

**DRAFT**

**ARGONNE NATIONAL LABORATORY  
CONTRACT NO. W-31-109-ENG-38**

**CONTRACT MANAGEMENT PLAN**

March 2006

**United States**

Department of Energy  
Office of Science  
Argonne Site Office  
9800 South Cass Avenue  
Argonne, IL 60439

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Concurrence and Approval

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## 1.0 PURPOSE

The purpose of this Contract Management Plan (CMP) is to implement an effective team approach to managing the contract for the management and operation of the Argonne National Laboratory (henceforth known as the Laboratory) through effective communications and coordination. This CMP should blend technical, financial, and business aspects of the Contractor as well as combining the Governmental responsibilities of reducing risk, managing performance-based incentives, conducting quality assurance, and adjusting to changing priorities. This CMP should provide the appropriate level of contract management commensurate with the level of complexity of the contract.

Contract management includes a broader multidisciplinary approach to contractor oversight and encompasses the technical and administrative responsibilities in managing the contractor's performance. Contract management involves those activities performed by the entire Contract Management Team (project/program management, technical, legal, contracting and financial officials, federal safeguards and security directors, etc.) after a contract has been awarded to determine how well the Government and the contractor perform the requirements of the contract.

This CMP describes the processes that the ASO will utilize to assure that the terms and conditions of the Laboratory contract (Contract No. W-31-109-ENG-38) are met by the contractor and DOE. The processes addressed are those necessary to 1) fulfill the Government's contract management responsibilities and 2) ensure that the Contractor's performance is adequately monitored and documented. This CMP is intended solely to provide information and shall not be construed to create any rights or obligations on the part of any person or entity, including the Contractor and its employees. This CMP is not intended to be either prescriptive or inclusive of all necessary actions for execution of the contract.

## 2.0 OVERVIEW

### 2.1 The Contract

The contract for Argonne National Laboratory is a cost-plus award-fee, performance-based Management and Operating (M&O) contract, subject to the appropriate provisions of the FAR and DEAR. The prime contractor for the Management and Operations of the Laboratory is the University of Chicago (UofC), referred to as the Contractor.

The contract was extended on 10/01/2004 for a two year period, October 1, 2004 through September 30, 2006, as authorized by the Secretary of Energy. This two year period will be followed by a competitive award, effective 10/01/2006. The total contract value is estimated at \$13,225,080,457.67 over the two year term of the contract.

The Laboratory contract is based on the principles of performance-based contracting as implemented for an M&O contract. Key elements of a performance-based contract are clearly stated, outcome-oriented performance measures, focusing on DOE's goals and objectives for the Laboratory.

Performance-based contracts are an important tool supporting the Government Performance and Results Act of 1993, which emphasizes strategic planning, performance goals, and assessing outcomes against those goals. The contract is structured as follows:

<u>Section</u>	<u>Description</u>
A	Award Form
B	Supplies or Services and Prices/Costs
C	Description/Specifications/Work Statement
D	Packaging and Marking
E	Inspection and Acceptance
F	Deliveries or Performance
G	Contract Administration Data
H	Special Contract Requirements
I	Contract Clauses
J	List of Documents, Exhibits and Other Attachments
<u>Appendices</u>	<u>Description</u>
A	Personnel Appendix
B	Performance Evaluation and Measurement Plan
C	Special Financial Institution Account
D	Budget Program
E	Reserved
F	Key Personnel
G	Purchasing System Requirements
H	FY'05 Small Business Subcontracting Plan
I	DOE Directives/List B
J	Treaties and International Agreements/Waived Inventions
K	Reserved
L	Reserved
M	Contract Guidance for Preparation of Diversity Plan

## 2.2 The University of Chicago, as operator of Argonne National Laboratory

Argonne National Laboratory is one of the U.S. Department of Energy's largest research centers. It is also the nation's first national laboratory, chartered in 1946. Argonne is a direct descendant of the University of Chicago's Metallurgical Laboratory, part of the World War Two Manhattan Project. It was at the Met Lab where, on Dec. 2, 1942, Enrico Fermi and his band of about 50 colleagues created the world's first controlled nuclear chain reaction in a squash court at the University of Chicago. After the war, Argonne was given the mission of developing nuclear reactors for peaceful purposes. Over the years, Argonne's research expanded to include many other areas of science, engineering and technology. Argonne is not and never has been a weapons laboratory.

Argonne is operated by the University of Chicago for the U.S. Department of Energy's Office of Science. Argonne National Laboratory is one of the DOE's Office of Science (SC) multi-program laboratories. The Laboratory is a Federally Funded Research and Development Center (FFRDC) established in accordance

with the Federal Acquisition Regulation (FAR) Part 35 and operated under the management and operating (M&O) contract, as defined in FAR 17.6 and DEAR 917.6.

### 2.3 The Argonne Site Office (ASO)

The ASO is a DOE line management organization reporting to the Office of Science's Chief Operations Officer. ASO is physically located at Argonne National Laboratory (ANL) in Illinois. The ASO mission is to successfully manage and administer the DOE performance-based Management and Operating (M&O) contract for the safe, secure, effective, and efficient operation of the Argonne National Laboratory (ANL). ASO supports the SC mission to encourage and conduct forefront basic and applied research programs which advance the science and technology foundations necessary to accomplish DOE missions.

The ASO is a technical and business management organization comprised of experienced, talented, and dedicated individuals. ASO has three supervisory positions: the ASO Site Manager, the ASO Deputy Manager, and one other supervisor. The ASO Manager supervises the two administrative support staff and the two other ASO supervisors. ASO is further organized into four teams under the two supervisors: (1) Business Management; (2) Safety and Health; (3) Environmental and Emergency Management; and (4) Infrastructure and Project Management. Each of the four ASO teams has a Team Charter showing how the ASO functions, responsibilities, and performance expectations flow down to the respective teams and staff.

To successfully achieve the ASO mission, ASO has identified four major functions that need to be performed well. These functions which are also referred to as roles include: (1) Contract Management; (2) Program and Project Implementation; (3) Federal Stewardship; and (4) Internal Operations.

An ASO Organization Chart, the specific roles and responsibilities of the ASO, performance expectations for ASO (goals and objectives) and a discussion on how ASO will work with the SC Integrated Support Center can be found in the Argonne Site Office (ASO) Site Office Annual Performance Plan (SOPP). The ASO SOPP is updated annually and serves as the ASO handbook for accomplishing the ASO mission to successfully manage and administer the DOE performance-based Management and Operating (M&O) contract for the safe, secure, effective, and efficient operation of the Argonne National Laboratory (ANL). Detailed information pertaining to the four major functions performed by ASO can be found within the SOPP.

