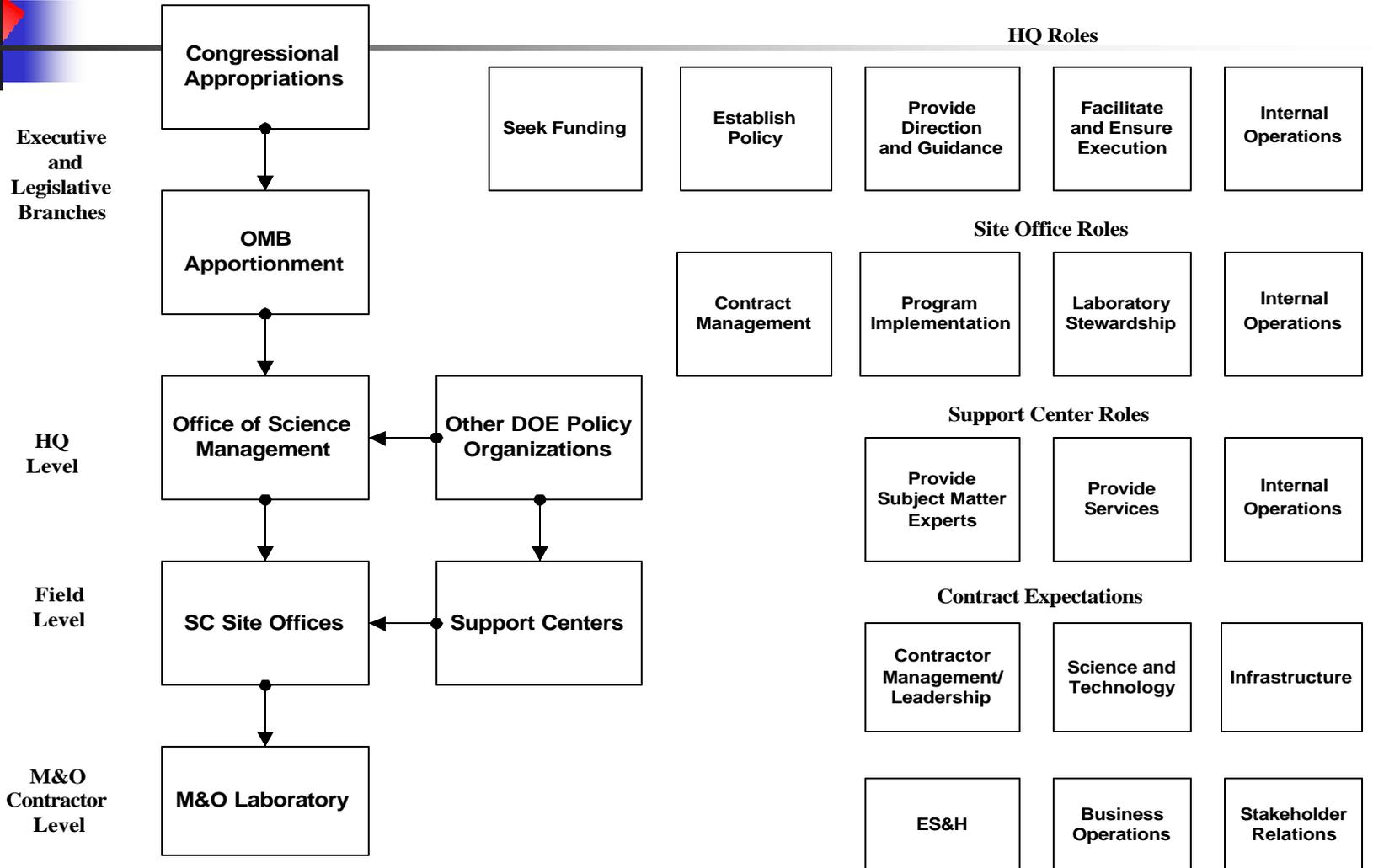
- No two Site Offices (SO) are the same
- Describing a typical SO has only limited meaning
- Size of the SO varies considerably
- Level of authority varies considerably among the SO Managers
- SO Manager authorities are not clearly documented and/or consistently applied
- SO Manager responsibilities are not consistently tied to authorities
- Location and level of authority for the assigned Contracting Officer and Contracting Officer's Representative varies considerably
- Authority and level of control of the internal operating funds varies

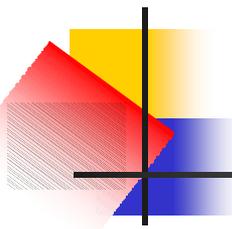
WBS 1.3.2 SC Site Offices

As Is Condition – Differences among the Site Offices

- SO Manager supervisory reporting varies from SC-3 to the Operations Office Manager
- Source of support (funding and staff positions) for the SO varies
- Different Operations Offices under different DOE Program Offices provide different direction to different SOs (EM vs NNSA vs SC)
- The level of support from the designated/or parent Operations Office varies
- The involvement of the DNFSB varies among the SOs
- Permitting requirements for the Laboratories varies, both state-by-state and whether or not the Lab is only one facility on a larger reservation
- SO Manager may or may not serve as the facility owner for permitting purposes

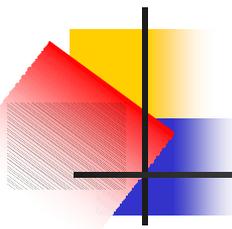
Office of Science Management and Operating Contracts To Be Condition



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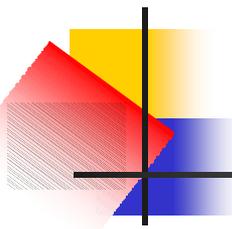
WBS 1.3.2 SC Site Offices To Be Roles

- Contract Management
 - negotiating, modifying, administering contract
 - establishing expectations
 - evaluating contractor performance and providing feedback
- Program Implementation
- Laboratory Stewardship
- Internal Operations

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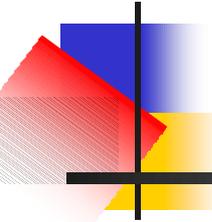
WBS 1.3.2 SC Site Offices Remaining Work

- Complete Site Office Team consensus for the “As Is” and “To Be” conditions for the final report.
- Complete staffing level assessments for the Site Offices
- Identify where staffing support is needed from the Support Centers

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WBS 1.3.2 SC Site Offices Phase I Issues

- Need to ensure that HQ, Site Offices, and Support Centers results are compatible (fit into a single system that can deliver the mission)
- Need to work with the Interface Agreements Team to ensure orderly transfer to “To Be” condition
- Need to assess whether the SC Director’s expectations for the Site Managers can be met within existing framework (see SC HQ Team need for a PEA)

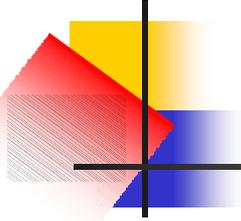


WBS 1.3.3 Support Centers

OneSC Project Review

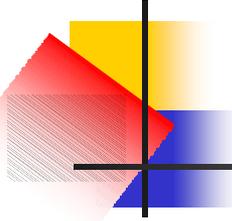
October 30 – November 1, 2002

Michael D. Holland



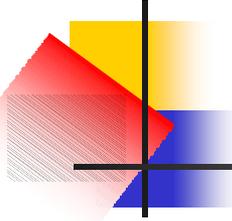
Outline

- Scope
- Approach
- Schedule
- Resources
- Progress
- Issues
- Next Steps



WBS 1.3.3 Scope

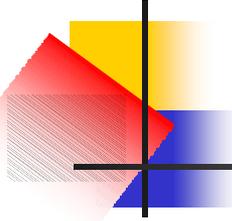
- Analyze roles, responsibilities, authorities and accountabilities (R2A2s) for the Chicago and Oak Ridge Operations Offices and the Germantown SC-60 and SC-80 organizations.
- Develop plans to transition from the As-Is Condition to the To-Be Condition.
- Identify where agreements are needed outside of SC to allow Support Centers to operate effectively.