The content of the ASO FY-06 SOPP reflects the direction provided in the undated memo from Don Erbschloe, subject "Annual Performance Plans and Assessment Reports". This SOPP also reflects the Site Office "To Be" Condition Report developed by the OneSC Project Team and issued on March 22, 2004 and the approved ASO Mission and Function Statement.

The SOPP is written by the ASO Management and is intended to be sufficiently comprehensive to serve as an ASO Handbook. It is the highest level document that ASO staff members need to refer to in order to understand the DOE, SC, and ASO priorities and performance objectives as well as what their jobs are and how to perform them. The ASO SOPP document includes a number of specific references to other documents.

In order to achieve the ASO goals and objectives, we have developed management systems and implementing documents to govern and assist us in our activities. Key examples include the ASO Environment, Safety and Health Program Plan, ASO Quality Assurance Plan, ASO Infrastructure Management System Description, and ASO Standard Operating Procedures (see SOPP, Attachment #6, ASO Document Hierarchy). As the OneSC Phase 2 Management Systems are approved, ASO Management will review the existing ASO management systems to determine which of these systems will be eliminated or revised. It is expected that most, if not all, the ASO processes and procedures will be eliminated once the OneSC Phase 2 Management Systems are up and operating.

ASO Team Charters (SOPP, Attachment #2) provide the ASO teams with a clear flow-down of functions, responsibilities, and performance expectations, which are then implemented individually through Position Descriptions and Employee Annual Performance Plans.

#### 2.4 SC Integrated Support Center (ISC)

In order to successfully fulfill its responsibilities to SC, the ASO team requires outside support for skills which may need to be augmented or may not be resident in the ASO organization. The SC Integrated Support Center has been organized to perform functional area support for SC HQ and the SC Site Offices. Attachment 7, of the Argonne Site Office (ASO) Site Office Annual Performance Plan (SOPP), includes a list of the functional areas where the ISC will provide regular support to ASO.

#### 2.5 Contractor Key Personnel

As indicated within the contract clause entitled "Key Personnel" (I-69) and Appendix F to the Prime Contract, the Contractor's key personnel are considered essential to the work being performed within the Laboratory under the contract and to the overall success of the Laboratory. The current listing of the Contractor's key personnel, by position, includes:

- 1) Laboratory Director;
- 2) Deputy Laboratory Director;
- 3) Chief Operations Officer; and
- 4) Associate Laboratory Directors;

Before removing, replacing, or diverting any personnel occupying the above listed positions, the Contractor must notify the Contracting Officer, providing justification for the change (including proposed substitutions) in sufficient detail to permit evaluation of the impact on the contract, and receive written approval from the CO.

### 3.0 CONTRACTOR MANAGEMENT TEAM

The following sections identify key individuals and/or organizations directly or indirectly responsible for the management, administration and performance oversight of the contract and generally describe the corresponding roles and responsibilities. In carrying out these responsibilities the individuals and/or organizations described below will work together as a team to ensure the consistent dissemination of information/direction to the contractor and that such information/direction is in line with DOE HQ and ASO policies/strategies.

#### 3.1 Team Integration/Communication

The ASO Manager is ultimately responsible and accountable for the successful performance of all ASO responsibilities, functions, objectives, and mission. From a practical standpoint, the responsibility for performing these functions is assigned to specific internal ASO organizational elements (supervisors and teams). Some of the functions are assigned to a single internal ASO organizational element, while others apply to more than one element. Each supervisor and ASO Team has developed a Team Charter that identifies the specific objectives, functions and responsibilities, and performance goals for the Team.

A number of communication vehicles are utilized which include, but are not limited to: weekly supervisor/team leader staff meetings within ASO, monthly "all-hands" meetings with all ASO staff; regularly scheduled conference calls with SC HQ (to include the HCA); procedures and guidance issued by SC HQ and the ASO; and this Contract Management Plan. On a more regular basis, the ASO Site Manager issues emails to ASO staff to communicate current site specific events and high priority issues.

#### 3.2 Roles and Responsibilities

##### 3.2.1 The Director Office of Science (SC-1) - Raymond Orbach

As the equivalent of an Assistant Secretary, the Director of the Office of Science is, by statute, the science advisor to the Secretary of Energy. The duties and responsibilities of the Director of the Office of Science, as provided in the Department of Energy Organization Act (Public Law 95-91, as amended) include:

Sec. 209. (a) There shall be within the Department an Office of Science to be headed by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate....

b) It shall be the duty and responsibility of the Director -- 1) to advise the Secretary with respect to the physical research program transferred to the Department from the Energy Research and Development Administration; 2) to monitor the Department's energy research and development programs in order to advise the Secretary with respect to any undesirable duplication or gaps in such programs; 3) to advise the Secretary with respect to the well-

being and management of the multipurpose laboratories under the jurisdiction of the Department, excluding laboratories that constitute part of the nuclear weapons complex; 4) to advise the Secretary with respect to education and training activities required for effective short- and long-term basic and applied research activities of the Department; 5) to advise the Secretary with respect to grants and other forms of financial assistance required for effective short- and long-term basic and applied research activities of the Department; and 6) to carry out such additional duties assigned to the Office by the Secretary relating to basic and applied research, including but not limited to supervision or support of research activities carried out by any of the Assistant Secretaries designated by section 203 of this Act, as the Secretary considers advantageous. [42 U.S.C. 7139]

The Director of the Office of Science is responsible for setting the overall strategies and policies for the DOE Science and Technology program, as well as the operational and support activities at the Laboratory. These responsibilities include, but are not limited to, the management of the program direction and infrastructure budgets, and setting of Laboratory, ES&H, and safeguards and security policy for SC within the framework set by the Department. This is carried out through the various SC program, operational, and support offices that make up the SC HQ organization.

### 3.2.2 SC Chief Operating Officer (SC-3) –Donald Erbschloe

The SC Chief Operating Officer, or designee, has been designated as the Head of Contracting Activity (HCA). The HCA has full contracting officer authority and is fully responsible for all SC laboratory contracts to include the contract for the management and operation of the Argonne National Laboratory. The HCA may redelegate contracting authority through the appointment of Contracting Officers (COs) for pre-award and post-award activities.

The HCA concurs on the Laboratory performance elements and the final performance evaluation rating for each evaluation period, as well as the amount of performance-based fee to be awarded to the Contractor. The SC Chief Operating Officer or designee has the authority to stop any work activity, add work, and/or withdraw work.

### 3.2.3 The Site Manager Argonne Site Office (ASO) – Robert Wunderlich

The Site Manager provides the SC on-site presence and is responsible for implementing DOE-HQ policy and direction. The Site Manager has line management authority and responsibility to integrate administrative and operations requirements into program missions. These responsibilities include: a) sets and communicates expectations, integrates DOE requirements, authorizes funds, and provides feedback to the contractor, b) monitors overall operations, reviews and approves work and coordinates activities related to assigned programs and projects, c) maintains and protects Federal assets, d) manages the Site Office staff and administrative systems to assure effective operations, and executes responsibilities as Administrative Contracting Officer.