WBS 1.3.3 Scope

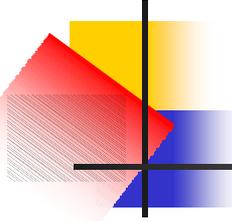
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- Inventory management systems for reengineering.
- Analyze present services provided by SC to other DOE programs.
- Project continuing need for those services for the next 3-5 years.
- Develop a conceptual design for support centers of the future.
- Analyze present services received from other programs at Berkeley, Stanford, and PNNL Site Offices.



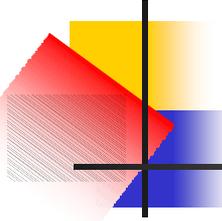
WBS 1.3.3 Approach

- Define scope as per OneSC Project Plan
- Establish Teams
- Develop detailed plan and baseline schedule
- Inventory As-Is R2A2's, Functions and Activities
- Develop To-Be Functions and Activities
- Align R2A2's to To-Be Functions and Activities



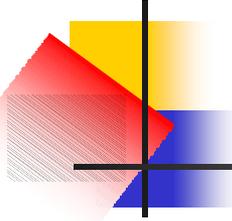
WBS 1.3.3 Approach (Continued)

- Identify business systems and interface agreements
- Identify unique services/Centers of Excellence
- Analyze services provided by SC to other programs and services provided by other programs to SC Site Offices (BAO, SAO, PNNL)
- Develop description of new organizations
- Develop implementation plan for To-Be Condition



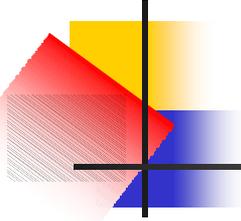
WBS 1.3.3 Schedule

- Baseline schedule developed. Conforms to OneSC Critical Path Schedule
- Finalize As-Is and To-Be Condition Analysis and Reports (11/15/02)
- Finalize Services Analysis and Reports (11/14/02)
- Provide input to OneSC Phase 1 Report (11/15/02)



WBS 1.3.3 Resources

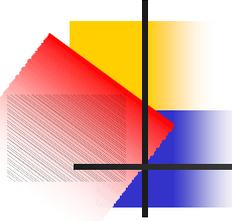
- WBS Manager
- Integration Team – manage the activities of the As- Is/To-Be Condition Mapping Teams and Services Analysis Team.
- R2A2 Mapping Teams – ORO, CH, and GTN map As- Is/To-Be Conditions. Inventory management systems.



WBS 1.3.3 Resources (Continued)

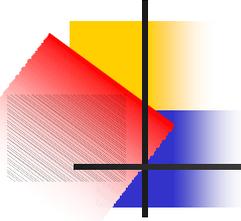
- SC Services Analysis Team – ORO, CH, GTN, RL
 - Analyze present services provided to other programs
 - Project continuing need for services for 3-5 years
 - Develop concept for Support Centers of the future.

- Teams are sufficiently staffed and have required resources to complete the project.



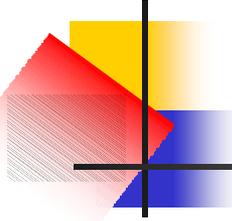
WBS 1.3.3 Progress

- Teams staffed
- Completed R2A2 As-Is Condition analysis and draft report
- Completed analysis of SC services and draft report
- Completed To-Be Condition R2A2's and Functions and Activities
- Developed draft To-Be Condition report



WBS 1.3.3 Issues

- None other than those identified by the OneSC Project
 - Placement of HCA authority
 - Placement of permits responsibility



WBS 1.3.3 Next Steps

- Finalize reports
- Develop Support Center organization structures
- Develop plan to move from As-Is to To-Be Condition

R2A2 Integration, Mapping and Support Services Analysis Teams Rosters

Integration Team

Michael Holland (Support Center Project Manager)
Alan Handwerker (CH)
Ben Weakley (SC/HQ)

Robert Folker (ORO)
Charles Billups (GTN)

Don Moody (RL)
Paul Kruger (RL)

Oak Ridge Mapping Team

Robert Folker (Team Leader)
Wayne Albaugh
Phil Barker
Barbara Brower
Willis Davis
Mildred Ferre
Jenifer Hackett
Jim Hart
Marianne Heiskell

Chris Hill
Selicia Leonard
John Medlock
Telicia Mims
Chuck Morgan
Bob Poe
Jim Reafsnyder
Carolynne Thomas
Steve Wyatt

Vince Adams
David Allen
Debbie Booher
Larry Clark
Richard Dotson
Pete Garcia
Bob Hamilton
Patty Hart
Erskine Hicks

Brian Hitson
George Manthey
Greg Mills
Harold Monroe
Judy Penry
Mary Rawlins
Catherine Schidel
Don Thress

Chicago Mapping Team

Alan Handwerker (Team Leader)
Cornell Williams
Jeffrey Roberts

John Adachi
Sergio Martinez
Dennis Wilson

Jim Buchar
Vicki Proudly
James Bieschke

Germantown Mapping Team

Charles Billups (Team Leader)
John Aleva
Aracelly Nunuz-Mattocks

Dick Yorkman
Jim Carney
Bill Nay

Clarence Hickey
Anna Lowe
Ralph DeLorenzo

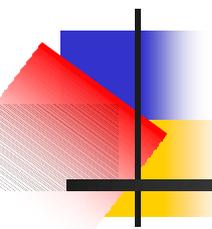
Jim Carney
John Yates

Services Analysis Team

Daryl Green
Jenifer Hackett

Jeff Roberts
Jim Bieschke

Clarence Hickey
Don Moody

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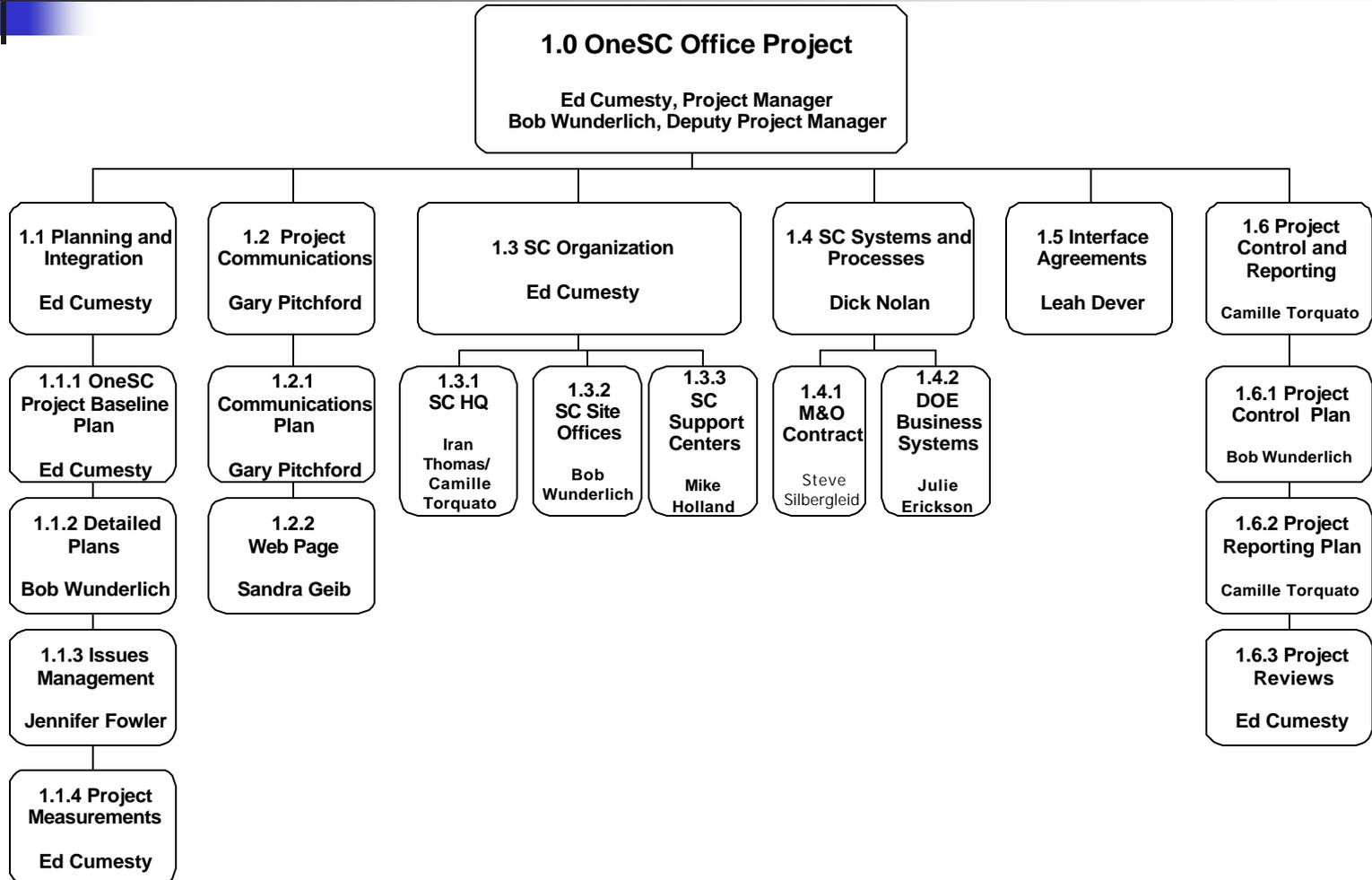
WBS 1.4 SC Systems & Processes

OneSC Project Review

October 30 – November 1, 2002

Richard H. Nolan

OneSC Work Breakdown Structure

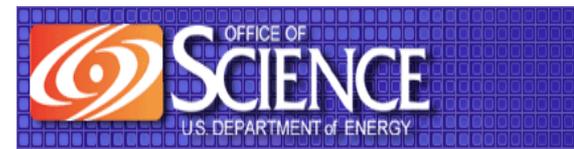


The Next Generation Office of Science Contract

OneSC Project Review

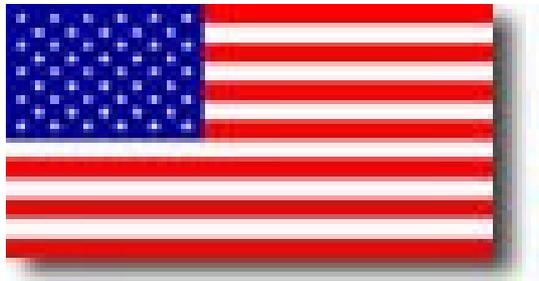
October 30 – November 1, 2002

Steven Silbergleid



A management agenda that delivers performance results

“What matters in the end is completion. Performance. Results. Not just making promises, but making good on promises. In my Administration, that will be the standard from the farthest Regional Office of government to the highest office of the land.”



*President
George W. Bush*



- Emphasis on process will be replaced by focus on results
- Organizations burdened with overlapping functions, inefficiencies...will function more harmoniously
- Management flexibility and authority

SC Restructuring Project

- **Desired End State. . .**
 - **a well managed, diverse, responsive and accountable federal organization**
 - **management levels kept to a minimum**
 - **streamlined processes**
 - **single point of accountability for lab contracts**
 - **contract management practices that facilitate contractor success**

Scientific Excellence is not Enough

Scientific
Excellence

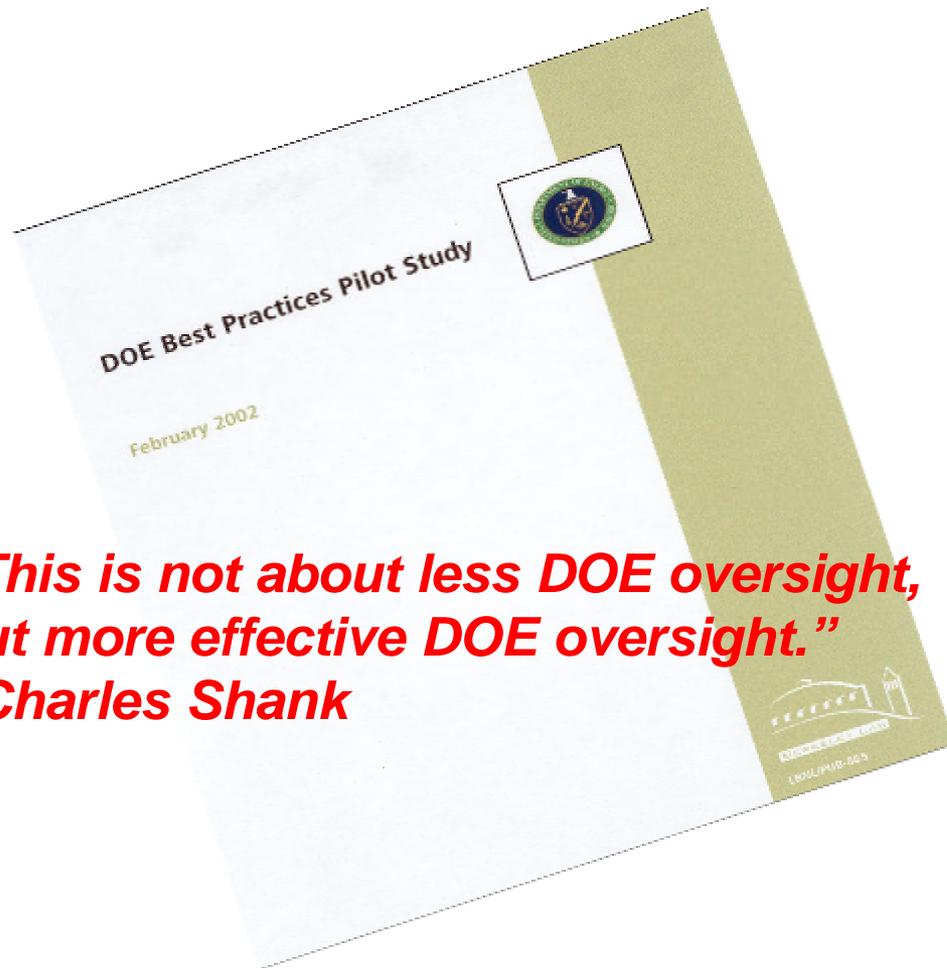
Connectivity to
Universities and Industry

**The Place of Choice for
Mission-Driven Science of
Scale**

Cost
Effectiveness

Administrative and
Operational
Credibility

Under Secretary Card Chartered the Best Practices Study



***“This is not about less DOE oversight,
but more effective DOE oversight.”
—Charles Shank***



Robert Card

Guidance to Office of Science from Under Secretary Card

- Review laboratory M&O contracts and develop innovative approaches and techniques for improving contractor performance and contract administration
- Provided specific guidance regarding DOE Orders to be revised, deleted or replaced by existing national standards in the proposed contracts, and an approach to obtaining the contractors' commitment to improve effectiveness and efficiency and enhance accountability in managing the laboratories