In addition, the Site Manager has stop work authority and may direct ANL to shut down facilities if: (1) Continued operation would adversely affect the safety and health of employees, off-site populations, or the environment; or, (2) Major deficiencies exist in the overall facility design, construction, operation, or management.

The Site Manager or designee shall have the sole discretion to determine when an emergency situation exists at the Laboratory affecting Laboratory personnel, the public health, safety, the environment or security. In the event the Site Manager or designee determines such an emergency exists, the Site Manager or designee shall have the authority to direct any and all activities of the Contractor and subcontractors necessary to resolve the emergency situation, throughout the duration of the emergency. Direction to stop work and direction given pursuant to an emergency situation shall be provided verbally or in writing. All verbal direction must be followed up with written confirmation as quickly as possible by letter and/or by a formal modification to the contract, as deemed appropriate. Addition or withdrawal of work shall be in writing.

The Site Manager, ASO, has been designated as the Administrative Contracting Officer (ACO) for this contract. As such, the Site Manager has all the administrative authorities as the CO discussed below and has primary responsibility for providing work scope direction to the Contractor and provides contract management, performance oversight, and contract administration activities as appropriate. In general, the Site Manager shall rely on the CO for the issuance of the majority of "day-to-day" correspondence to the contractor, and for issuance of contract modifications.

The Site Manager ASO approves, with SC-1 and HCA concurrence, the Performance Evaluation and Measurement Plan and the final performance evaluation grade for each evaluation period as well as the amount of performance-based fee to be awarded to the Contractor.

#### 3.2.4 Contracting Officer(s) (CO's)

The Contracting Officer (CO) has the delegated authority to bind or commit the Government only to the extent of the authority delegated to them. The authority of the Site Office Contracting Officers is limited to that authority necessary to carry out all actions required for site maintenance and operation. This includes the authority to carry out all requirements of the performance-based management contract (including subcontracts, Cooperative Research and Development Agreements, and work for others review/approval, and execution of special bank account agreements), as well as authorization to execute and manage site-related Military Interdepartmental Procurement Requests (MIPRs), Interagency Agreements (whether funds-in or funds-out), simplified acquisitions, utility contracts, and other prime contracts (e.g., for site security, maintenance, and other support services). The CO implements contract management functions through the appropriate ASO staff in accordance with the SOPP.

Pursuant to clause G.1 "DOE Contracting Officer" of the contract, the CO is the only individual who has the authority on behalf of DOE to take the following actions under the contract:

- (1) Assign additional work within the general scope of the Statement of Work of the contract;
- (2) Issue a change as defined in the "Changes" clause of the contract;
- (3) Change any of the expressed terms, conditions or specifications of the contract;
- (4) Accept non-conforming work; or
- (5) Waive any requirement of this contract

CH O 541.1B, Contracting Authority and Responsibilities, sets forth specific limitations on the exercise of Contracting Officer authorities. The following table identifies the officials identified as Contracting Officers for the ASO:

<b>Name</b>	<b>Position</b>	<b>Functional Area</b>	<b>Authority Limitation</b>
Robert C. Wunderlich	Site Manager	Administrative Contracting Officer	Limited to administrative activities for ASO
Sergio E. Martinez	Lead Business Manager Lead Contracting Officer	Procurement Contracts & Sales Contracts	Unlimited authority consistent with review levels set forth under CH O 541.1B
Rory S. Simpson	Contract Specialist	Procurement Contracts & Sales Contracts	Unlimited authority consistent with review levels set forth under CH O 541.1B
Jennifer A. Stricker	Laboratory Management Specialist	Procurement Contracts & Sales Contracts	Unlimited authority consistent with review levels set forth under CH O 541.1B

All Contracting Officers, with the exception of the Site Manager, Administrative Contracting Officer, have achieved Level III Certification in the Department's Acquisition Career Development Program. Argonne Site Office Contracting Officers meet the qualification requirements set forth in DOE O 361.1A, Acquisition Career Development Program. To remain current in contracting/purchasing knowledge, skills, and techniques, Contracting Officers must obtain 80 hours of Continuous Learning (CL)/Continuing Education (CE) every two years. Failure to do so will result in revocation of the contracting officer's warrant.

### 3.2.5 Contracting Officer's Representative (COR)

The COR(s) are designated by the Site Manager/CO(s) to advise and assist the Site Manager/CO(s) in management of the contract pursuant to clause G.2 "DOE Contracting Officer's Representative(s) (COR)" of the contract. COR(s) are designated to act as an authorized representative of the CO for specified functions, such as technical direction and monitoring. There is currently one COR specifically assigned by the ASO in connection with litigation matters arising under the subject contract (Vicki L. Prouty). The responsibilities and

authorities of the COR is described in the COR Delegation letter dated 04/12/1996.

### 3.2.6 ASO Facility Representatives and Environment, Safety and Health Subject Matter Experts (ASO Safety and Health and Environmental and Emergency Management Teams)

The ASO Safety and Health and Environmental and Emergency Management Teams consists of Facility Representatives (FRs) and Environment, Safety and Health Subject Matter Experts (ESH SMEs) who serve as “eyes and ears” of ASO in monitoring routine operations at specific ANL facilities. FRs and ESH SMEs assist the ASO Site Manager and COs in providing oversight of operations to evaluate whether the facilities are operated in a safe, healthy, and environmentally acceptable manner in accordance with DOE Orders and other requirements as specified in the contract.

Their role involves routine presence in ANL facilities and participation in operational awareness activities to ensure the application of Integrated Safety Management (ISM) core functions to all work. Each ASO FR monitors the work at the assigned facilities to ascertain whether it is properly planned and performed within the approved safety controls. FRs and ESH SMEs identify and evaluate environment, safety and health issues and concerns, and work with the Contractor to diagnose root causes for problems and identify short-term compensatory measures and/or long-term solutions, and follow problem resolution to a satisfactory conclusion. In addition to routine monitoring of facilities, FRs also may serve as ES&H subject matter experts, depending upon their technical expertise.

For optimum performance, FRs and ESH SMEs must have detailed knowledge of their assigned facilities regarding facility design, authorization basis, operating practices, and administrative controls. They must be able to conduct a meaningful review of incidents and occurrences to verify that appropriate root causes and corrective actions are identified.

FRs and ESH SMEs have “Stop Work” authority when:

- (1) conditions exist that pose an *imminent danger*<sup>1</sup> to the health and safety of workers or the public; or,
- (2) conditions exist, that if allowed to continue, could adversely affect the safe operation of, or could cause serious damage to the facility; or,
- (3) conditions exist, that if allowed to continue, could result in release to the environment, of radiological or chemical effluents from the facility that exceed regulatory limits.