SC Contract Team

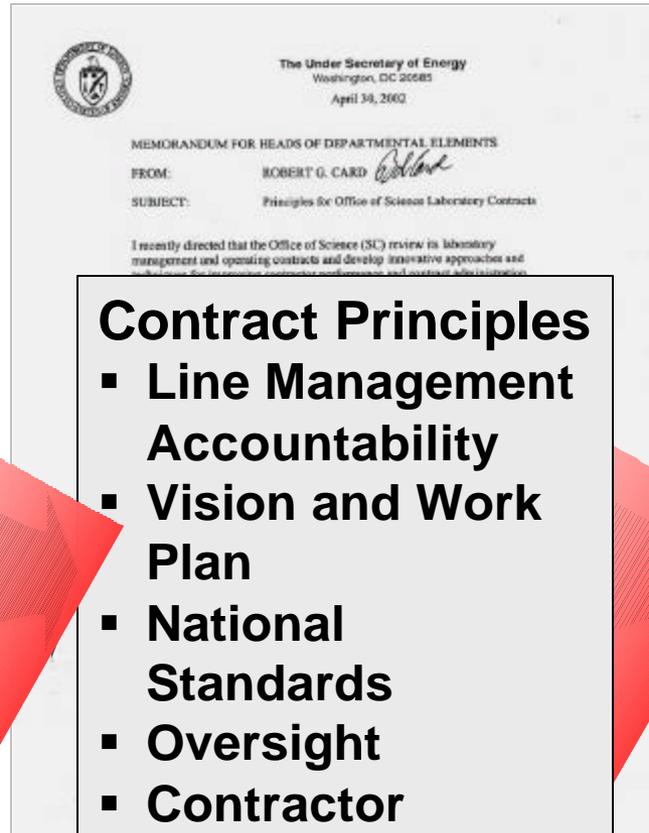
Outcomes and Philosophy

- **We have a unique opportunity to craft a new contract that will serve the Department well into the 21st century**
- **Science in the 21st Century is changing**
 - **more partnerships**
 - **rapid fusion of knowledge across disciplines**
- **The new contracts must be “built-to-last,” flexible, agile, and enduring**
- **Cost savings will support more science for the dollar and greater stewardship of DOE facilities**

New contract institutionalizes and optimizes performance-based management

Today's SC/Lab Culture

- Extraneous requirements
- Redundant oversight
- High resource costs for oversight
- Low-risk approach to operations



Contract Principles

- Line Management Accountability
- Vision and Work Plan
- National Standards
- Oversight
- Contractor Accountability
- Incentives

New SC/Lab Culture

- Clearly defined work requirements
- Management system assurance allows for improved and focused oversight
- Use of graded approach to risk management

Building on related efforts

Contract integrates:

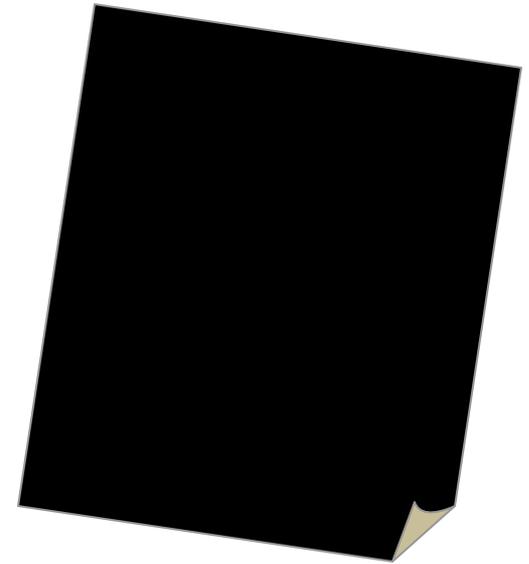
- **DOE Directives (Hopf Review)**
- **Line Management Accountability (SC Restructuring Effort)**
- **Best Practices (LBNL Pilot/LOB Review)**
- **Performance Assurance (NNSA Pilot)**
- **Culture Change (KC Plant transition)**
- **Science & Security in 21st Century (Hamre Report)**

SC Lab
Capabilities

**Improved
scientific
output and
impact**

Products from the SCT

- Contract language for:
 - Section C: Statement of Work -- Lab Vision and Work Plan
 - H Clause (or DEAR clause) for moving from Directives-based management to performance-based management
 - Contract incentives
- Single federal official paper (consistent with SC restructuring effort)



SCT Outcomes: Effective and Efficient Management and Oversight

- **Ensuring the “right set” of clauses incorporated into the contract to ensure the most effective and efficient management, operation, and oversight of the National Laboratories.**
- **Commit to the utilization of Federal, State, and local laws, regulations, national standards, and best business practices, wherever practical and minimizing the utilization of DOE Orders to unique areas.**

SCT Outcomes:

National Standards and Oversight

- DOE shall rely primarily on Federal, State, and local laws, regulations, and national standards to establish administrative and operational requirements and performance criteria for the Contractor.
- The Contractor shall utilize nationally recognized experts and other independent reviews, where appropriate, to verify “best in class” contractor management practices and systems and to carry out independent risk and vulnerability studies.
- The Parties will use a graded, risk-based approach to determine the appropriate level of required oversight (e.g., certification, reviews, self-assessment).

SCT Outcomes: Assurance and Oversight Models

- **The Contractor shall develop and implement a management system assurance process, acceptable to the Contracting Officer**
 - **Reflect an understanding of the risks, maintain mechanisms for mitigating the risk, and maintain a process to assure the assurance system is working.**
- **Written Assurance Statement to the Contracting Officer that the management systems are adequate, effective, and efficient.**
 - **From the Laboratory Director**
 - **From the Contractor**
- **The Department intends to appropriately adjust the level of its oversight based on greater Contractor accountability and the adequacy of the Contractor's systems**

Contractors Must Understand there is a Quid Pro Quo

- Less oversight by DOE must be accompanied by greater accountability for performance issues
- Contractors to provide an assurance statement
- Contractors must develop and deliver upon a compelling vision for the contribution of science performed in the laboratories
- Contractors must clearly articulate benefits to DOE

1) Line Management Accountability

- ◆ Single Federal Official who has authority to assure integration & balance of operational with program requirements
- ◆ Laboratory Director responsible for Laboratory operations

C-1

DE-AC06-76RL01830
Modification M366

C-1 PRINCIPLES OF THIS CONTRACT

(a) General

The Department of Energy has established a set of six principles, as further described in paragraphs (b) through (g), for the Office of Science laboratories consistent with the Department's desire to perform science in the 21st century, improve contractor efficiency and effectiveness, and to enhance accountability:

- Federal and Contractor Line Management Accountability
- Utilization of National Standards for Administrative and Operational Requirements and Performance Criteria
- Federal Oversight Utilizing Independent and External Reviews
- Contractor Accountability
- Compelling Vision for Laboratory Operations
- Performance Incentives

The Department is focused on streamlining oversight, moving to National standards and industrial best practices, and encouraging the National Laboratories to achieve greater agility and flexibility to meeting the changing needs of performing 21st century science. The Department is encouraging a contract approach that is "built to last" where innovation is encouraged throughout the life of the contract, the focus is on the future, and the Department and the Contractor are in a partnership to perform science and develop technologies. The Department desires a contract that will allow the National Laboratories' rapid response to changed national priorities, streamlined delivery, and more science for the dollar. The Department wants to ensure consistent and sustained investment in people, facilities, and equipment appropriate to the evolving needs of the Nation.

(b) Federal and Contractor Line Management Accountability

- (1) DOE intends to establish clear line management accountability (through a single federal official) for Laboratory performance with a strong focus on mission success and with authority and responsibility to assure the integration and balance of administrative and operational requirements with DOE program and mission requirements. The intent is that the Contracting Officer authority will be delegated to a single federal official within each Site/Area Office.
- (2) The Contractor shall appoint a Laboratory Director in accordance with paragraph (b) of the Clause in Section I entitled, "Contractor's Organization," who is responsible for day-to-day operations of the Laboratory and meeting the performance requirements of this contract.

G-1 Contract Number: DE-AC06-76RL01830
Modification M366

G-1 Head of Contracting Activity (HCA), Contracting Officer (CO), and Contracting Officer's Representative (COR)

(a) The _____, DOE _____, has been designated as the HCA for this contract.

(b) The CO for this contract shall be _____.

(c) The COR(s) for this contract have been designated, in writing, by the CO in accordance with paragraph (b) of the clause entitled "Technical Direction" and are listed below:

Name & Position	Authorities

(End of Clause)

G-2 952.242-70 Technical Direction (DEC 2000)

(a) Performance of this work under this contract shall be subject to the technical direction of the Contracting Officer's Representative (COR). The term "technical direction" is defined to include, without limitation:

- (1) Providing direction to the contractor that redirect the contract effort, shift work emphasis between work areas or tasks, require pursuit of certain lines of inquiry, fill in details or otherwise serve to accomplish the contractual Statement of Work.

◆ CO authority in each Site/Area Office

2) National Standards

H-18

Contract Number: DE-AC06-76RL01830
Modification M366

H-18 Implementation of Statement of Work Section C-1, Management Principles

(a) Pursuant to the clause entitled "Management Controls", the Contractor will utilize a comprehensive management system, to perform the administrative, operational, and programmatic functions required for performance of this Contract.

(b) In order to integrate the requirements of the clauses entitled "Management Controls", "Laws, Regulations and DOE Directives", and "Integration of Environment, Safety and Health into Work Planning and Execution", with the Principles of the Contract set forth in Clause C.1 of the Statement of Work, this clause provides for the use of the Requirements Integration Tailoring (RIT) process to develop a set of tailored standards which (1) will allow transition from a DOE Directives compliance approach to a performance based management approach, and (2) are based upon applicable laws and regulations and agreed upon national, industrial, and commercial standards and "best in class" management practices, supplemented where it is shown that there is compelling need for additional DOE specific requirements. The Contractor shall maintain in a centralized office or an electronic file, an up-to-date set of tailored requirements, developed through the RIT process, and DOE shall have access to these materials.

(c) The Contractor is expected to implement an appropriately tailored set of standards, including specified DOE requirements where other appropriate standards or practices do not exist or are not practicable. The Contractor will follow this set of standards in carrying out contract work. The agreed upon set of tailored standards, approved for implementation, are included in Appendix D "List of Applicable DOE Directives & External Requirements," and Appendix F "Authorization Agreement." During performance of the contract, the Contractor may propose revised sets of tailored standards for the management system and as they are agreed upon, Appendix D or F shall be revised to contain the agreed upon contract requirements. During the transition to new tailored standards, the DOE shall adjust oversight of the Contractor's performance to the updated approved set of tailored standards as appropriate.

(d) DOE expects that the Contractor will propose tailored standards that enable independent review. For any set of tailored standards or management system, which provides for certification or independent review, DOE expects the Contractor to secure such certification or review in a timely manner. For standards where an external certification is not available and DOE is not the approving body, DOE expects the contractor to utilize best management practices. The parties shall also select specific certifications, independent reviews, and/or self-assessments that the Contractor will obtain to demonstrate the effectiveness of the set of tailored standards or management system and the dates such reviews are to be submitted to the Contracting Officer, for inclusion in Appendix E "Performance Evaluation and Fee Agreement". It is DOE's intent to use the results of these reviews in assessing the Contractor's performance and in adjusting the level of DOE oversight. The parties expect the level of oversight to

11

- ◆ Primary reliance on laws, regulations & national standards
- ◆ Limit use of directives and guidance to functions where there is no external or industrial counterpart
- ◆ Develop a tailored set of requirements
- ◆ Contractor shall review national/commercial/industrials standards & "best in class" business practices, evaluate benefits of incorporation, and identify directives for elimination

3) Federal Oversight

H-18

Contract Number: DE-AC06-76RL01830
Modification M366

H-18 Implementation of Statement of Work Section C-1, Management Principles

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- (b) In order to integrate the requirements of the clauses entitled "Management Controls", "Laws, Regulations and DOE Directives", and "Integration of Environment, Safety and Health into Work Planning and Execution", with the Principles of the Contract set forth in Clause C.1 of the Statement of Work, this clause provides for the use of the Requirements Integration Tailoring (RIT) process to develop a set of tailored standards which: (1) will allow transition from a DOE Directives compliance approach to a performance based management approach; and (2) are based upon applicable laws and regulations and agreed upon national, industrial, and commercial standards and "best in class" management practices, supplemented where it is shown that there is compelling need for additional DOE specific requirements. The Contractor shall maintain in a centralized office or an electronic file, an up-to-date set of tailored requirements, developed through the RIT process, and DOE shall have access to these materials.
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be reduced as the result of effective Contractor implementation of these management principles.

- (1) The Contractor's management system shall assure all work is reviewed at least annually to determine the need for updating or modifying the tailored set of standards. The Contractor should consider national, commercial, or industrial standards and "best in class" practices that may be substituted for DOE Directives or for improvement to current tailored standards or the management system. Where significant changes to a tailored set of standards or management system is proposed, the Contractor shall develop proposals for Contracting Officer review and approval. Such proposals shall include as a minimum: (1) evaluation of benefits, affected standards and practices; (2) transition timelines; (3) proposed assurance methods, including timelines for third-party reviews; and (4) metrics to be used in monitoring the success of proposed substitutions. Upon acceptance of the proposal for modification, the sets of tailored standards, including Directives, in Appendix D or F, will be appropriately modified. Prior to the implementation of any significant changes to a tailored set of standards or management system or subsystem change that has been developed under this clause, the Contractor will provide a written Assurance Statement to the Contracting Officer that the changed management system will be adequate, effective, and efficient, and that it is ready to be implemented.
- (2) On an annual basis the Contractor shall provide an Assurance Statement to the Contracting Officer that the management system utilized by the Contractor is adequate to provide reasonable assurance that the objectives of the system are being accomplished and that the systems and controls are effective and improve efficiency.
- (c) Notwithstanding the language of the clause entitled "Integration of Environment, Safety and Health into Work Planning and Execution," which requires annual Contractor review and updates of safety performance objectives, performance measures, and commitments, the inclusion of these items in the Performance Evaluation and Fee Agreement (Appendix E) shall satisfy those requirements.
- (f) If the Contracting Officer determines that the set of tailored standards is deficient or is not being adequately implemented, the Contracting Officer may, in his/her sole discretion determine that corrective action is required and request that the Contractor prepare a corrective action plan for Contracting Officer approval. If the Contracting Officer is not satisfied with the corrective action taken, he may determine the appropriate corrective action.
- (g) Notwithstanding the language of clause entitled Laws, Regulations and Directives, DOE agrees that it shall not exercise its unilateral right to require the Contractor to comply with new or modified DOE Directives unless the Directive

H-11

H-11 Standards of Contractor Performance Evaluation

(a) Use of objective standards of performance, self assessment and performance evaluation