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<sup>1</sup> Any condition or practice such that a hazard exists that could reasonably be expected to cause death or serious physical harm to employees (permanent or prolonged impairment of the body or temporary disablement or requiring hospitalization), unless immediate actions are taken to mitigate the effects of the hazard and/or remove employees from the hazard.

Specific responsibilities of the ASO FRs and ESH SMEs are outlined in the ASO ESH Program Plan, within the individual Team Charters and various ASO SPs including, SOP-26, Facility Representative Program.

### 3.2.7 Program/Project Directors and Managers (Infrastructure and Project Management Team)

Program/Project Engineers and Managers have primary responsibility for scope, cost, and schedule monitoring of contractor work to accomplish assigned mission activities. The Program/Project Directors and Managers are responsible for the overall project management activities for all discrete projects under the Site Office's cognizance in accordance with the roles, responsibilities, authorities and accountabilities defined within DOE M 413.3-1 "Project Management for the Acquisition of Capital Assets. The Department uses the Integrated Project Team approach for the acquisition of capital assets. The Integrated Project Team for each project is a formal team with the Project Director serving as the team leader. Integrated Project Team membership should comprise representatives from all the business and technical disciplines, such as legal, financial, contracting, safety, environmental health, and others, necessary for successful execution of the project. The ASO Federal Project Directors have obtained DOE Project Management Career Development Program (PMCDP) certification at levels commensurate with project responsibilities. In addition all ASO Program/Project Directors and Managers are expected to obtain PMCDP and/or Project Management Professional certification regardless whether or not DOE M413.3 requires them to be certified. Project/Program Directors and Managers review and recommend approval of documentation, such as project plans and baselines prepared by the contractor and submitted to ASO. The Program/Project Directors and Managers monitor progress against established schedule milestones and budgets to ensure that each project and assigned program meets ASO quality objectives. Other roles include ensuring that ES&H is built into assigned projects or programs from planning through implementation, performing project status, including reviewing ongoing physical construction and ES&H walkthroughs, and serving as the point of contact with CH management and DOE Headquarters Program Managers on project and program status.

Specific responsibilities are outlined in the Infrastructure and Project Management Team Charter, project/program specific execution plans and ASO SOPs.

### 3.2.8 Technical Monitors (Other ASO Staff)

All other ASO staff shall support and assist the ASO Site Manager, CO and COR(s) as Technical Monitors (TMs) as specifically designated and/or as defined in employee Position Descriptions, Team Charters and/or ASO Standard Operating Procedures, and as stated herein. TMs are responsible for monitoring and reporting on contractor performance and providing immediate feedback to Site Office management and/or COR.

### 3.2.9 Chicago Integrated Support Center

The ISC provides services to support the total SC enterprise and is designed to ensure effective customer support and operating efficiency. ISC support is provided on a functional basis as needed. Attachment 7 of the ASO SOPP (SC Integrated Support Center Matrix Support to ASO) represents functional areas which ASO may require support in. ISC support is required both on an ad hoc basis and, in some functional areas, on a continuous basis. Examples of continuous support include services provided by:

#### 3.2.9.1 Certified Realty Specialist

The Chicago Integrated Support Center provides support to the ASO in the area of real property management, to include the Certified Realty Specialist who provides the review and approvals required to acquire, manage, and dispose of real property. The Certified Realty Specialist will provide all approvals and recommendations to the ASO CO. In accordance with regulations and DOE guidance, only the CO can provide approval of real estate actions to the Contractor.

#### 3.2.9.2 Organizational Property Management Officer (OPMO)

The Chicago Integrated Support Center provides support to ASO in the area of personal property management, to include the OPMO, who provides reviews and approvals required to acquire, manage, and dispose of personal property. The OPMO will provide approvals and recommendations for personal property related actions to the CO.

## 4.0 COMMUNICATING WITH THE CONTRACTOR

Since there are varying degrees of contract authority, both formal and informal communication protocols have to be carefully followed by all parties to prevent the misapplication of contract effort and direction. As the sole line organization responsible for the performance oversight and administration of the Laboratory contract, all ASO communications with formal direction shall be issued to the Contractor through the Site Manager, CO, or CORs as appropriate.

### 4.1 Formal Communications

Formal communication occurs between individuals who are authorized to represent the contracting parties. For this contract, these individuals are the HCA (SC-3), the Site Office Manager (ACO), CO(s), and any designated COR(s). Formal communications will usually be stated in writing; however oral communication may be used. Formal direction given orally shall be confirmed in writing.

## 4.2 Informal Communications

Informal communications can occur between any ASO employee and any Contractor employee. This type of communication is non-binding for both the Government and Contractor and does not constitute contract direction (i.e., formal communication). Informal communication can take the form of electronic mail, memorandum, telephone, facsimile, presentations, meetings, and any other means.

Informal communications are encouraged and expected from ASO staff in performance of their oversight responsibilities with the Contractor. In their informal communications, ASO employees need to avoid the impression that the communications are formal. Particularly, when CORs, FRs and TMs are engaging in informal communications, they must be careful to identify those communications as non-binding. CORs, FRs and TMs should inform the Contractor as to whether or not the communications are formal or informal, and the Contractor should inquire to determine if the communication is formal direction

## 4.3 Non-ASO Communications

The Contractor will be required to communicate to other than ASO employees in conjunction with its responsibilities and work scope. The following parties, though not limited to, are most likely to be involved: DOE-HQ; ISC; other Federal Government agencies; Environmental Protection Agency; ANL Contractors; State and local community government representatives, stakeholder groups, media and the general public. Because these entities are outside of the contractual relationship for this contract, they are limited to informal communications only. They may not provide direction to the Contractor or issue any changes to the scope or terms and conditions of the contract. It is expected that these other sources of communication be coordinated and/or monitored by the responsible ASO counterpart/organization, the ACO, CO, and/or COR.

## 4.4 Technical Direction

Technical Direction shall be issued in accordance with the requirements set forth in Clause I.73.B "Technical Direction", of the prime contract. Technical direction is issued by the Site Manager/CO/CORs in executing their respective areas of responsibility. Technical direction must be within the scope of the SOW as stated in the contract and is primarily issued in writing. ASO employees, other than defined above, as well as non-ASO individuals or organizations cannot give technical direction, without appropriate delegation from the CO.

The term "technical direction" is defined to include, without limitation:

- a) Providing direction to the Contractor that redirects 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.
- b) Providing written information to the Contractor that assists in interpreting drawings, specifications, or technical portions of the work description.

- c) Reviewing and, where required by the contract, approving, technical reports, drawings, specifications, and technical information to be delivered by the Contractor to the Government.

## 5.0 CONTRACT MANAGEMENT

This section provides a general description of contract management activities required to ensure contract requirements are being met and performance is meeting expectations. It does not capture every action that the DOE will need to complete in order to successfully manage the contract. It does however, set forth the higher-level requirements and describes the overall process within which the tasks are performed. These activities are the responsibility of the ASO with support from appropriate ISC and DOE-HQ organizations and include oversight of the Contractor's implementation of all contract requirements.

Contract administration activities are cited in FAR Subpart 42.3 and involve activities that need to be performed by multi-disciplinary teams of Subject Matter Experts (SME). Within DOE, contract administration is a "cradle-to-grave" process and in the case of M&O contracts, the activities start with the "extend or compete" process and continue throughout the post-award stage of the contract, including contract closeout. Contract administration activities in support of the contract include formal and informal actions taken by the Contracting Officer. Formal actions include such matters as issuing written determinations of allowability of cost, approval of subcontracts, approval of contractor purchasing and property systems and procedures, review and approval of compensation and benefit programs, and fee determinations. Informal actions include daily interactions and verbal communications with the contractor that are necessary to ensure that the contractor understands and performs in a manner which meets the objectives of the DOE.

Contract Management includes those task or management actions not specifically called out in the FAR, but that are necessary to carry out the Government's commitments under the contract. Of major importance in contract management is the coordination and monitoring of the regulatory, technical, quality, safety, security, and business requirements to ensure that the Contractor performs to the requirements and the terms and conditions of the contract. Such actions are performed by the Contracting Officer, designated CORs, and other Site Office staff, as defined under Section 3.2 Roles and Responsibilities. The following subsections, which are not all-inclusive, highlight these management and administration activities and represent some of the more critical areas in the execution of the contract.

### 5.1 Contract Direction

The following subsections describe some tasks or direction actions not specifically called out in the FAR, but that are necessary to complete the government's contract commitments. These contract direction tasks are covered here to ensure that it is recognized in this plan that the ASO is responsible for more than just the contract administration contracting actions for the Laboratory contract. For example, ASO continuously assesses and verifies the needs of the Laboratory's science and technology mission(s). This includes confirmation that the SOW is adequate as written or, when necessary,

modified when contract/mission changes are identified. The ASO is also responsible for approving annual work scope direction and budgets.

#### 5.1.1 Statement of Work (SOW) Summary

The Laboratory contract SOW is the fundamental work description of the contract and establishes the basis and boundaries by which all other work direction is prepared. Changes to the SOW are accomplished through formal contract modifications issued by the CO.

The SOW, Section C, paragraph C-4, of the contract, sets forth the work the Contractor is required to perform. Specific work scope is provided to the Contractor through the Work Authorization process described in Section 5.1.3 of this contract management plan. The remainder of the contract specifies the terms and conditions under which the Contractor is to perform the work.

The Contractor shall, in accordance with the provisions of the contract, accomplish the missions assigned by DOE; and perform the work described in the SOW by providing the intellectual leadership and management expertise necessary and appropriate to manage, operate, and staff the Laboratory. Management of the Laboratory includes operation of both Government-owned and leased, and Contractor-owned and leased facilities as provided for in the operating contract, to the extent such facilities are used for DOE work. The Contractor shall maintain and enhance the Laboratory's core technical capabilities and carry out appropriate public outreach activities consistent with its mission.

#### 5.1.2 Project Management

The contract contains the requirements of DOE O 413.3, Program and Project Management for Acquisition of Capital Assets. ASO staff ensures that program and project management requirements are integrated into the contractor's management systems. Project management tools currently contained in DOE O 413.3, Program and Project Management for the Acquisition of Capital Assets," provide excellent means to ensure that DOE contracts and projects are properly managed. Integral to the effective management of the contract under the requirements of DOE O 413.3 is the monitoring of schedule and cost performance through the ANSI Standard 748 compliant Earned Value Management System (EVMS). As with several contractor management systems, ASO has defined expectations for a formal project management system and can accurately measure performance. Through ASO and external reviews ASO ensure that the contractor's performance in this area is effective and efficient, that issues requiring resolution are identified, and that the system is meeting its intended purpose.

#### 5.1.3 Work Authorization

Authorization to the Contractor to proceed with work will be provided through approved work authorization (multi-year work plans, work

authorization statements, interoffice work orders, request for services, etc.) for the work elements in the SOW or, as appropriate, revisions to the plans. Work is not authorized to commence until the Contractor receives both funding (via a contract modification) and the related work authorization guidance. ASO personnel follow the guidelines set forth in DOE Order 412.1A "Work Authorization System" to direct work to be performed by the contractor and to manage the change control process as to scope, cost and schedule.

## 5.2 Unique Contract Terms and conditions

### 5.2.1 Long-Range Planning

On an annual basis, the Laboratory documents the Laboratory's mission and establishes mission-level strategic objectives as well as programmatic strategies covering a five-year period through the development of an Institutional Plan. Development of the Institutional Plan is the strategic planning process by which the Parties, through mutual consultation, reach agreement on the general types and levels of activity which will be conducted at the Laboratory for the period covered by the plan. The Laboratory Strategy is developed through mutual consultation between the ASO, HQ program offices, and the Contractor. The requirement for the annual development of a Laboratory Strategy is found within clause H.2 "Long-Range Planning, Program Development and Budgetary Administration." The Institutional Plan is approved by the Site Manager and provides guidance to the Laboratory for long-range planning of programs, site and facility development, and for budget preparation. It also serves as a baseline for placement of work at the Laboratory. Strategic planning is also called for within Section C, paragraph C.2 and C.4(c) (1) of the contract.

Other long-range planning requirements include the Argonne National Laboratory Ten-Year Site Plan as required under DOE Order 430.1B, Real Property Asset Management. The Ten-Year Site Plan (TYSP) documents the Laboratory's vision for its 21<sup>st</sup> century scientific missions and for the supporting infrastructure. This plan identifies the existing condition of ANL's infrastructure; establishes the required facilities baseline for the scientific missions of the 21<sup>st</sup> century; provides a comprehensive plan for the sustainment, recapitalization, and modernization of the existing facilities; and details the resources required to achieve the visions of Argonne and the DOE Office of Science. The plan also identifies the major new programmatic facilities individually planned for integration into the existing site infrastructure.

### 5.2.2 Disputes

This contract is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C 601-613). Except as provided in the Act, all disputes arising under or related to this contract shall be resolved under the clause I-43 "Disputes." However, it is the Government's policy to try to resolve all contractual issues by mutual agreement at the CO's level, without litigation. Both the ASO and the Contractor are to explore all reasonable avenues for a negotiated settlement in order to avoid disputes. When all possibilities for negotiation have failed, the ASO and the Contractor will, where appropriate, endeavor to move the potential

dispute to Alternate Disputes Resolution (ADR) as called for within paragraph (g) of the contract clause I-43 "Disputes." Should the Contractor refuse an offer for ADR, the Contractor must provide the CO, in writing, the specific reasons for rejecting the offer. Should DOE or the Contractor be unable to satisfactorily resolve the dispute using ADR or cannot agree on its application, they shall resume the formal process authorized in the contract clause I-43 "Disputes" cited above. The CO shall be informed of any pending dispute no matter what stage of resolution it is in.