- (1) The Parties agree that the Contractor will utilize a comprehensive performance-based management approach for overall Laboratory management. The performance-based management approach will include the use of clear and reasonable objective performance outcomes and indicators agreed to, in advance of each performance evaluation period, as standards against which the Contractor's overall performance of scientific, technical, operational, and/or managerial obligations under this Contract will be assessed. The performance criteria will be limited in number and focus on results to drive improved performance and increased effective and efficient management of the Laboratory.
- (2) The Parties agree to utilize a specially designated process described within Section J, Appendix E Performance Evaluation and Fee Agreement to evaluate the performance of the Laboratory. The Performance Evaluation and Fee Agreement meets the purposes of the "Performance Evaluation and Measurement Plan" as called for within the Section I clause entitled "Total Available Fee: Base Fee Amount and Performance Fee Amount." The Parties further agree that the evaluation process, described in Appendix E, will be reviewed annually and modified, if necessary, by agreement of the Parties.
- (3) The Parties agree that the Contractor will conduct an ongoing self-assessment process as the principal means by which the Contractor will evaluate its compliance with the contract Statement of Work and performance indicators identified within Section J, Appendix E against which the Contractor's overall performance of obligations under the Contract will be determined. The Contractor shall develop and maintain Directorate-level self-assessment plans. Using the Appendix E as the basis, self-assessment plans are to be developed and maintained by each Directorate organization, in cooperation with both their internal and external counterparts. These plans are to be provided to the applicable DOE customer within the first quarter of each performance period as set forth in the Appendix E.
- (4) The Contractor shall provide periodic updates, as requested by the DOE, on the performance against the Appendix E. The Contractor shall provide a formal status briefing at mid-year and year-end, and a formal self-evaluation report to the DOE at year-end. Specific due dates and formats for the above-mentioned briefings and reports shall be agreed to by the Laboratory Director and the Associate Manager for Science &

- ◆ Performance criteria limited in number focusing on results and systems-based metrics
- ◆ Graded, risk-based approach to oversight

- ◆ Contractor use nationally recognized experts to verify "best in class" management practices and systems
- ◆ Self assessments, peer reviews, independent audits, third party assessments and contractor assurances to be considered in determining oversight
- ◆ Oversight appropriately adjusted based on greater Contractor accountability and adequacy of systems

4 Contractor Accountability

H-18

Contract Number: DE-AC06-76RL01830
Modification M366

H-18 Implementation of Statement of Work Section C-1, Management Principles

- (a) Pursuant to the clause entitled "Management Controls", the Contractor will utilize a comprehensive management system, to perform the administrative, operational, and programmatic functions required for performance of this Contract.
- (b) In order to integrate the requirements of the clauses entitled "Management Controls", "Laws, Regulations and DOE Directives", and "Integration of Environment, Safety and Health into Work Planning and Execution", with the Principles of the Contract set forth in Clause C.1 of the Statement of Work, this clause provides for the use of the Requirements Integration Tailoring (RIT) process to develop a set of tailored standards which: (1) will allow transition from a DOE Directives compliance approach to a performance based management approach; and (2) are based upon applicable laws and regulations and agreed upon national, industrial, and commercial standards and "best in class" management practices, supplemented where it is shown that there is compelling need for additional DOE specific requirements. The Contractor shall maintain in a centralized office or an electronic file, an up-to-date set of tailored requirements, developed through the RIT process, and DOE shall have access to these materials.
- (c) The Contractor is expected to implement an appropriately tailored set of standards, including specified DOE requirements where other appropriate standards or practices do not exist or are not practicable. The Contractor will follow this set of standards in carrying out contract work. The agreed upon set of tailored standards, approved for implementation, are included in Appendix D "List of Applicable DOE Directives & External Requirements," and Appendix F "Authorization Agreement." During performance of the contract, the Contractor may propose revised sets of tailored standards for the management system and as they are agreed upon, Appendix D or F shall be revised to contain the agreed upon contract requirements. During the transition to new tailored standards, the DOE shall adjust oversight of the Contractor's performance to the updated approved set of tailored standards as appropriate.
- (d) DOE expects that the Contractor will propose tailored standards that enable independent review. For any set of tailored standards or management system, which provides for certification or independent review, DOE expects the Contractor to secure such certification or review in a timely manner. For standards where an external certification is not available and DOE is not the approving body, DOE expects the contractor to utilize best management practices. The parties shall also select specific certification, independent reviews, and/or self-assessments that the Contractor will obtain to demonstrate the effectiveness of the set of tailored standards or management system and the dates such reviews are to be submitted to the Contracting Officer, for inclusion in Appendix E "Performance Evaluation and Fee Agreement". It is DOE's intent to use the results of those reviews in assessing the Contractor's performance and in adjusting the level of DOE oversight. The parties expect the level of oversight to

be reduced as the result of effective Contractor implementation of these management principles.

- (1) The Contractor's management system shall assure all work is reviewed at least annually to determine the need for updating or modifying the tailored set of standards. The Contractor should consider national, commercial, or industrial standards and "best in class" practices that may be substituted for DOE Directives or for improvement to current tailored standards or the management system. Where significant changes to a tailored set of standards or management system is proposed, the Contractor shall develop proposals for Contracting Officer review and approval. Such proposals shall include as a minimum: (1) evaluation of benefits, affected standards and practices, (2) transition timelines, (3) proposed assurance methods, including timelines for third-party reviews, and (4) metrics to be used in monitoring the success of proposed substitutions. Upon acceptance of the proposal for modification, the sets of tailored standards, including Directives, in Appendix D or F, will be appropriately modified. Prior to the implementation of any significant changes to a tailored set of standards or management system or subsystem change that has been developed under this clause, the Contractor will provide a written Assurance Statement to the Contracting Officer that the changed management system will be adequate, effective, and efficient, and that it is ready to be implemented.
- (2) On an annual basis the Contractor shall provide an Assurance Statement to the Contracting Officer that the management control system utilized by the Contractor is adequate to provide reasonable assurance that the objectives of the system are being accomplished and that the systems and controls are effective and improve efficiency.
- (e) Notwithstanding the language of the clause entitled "Integration of Environment, Safety and Health into Work Planning and Execution," which requires annual Contractor review and update of safety performance objectives, performance measures, and commitments, the inclusion of these items in the Performance Evaluation and Fee Agreement (Appendix E) shall satisfy those requirements.
- (f) If the Contracting Officer determines that the set of tailored standards is deficient or is not being adequately implemented, the Contracting Officer may, in his/her sole discretion determine that corrective action is required and request that the Contractor prepare a corrective action plan for Contracting Officer approval. If the Contracting Officer is not satisfied with the corrective action taken, he may determine the appropriate corrective action.
- (g) Notwithstanding the language of clause entitled Laws, Regulations and Directives, DOE agrees that it shall not exercise its unilateral right to require the Contractor to comply with new or modified DOE Directives unless the Directive

- ◆ Contractor to develop/implement/demonstrate management practices and systems based on national, commercial, and industrial standards to maximum extent
- ◆ Practices to be verified and certified by independent, nationally recognized experts
- ◆ Contractor accountable for meeting DOE's expectations

4 Contractor Accountability (cont.)

H-18

Contract Number: DE-AC06-76RL01830
Modification M356

H-18 Implementation of Statement of Work Section C-1, Management Principles

(a) Pursuant to the clause entitled "Management Controls", the Contractor will utilize a comprehensive management system, to perform the administrative, operational, and programmatic functions required for performance of this Contract.

(b) In order to integrate the requirements of the clauses entitled "Management Controls", "Laws, Regulations and DOE Directives", and "Integration of Environment, Safety and Health into Work Planning and Execution", with the Principles of the Contract set forth in Clause C.1 of the Statement of Work, this clause provides for the use of the Requirements Integration Tailoring (RIT) process to develop a set of tailored standards which: (1) will allow transition from a DOE Directives compliance approach to a performance based management approach; and (2) are based upon applicable laws and regulations and agreed upon national, industrial, and commercial standards and "best in class" management practices, supplemented where it is shown that there is compelling need for additional DOE specific requirements. The Contractor shall maintain in a centralized office or an electronic file, an up-to-date set of tailored requirements, developed through the RIT process, and DOE shall have access to these materials.

(c) The Contractor is expected to implement an appropriately tailored set of standards, including specified DOE requirements where other appropriate standards or practices do not exist or are not practicable. The Contractor will follow this set of standards in carrying out contract work. The agreed upon set of tailored standards, approved for implementation, are included in Appendix D "List of Applicable DOE Directives & External Requirements," and Appendix F "Authorization Agreement." During performance of the contract, the Contractor may propose revised sets of tailored standards for the management system and as they are agreed upon, Appendix D or F shall be revised to contain the agreed upon contract requirements. During the transition to new tailored standards, the DOE shall adjust oversight of the Contractor's performance to the updated approved set of tailored standards as appropriate.

(d) DOE expects that the Contractor will propose tailored standards that enable independent review. For any set of tailored standards or management system, which provides for certification or independent review, DOE expects the Contractor to secure such certification or review in a timely manner. For standards where an external certification is not available and DOE is not the approving body, DOE expects the contractor to utilize best management practices. The parties shall also select specific certifications, independent reviews, and/or self-assessments that the Contractor will obtain to demonstrate the effectiveness of the set of tailored standards or management system and the dates such reviews are to be submitted to the Contracting Officer, for inclusion in Appendix E "Performance Evaluation and Fee Agreement". It is DOE's intent to use the results of these reviews in assessing the Contractor's performance and in adjusting the level of DOE oversight. The parties expect the level of oversight to

be reduced as the result of effective Contractor implementation of these management principles.

(1) The Contractor's management system shall assure all work is reviewed at least annually to determine the need for updating or modifying the tailored set of standards. The Contractor should consider national, commercial, or industrial standards and "best in class" practices that may be substituted for DOE Directives or for improvement to current tailored standards or the management system. Where significant changes to a tailored set of standards or management system is proposed, the Contractor shall develop proposals for Contracting Officer review and approval. Such proposals shall include as a minimum: (1) evaluation of benefits, affected standards and practices; (2) transition timelines; (3) proposed assurance methods, including timelines for third-party reviews; and (4) metrics to be used in monitoring the success of proposed substitutions. Upon acceptance of the proposal for modification, the sets of tailored standards, including Directives, in Appendix D or F, will be appropriately modified. Prior to the implementation of any significant changes to a tailored set of standards or management system or subsystem change that has been developed under this clause, the Contractor will provide a written Assurance Statement to the Contracting Officer that the changed management system will be adequate, effective, and efficient, and that it is ready to be implemented.

(2) On an annual basis the Contractor shall provide an Assurance Statement to the Contracting Officer that the management control system utilized by the Contractor is adequate to provide reasonable assurance that the objectives of the system are being accomplished and that the systems and controls are effective and improve efficiency.

(e) Notwithstanding the language of the clause entitled "Integration of Environment, Safety and Health into Work Planning and Execution," which requires annual Contractor review and update of safety performance objectives, performance measures, and commitments, the inclusion of these items in the Performance Evaluation and Fee Agreement (Appendix E) shall satisfy those requirements.

(f) If the Contracting Officer determines that the set of tailored standards is deficient or is not being adequately implemented, the Contracting Officer may, in his/her sole discretion determine that corrective action is required and request that the Contractor prepare a corrective action plan for Contracting Officer approval. If the Contracting Officer is not satisfied with the corrective action taken, he may determine the appropriate corrective action.

(g) Notwithstanding the language of clause entitled Laws, Regulations and Directives, DOE agrees that it shall not exercise its unilateral right to require the Contractor to comply with new or modified DOE Directives unless the Directive

- ◆ Parties to agree on system-level performance expectations and certification mechanisms
- ◆ Contractor to develop an assurance process
- ◆ Contractor to provide annual Assurance Statement that management systems are adequate/effective/efficient
- ◆ Use approved assurance process and annual Assurance Statement to determine that management systems are satisfactory

5) SOW - Laboratory Vision

◆ THE LABORATORY VISION AND WORK PLAN

- Sets requirement for Contractor to develop compelling vision and work plan as part of Institutional Planning

◆ MISSIONS OF THE LABORATORY

- DOE developed contract SOW mission statements

◆ OPERATING ENVELOPE

- Summarizes overall operating envelope for the Laboratory

◆ CORE EXPECTATIONS OF THE CONTRACTOR

- Summarizes DOE expectations in areas of Lab mission, stewardship, and operations

C-2 THE LABORATORY VISION

The Contractor shall develop a compelling five (5) year vision for the Laboratory, along with a description (work plan) on how they will accomplish the vision. The vision statement, mission description and program work activity to accomplish the vision shall be captured within the Institutional Plan, as provided in the Institutional Planning Instructions issued by the DOE Office of Science, and shall be updated yearly as part of the ongoing Institutional Planning process, as called for within the Clause entitled "Long-Range Planning, Program Development, And Budgetary Administration". The Performance Evaluation and Fee Agreement, as called for within the Clause entitled "Standards of Contractor Performance Evaluation", identifies performance outcomes and indicators, which are updated and agreed upon by the parties annually, as standards against which the Contractor's overall performance of scientific, technical, operational, and/or managerial obligations

C-3 MISSIONS OF THE LABORATORY

(a) General

Battelle Memorial Institute (the Contractor) shall, in accordance with the provisions of this contract, accomplish the missions and programs assigned by the U.S. Department of Energy (DOE) and manage and operate the DOE's Pacific Northwest National Laboratory.

The Pacific Northwest National Laboratory (the Laboratory) is one of the DOE's Office of Science (OS) multi-program laboratories. The Laboratory is a Federally Funded Research and Development Center (FFRDC) established in accordance with

C-4 OPERATING ENVELOPE

(a) Operating Principles

This section summarizes the overall operating envelope for the Laboratory. Specific provisions of this contract regarding management and operational requirements have been established so as to be consistent with this intended operating envelope, and assignment of programs with operating requirements outside the range established here may require review and modification of relevant contract terms.

The operating envelope generally consists of environmental, safety, health and quality (ESH&Q), facility management, and safeguards and security requirements that bound the operation of facilities and activities (work). These requirements are

C-5 CORE EXPECTATIONS OF THE CONTRACTOR

The relationship between DOE and its national laboratory management and operating contractors is designed to bring best practices for research and development to bear on the Department's missions. Through application of these best practices, the Department seeks to assure both outstanding programmatic and operational performance of today's research programs and the long-term quality, relevance and productivity of the laboratories against tomorrow's needs. Accordingly, DOE has substantial expectations of the Contractor in the areas of program delivery and mission accomplishment, laboratory stewardship, and laboratory operations and financial management.