### 5.2.3 Government Furnished Services and Information (GFS/I)

Government Furnished Services and Information is provided on an as-need basis.

### 5.2.4 Termination

Terminations, partial or complete, may become necessary at some point during the contract period of performance. The contract includes the "Termination" clause (I-55), which provides the essential framework. Terminations can be either for the convenience of the Government or a consequence of the Contractor's default of the contract.

### 5.2.5 Laws, Regulations and DOE Directives

The contract clause entitled Laws, Regulations and DOE Directives (I-79) indicates that the Contractor must comply with the requirements of applicable Federal, State, and local laws and regulations, unless relief has been granted, in writing, by the appropriate regulatory agency. The clause also states that a list of applicable laws and regulations may be appended to the contract; however, no such list has been appended to this Contract. Omission of this list does not affect the obligation of the Contractor to comply with any applicable law or regulation pursuant to the above mentioned clause.

Listings of DOE Directives applicable to this contract are provided in Section J, Appendix I of the contract. If applicable, Contractor Requirements Documents (CRDs) are contained within the DOE Directive. In accordance with SOP-5, DOE Directives Distribution and Implementation, the cognizant ASO staff shall review and determine applicability of new or changed directives to the Laboratory contract, and incorporate such directives into the contract as appropriate. Reviews of new or changed directives shall take place as needed; however, the ASO shall periodically (at least annually) review and update the listing of applicable DOE Directives to ensure that they are complete and current. New or modified requirements, applicable to this contract, shall be issued to the Contractor, in writing, in accordance with contract clause H-18 "Application of DOE Contractor Requirements Documents."

Clause H-18 also provides for the substitution of a CRD with an alternative procedure, standard, system of oversight, or assessment mechanism resulting from the process described in the contract clause H-18 "Application of DOE Contractor Requirements Documents." This process is the key implementing vehicle of the new contract's principle of relying primarily on Federal, State, and

local laws, regulations, and national standards to establish Contractor requirements and performance criteria, while minimizing the use of DOE Orders and directives. The contractor's ability to incorporate alternative procedures, with CO approval, allows for an effective strategy for cost reduction by removing non-value added directives/requirements. If the Contractor believes that an industrial standard is comparable to directives/requirements and risk then the contractor needs to identify the industrial standard, obtain ASO approval to use that standard, and upon approval, arrange for an outside review of the Contractor system against the industry standard. A modification in the ANL contract may be necessary. If ANL is using a formal process or system but no industry standard is available, a peer review may be used to perform the validation/certification review. ASO would need to agree to the scope of the review and the review participants.

Having an outside organization review and validate/certify the formal process or system provides additional confidence that the process/system is adequate, effective, and efficient. Many of the management systems are contractually required to comply with DOE policy and orders. DOE validates or certifies the process/system against the requirements in the respective DOE Orders. This DOE validation/certification implies a reduction in risk.

#### 5.2.6 Contractor Human Resources Management Strategy

The requirements for oversight of Contractor Human Resource Management (CHRM) Programs are found within Appendix A, Personnel Appendix, of the contract. The requirements detailed within this appendix are to ensure the contractor manages their HR programs to support the DOE mission, promote workforce excellence, champion workforce diversity, achieve effective cost management performance, and comply with applicable laws and regulations.

The Integrated Service Center provides support to ASO to assist in Contractor Human Resource Management oversight. As highlighted in the ASO SOPP, Attachment 7 – SC Integrated Support Center Matrix Support to ASO, ISC services include assistance in the areas of: Davis Bacon; Labor Relations; Compensation; Pension and Benefits Administration; Workplace Substance Abuse; Worker Transition Administration; and Diversity.

#### 5.2.7 Contract Modifications

Contract modifications are processed in accordance with SOP-8, Processing Contract Modifications. The regulations governing contract modifications are found within FAR Part 43. Some examples of actions which would require contract modifications include changes to: FAR or DEAR clauses; costs; Statement of Work; the listing of applicable DOE directives or alternative procedures; and incorporation of new/revised performance measures and/or fee determinations.

There is a standard monthly funding modification issued on a monthly basis. Monthly funding modifications provide obligations in support of individual programmatic areas, including work for others. Administrative modifications are issued on an "as-needed" basis.

### 5.2.8 Partnering Agreements with state, community or other entities that are critical to the success of the contract

Woven throughout the contract are the authorities and requirements to partner with various outside entities. Participation and collaboration with universities, other non-profit organizations, state and local governing bodies, other federal agencies, and small and large businesses is encouraged. Section C.3.1.3 of the Statement of Work states that the Laboratory shall, "Maintain a positive relationship with the broader research community to enhance the intellectual vitality and research relevance of the Laboratory, and to bring the best possible capabilities to bear on DOE mission needs through partnerships." Further, under C.3.1.2., states that the Contractor is expected to demonstrate benefit to the nation from Research and Development investments by transferring technology to the private sector and supporting excellence in science and mathematics education to the extent such activities are consistent with achieving continuous progress towards DOE's core missions.

Partnering with outside entities can be done under various mechanisms and it is the responsibility of the contractor to make all types of mechanisms known to prospective partners. Partnering may take many forms including; WFO, CRADAs, licensing, MOUs, MOAs, SC designated User Facilities, Joint University Appointments, joint funded research, and possibly other arrangements.

Guidance to DOE and contractor staff on implementing partnering arrangements are contained in a number of DOE Orders. The following are the key Orders which cite authorities, limitations, and provide procedural guidance for partnering arrangements: (1) DOE Order 481.1C, Work for Others Non-Department of Energy Funded Work; (2) DOE Order 482.1, DOE Facilities Technology Partnering Programs; and (3) DOE Order 483.1, DOE Cooperative Research and Development Agreements.

The primary contract clauses which address policy, requirements and provide guidelines are: (1) Clause C. 4, Statement of Work; (2) Clause H. 3, Work for Others Program (Non-DOE Funded Work); (3) Clause I. 92, Technology Transfer Mission and (4) Clause I. 97, Patent Rights – Management and Operating Contracts, Nonprofit Organization or small Business Firm Contractor.

The level of partnering including reimbursable work-for-others and CRADAs is about 20% of the laboratory's operating budget. Due to the magnitude of this effort, performance measures are used to evaluate the contractor's performance. Those measures are included in Appendix B of the contract, and this function should be monitored on a quarterly basis.