- (a) With respect to mission accomplishment, DOE expects the Contractor to provide effective planning, management and execution of assigned research and

6) Performance Incentives

H-24

H-24 Determining Total Available Performance Fee and Fee Earned

In implementation of the clause in Section I entitled, "Total Available Fee: Base Fee Amount and Performance Fee Amount," the following shall apply:

- (a) There shall be no base fee for the period of this contract. The parties have agreed to a multi-year performance fee for the contract period, to be 100% at risk, and determined as described below:
 - (1) During the period October 1, 2002, through September 30, 2004 (FY 2004), the total available performance fee shall be \$ _____ TBD _____ per fiscal year.
 - (2) During the period October 1, 2004, through September 30, 2007 the total available performance fee shall be \$ _____ TBD _____ per fiscal year.
 - (3) The parties have agreed that in the event of a significant change (greater than plus or minus 10%) to the Laboratory's budget or work scope for any fiscal year, the negotiated fee shall be subject to adjustment. The Parties may re-negotiate, in good faith, the total available performance fee pool. The FY 2003 Estimated Allowable Cost (New BA) will serve as the base year to which each fiscal year Estimated Allowable Cost (New BA) will be compared.
 - (4) The parties further agree that, should the term of this contract be extended pursuant to the clause entitled "Non-Financial Performance Incentives - Award Term," an escalation provision will be applied every two years to the previous fiscal year total available performance fee, subject to subparagraph (3) above, for the life of this contract. For example, in the event of an extension, commencing with FY 2008, an escalation provision will be applied to the previous year's total available performance fee to compute the escalated total available performance fee for the next two fiscal years. The escalation rate will be determined using the Consumer Price Index for all Urban Consumers, U.S. City Average (CPI-U) for all items, unadjusted twelve-month rate ending in the previous July. At no time may the escalated fee exceed the total available fee as calculated per DEAR 970.15, for the first year of the contract, unless otherwise adjusted in accordance with paragraph 3 above.
- (b) Determination of Total Available Fee Amount Earned.
 - (1) The Government shall, at the conclusion of each specified evaluation period, evaluate and/or validate the Contractor's performance in accordance with the clause in Section I entitled "Total Available Fee: Base Fee Amount and Performance Fee Amount." The evaluation of the Contractor performance shall be in accordance with Section J, Appendix F "Performance Evaluation and Fee Agreement." For this contract, the Performance Evaluation and Fee

◆ Financial Incentive – Performance Fee

➤ 100% at risk

F-3

F - 3 Non-Financial Performance Incentives – Award Term

- (a) Contract Length. The initial five (5) year contract term, as stipulated within the clause in Section F entitled, "Period of Performance," may be extended or reduced based on contractor performance, resulting in a contract period lasting a minimum of three (3) years to a maximum of ten (10) years.
- (b) Contractor Performance. The Award Term shall be based on overall evaluation rating of the Contractor's performance as set forth within the clause in Section H entitled, "Standards of Contractor Performance Evaluation."
- (c) There shall be four possible Award Term determinations:
 - (1) The contractor must earn an overall performance rating of "Outstanding" during two (2) consecutive annual performance evaluation periods in order to begin earning Award Term extensions, beginning with the first two years of this contract. Once two consecutive "Outstanding" ratings have been earned the contract shall be extended for two (2) years (one for each "Outstanding" performance rating earned) and shall continue to be awarded an additional one (1) year extension for each "Outstanding" performance rating earned in consecutive years (to include any extensions awarded for "Excellent" ratings as stipulated in paragraph (c)(2) below). Should the Contractor fail to qualify for an award term extension during any one performance period, they must earn an overall performance rating of "Outstanding" over two (2) consecutive annual performance evaluation periods in order to begin earning Award Term extensions again.
 - (2) Should the contractor earn an overall performance rating of "Excellent" during any annual performance evaluation period the contract will neither be extended or reduced.
 - (3) Should the contractor earn an overall performance rating of "Good" during any annual performance evaluation period the contract shall be reduced by one (1) year.
 - (4) Should the contractor earn an overall performance rating of "Marginal" or less the Government may, at its sole discretion, immediately initiate a new acquisition and the Contractor shall receive termination settlement costs not in excess of that which would be available under a termination for default.
- (d) Award Term Contract Modifications. The Contracting Officer shall unilaterally modify the contract to reflect the extension or reduction of the contract term in accordance with the Award Term determination factors identified in paragraph (c) above. If at any time the contract term has 2 years or less remaining, the operation of the Award Term feature will cease and the contract term will not extend beyond the term set at that time.

◆ Non-financial Incentive – Award Term

➤ Incentives for over-the-top Outstanding performance

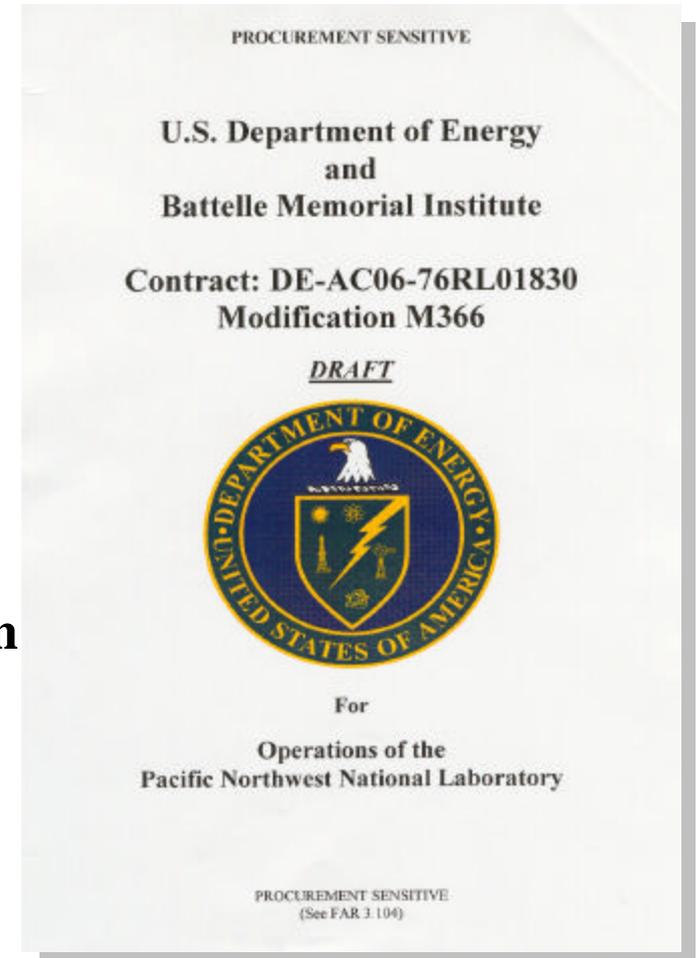
* Cure Cancer

➤ 10 year maximum award term

Key Changes in Contract Language

- ◆ **Single federal official with appropriate authority and accountability**
- ◆ **Commitment to a tailoring process for establishing new compliance requirements**
- ◆ **Acceptance of management system certifications as a basis for improved/focused oversight**
- ◆ **A process for identifying appropriate national standards as basis for contract performance**
- ◆ **Greater accountability and flexibility provided to contractors for HR program management (eliminated 350.1)**

PNNL, BNL, LBNL, ANL, and ORNL have participated in developing the proposed language



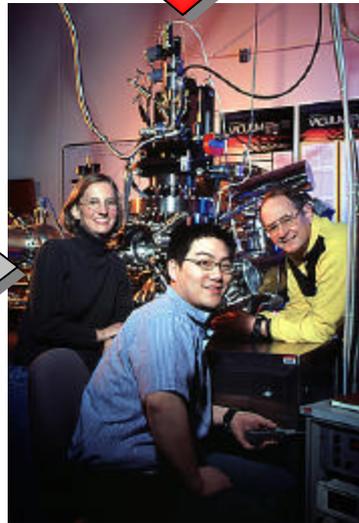
The new Contract will enable us
to realize the full benefit of effective and efficient lab
management and operations...

**Office of Science
National
Laboratory
Contract**



**Cost
savings
provide
financial
capital**

**Reduced transaction
time results in higher
value work**



**...with greater
scientific output
and impact**