The following is a listing, although not all inclusive, of some major partnership arrangements between the current contractor and outside entities:

1. Memorandum of Agreement between the University of Chicago campus and the Argonne National Laboratory for NIH sponsored research

2. P-04093, FBI - Joint Operations Center paid for by the FBI, maintained at FBI expense, and housed in Building 314
3. P-97139, Argonne Partnership with the University of Illinois for the Advanced Computational Infrastructure Program
4. Regional Bio Containment Laboratory (RBL) – Lease to University of Chicago for land to construct the RBL to serve the RCE in item 5 below
5. Midwestern Regional Center of Excellence (RCE) – Collaboration among Argonne and Region V scientists from several university and research institutions focusing on CDC category A select agents to develop therapeutics, vaccines, and diagnostic devices
6. Center for Nanoscale Materials Research (CNM) – DOE provides the land on the Argonne Site, and the State of Illinois has covered the costs of construction of the CNM building. DOE program will provide funds for instrumentation and research operations
7. P-01072 - The NIH is funding the construction and operation of a beamline at the Advanced Photon Source to establish a user facility for crystallographic structure determination of biological macromolecules by X-Ray diffraction.
8. P-00021 – Partnership with the State of Illinois to establish the True Grid. This is an advanced networking test bed for research, under which a 225-mile optical, dark-fiber network, linking major research institutions and universities in Illinois will be established.

## 6.0 Performance-Based Management – Oversight, Evaluation, and Fee Determination

### 6.1 Background

The current performance-based management approach to oversight within DOE has established a new culture within the Department with emphasis on the customer-supplier partnership between DOE and the laboratory contractors. It has also placed a greater focus on mission performance, best business practices, cost management, and improved contractor accountability. Under the performance-based management system the DOE provides clear direction to the laboratories and develops annual performance plans to assess the contractors performance in meeting that direction in accordance with contract requirements. The DOE policy for implementing performance-based management includes the following guiding principles:

- Performance objectives are established in partnership with affected organizations and are directly aligned to the DOE strategic goals;
- Resource decisions and budget requests are tied to results; and
- Results are used for management information, establishing accountability, and driving long-term improvements.

The Performance-based approach focuses the evaluation of the Contractor's performance against these Performance Goals. Progress against these Goals is measured through the use of a set of Objectives. The success of each Objective will be measured based on a set of Performance Measures, both objective and subjective, that are to focus primarily on end-results or impact and not on processes or activities. Measures provide specific evidence of performance, and collectively, they provide the body of evidence

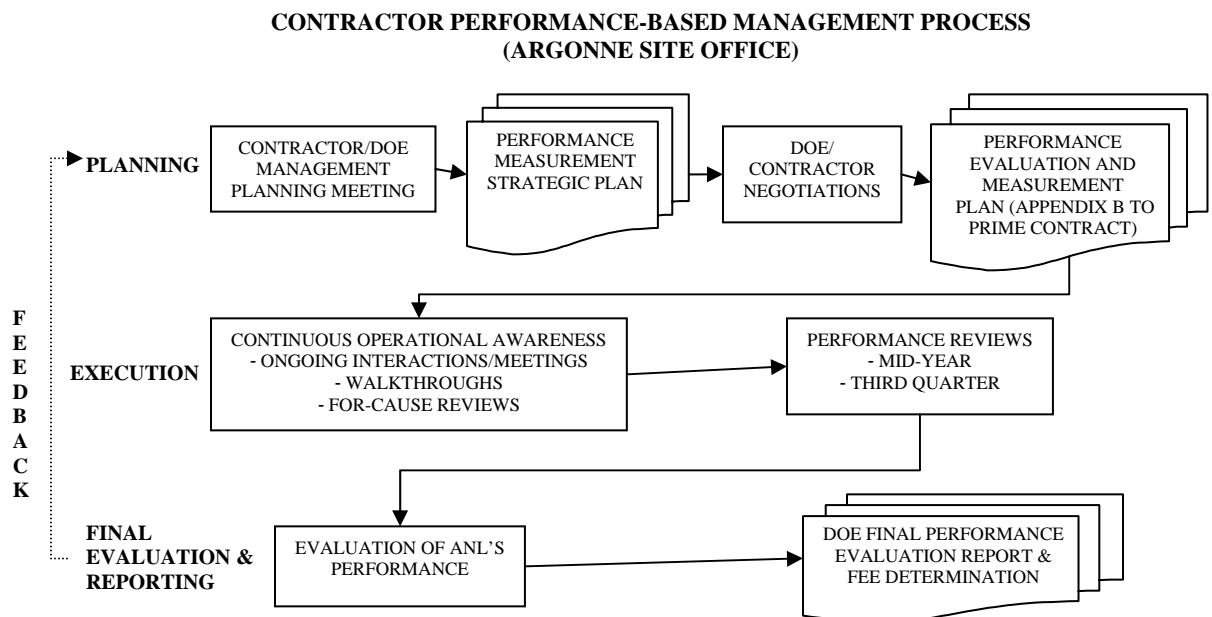
that indicates performance relative to the corresponding Objectives. On occasion, however, it may be necessary to include a process/activity-oriented measure when there is a need for the Contractor to develop a system or process that does not currently exist but will be of significant importance to the DOE and the Laboratory when completed or that lead to the desired outcome/result.

6.2 Overview

ASO SOP 22 – “Implementation of the Contractor Performance-Based Management Process” describes a phased approach to implementation of the performance-based management process and outlines ASO’s roles and responsibilities. This performance-based management contract requires the use of performance measures for managing the Laboratory’s performance. Specifically, Clause H.14 “Standards of Contractor Performance Evaluation” paragraph (a) states: “...The Contractor will utilize a comprehensive performance-based management approach for overall Laboratory management. The performance-based management approach will include the use of objective performance measures, agreed to in advance of each performance evaluation period, as standards against which the Contractor’s overall performance of the scientific technical, operational and managerial mission obligations under this Contract will be assessed.”

In addition, Clause H.29 “Performance Based Management and Oversight” further states that performance targets shall be established through the Performance Evaluation and Measurement Plan (PEMP) pursuant to clause H.14 “Standards of Contractor performance Evaluation.”

The following diagram reflects the ASO responsibilities for implementing the contractor performance-based management process.



This process is divided into three phases:

1. Planning: This initiation phase includes coordination of an annual Contractor/DOE Management Planning Meeting; development of the performance measurement strategy; and the development and negotiation of objectives, measures, and expectations for the Performance Evaluation and Measurement Plan (Appendix B to the Prime Contract). SOP-22A: Development of Performance Measures and System Assessment Measures outlines the roles, responsibilities, and activities performed during this phase of the process.
2. Execution: On an ongoing basis, ASO conducts operational awareness of the Contractor's performance. There are performance reviews performed at mid-year and the end of the third quarter to assess progress in meeting the expectations. SOP-22B: Execution of the Performance Assessment Plan explains the activities performed during this phase of the process.
3. Final Evaluation & Reporting: At year-end, ASO evaluates the Laboratory's performance. This evaluation includes verification of the Laboratory's self-assessment. The final DOE Performance Evaluation Report documents the assessment and verification outcome and the associated fee determination. SOP-22C: Final Evaluation and Reporting of Contractor's Performance explains the roles, responsibilities and activities of this phase of the process.

### 6.3 Development of the Performance Evaluation Management Plan (PEMP)

The Contractor Performance Evaluation and Measurement Plan (PEMP), as developed in accordance with the Preliminary Guidance for the Office of Science Laboratory Performance Appraisal Process dated May 9, 2005, is incorporated within Section J, Appendix B of the contract and provides the details regarding the current evaluation criteria, performance reviews/determinations as well as how performance-based fee (if any) will be determined. Contract clause I-82 "Total Available Fee: Base Fee Amount and Performance Fee Amount," defines how performance-based fee will be implemented for the Laboratory contract.

The SC-wide laboratory performance evaluation process has standardized the PEMP for all SC Laboratories by utilizing a common set of eight Performance Goals and corresponding Performance Objectives as set forth within the SC guidance mentioned above and documented within the PEMP. The three Performance Goals for Science and Technology and five Management and Operations Goals are as follows:

#### S&T Performance Goals

- Mission Accomplishment
- Construction and Operations of User Research Facilities & Equipment

- Science and Technology Research Project/Program Management

M&O Performance Goals

- Leadership and Stewardship of the Laboratory
- Integrated Safety, Health, and Environmental Protection
- Business Systems
- Operating, Maintaining and Renewing the Facility and Infrastructure Portfolio
- Integrated Safeguards and Security Management and Emergency Management Systems

The overall scoring and grading methodology has also been standardized, utilizing the academia grading scheme identified within Figure 6-3 below. Grades for each of the eight Performance Goals will be posted on the SC website in the form of a Report Card for the Contractor; however, no combined grade for the overall Contractor performance will be provided.

Final Grade	A+	A	A-	B+	B	B-	C+	C	C-	D	F
<b>Total Score</b>	<b>4.3-4.1</b>	<b>4.0-3.8</b>	<b>3.7-3.5</b>	<b>3.4-3.1</b>	<b>3.0-2.8</b>	<b>2.7-2.5</b>	<b>2.4-2.1</b>	<b>2.0-1.8</b>	<b>1.7-1.1</b>	<b>1.0-0.8</b>	<b>0.7-0</b>

**Figure 6-3 - Contractor Letter Grade Scale**

The SC laboratory Performance Goals and their corresponding Performance Objectives provide the framework for evaluation of the Contractor’s yearly progress toward meeting the S&T strategic goals for the Laboratory and ensuring the Contractor is managerially and operationally in control, meeting the requirements of the contract. The performance objectives, measures and expectations contained in the PEMP are intended to: (1) enhance ANL’s ability to accomplish its mission for the DOE; (2) Drive cost-effective performance improvements, focusing on efficient system performance while maintaining appropriate internal controls; and (3) when possible, allow for meaningful trend and rate of change analysis; and encourage benchmarking initiatives as a means of incorporating industry business standards and “best practices” that are meaningful, appropriate and consistent with DOE requirements and deemed to reflect overall successful operations.

In accordance with SOP-22A: Development of Performance Measures and System Assessment Measures, the ASO develops the yearly Performance Evaluation and Measurement Plan (PEMP). The ASO process for implementing the contractor performance-based management process is owned by the ASO Manager. The ASO Manager relies on input from Subject Matter Experts (SME’s) when developing performance measures. (SOP-22A provides additional details to follow when developing the PEMP.) Performance measures are developed in coordination with appropriate headquarters program offices (SC, NE, DP, etc) consistent with the goals and objectives outlined in the Department’s Strategic Plan. If the DOE and Contractor cannot reach agreement on all the goals, objectives, measures, and targets, the Contracting Officer has the unilateral right to establish reasonable new goals, objectives, measures, and targets and/or modify and/or delete existing goals, objectives, measures, and targets. The Performance Evaluation and Measurement Plan should be

negotiated and approved, in accordance with SC guidance, on or before the beginning of each fiscal year.

The following flowchart provides a summary of ASO's performance measurement development process roles & responsibilities:

#### **CHART - TBD**

#### 6.4 Performance Monitoring - Daily Oversight

In addition to providing direction to the Contractor, see Section 4.4, "Technical Direction," the ASO must continuously monitor Contractor performance in meeting all terms, conditions and expectations set forth within the contract. The ASO Manager has lead responsibility to monitor the achievement of performance goals and objectives within the PEMP and relies on the ASO/ISC Subject Matter Experts, in cooperation with ANL, to monitor the progress of meeting the expectations outlined in the PEMP. Oversight is to be achieved in accordance with the ASO SOP-22B "Execution of the Performance Evaluation and Measurement Plan" which outlines the procedures for annual execution of the PEMP. ASO's execution phase is defined in the following flow chart:

#### **CHART – TBD**

As defined in SOP-22B, the PEMP is followed for monitoring and validation purposes. SME's are responsible for fulfilling DOE's oversight and evaluation role. ASO oversight activities should ensure work being conducted by the Contractor is consistent with the established contract and plans, and those applicable requirements (e.g., statutes, Federal, State, and Local Laws/Regulations, DOE Directives, and policies). Oversight does not include controlling the way the Contractor is doing the work, except where imminent environmental, safety, or health hazards have been identified.

The objectives, measures and expectations contained in the PEMP become the basis for ongoing oversight activities and periodic reviews of the management and operation of ANL. Much of the information required to monitor the Contractor performance should be available through regular reporting mechanisms. Confirmation of this data can be made through periodic meetings and reviews, Laboratory visits, one-on-one discussions, observations, assessments, and walkthroughs. Oversight activities can be formal or informal and include telephone, facsimiles, e-mail, written communications, and direct discussions. In addition,

physical presence and observation of work is necessary in many instances such as conduct of operations, procedure compliance, and progress verification. ASO personnel are encouraged to have an active presence and visibility where the work is being performed and to cultivate strong partnerships with their Contractor counterparts.

In accordance with FAR 42.302, periodic project, program, or functional surveillances and independent assessments may be performed by ASO and others to determine the Contractor's progress and to identify any factors that may delay performance or adversely be affecting environmental protection or protection of worker health and safety. The CO, CORs, and other designated staff in support of the CO and CORs, shall perform periodic surveillances against established criteria. The ASO is responsible for determining the extent of surveillances to be performed, to include those conducted by SC ISC organizations that provide subject matter support and expertise to the ASO.

Oversight is performed by the ASO Site Manager, CO, and other ASO staff, and may include assistance from SC ISC support staff. If applicable, oversight performed by individuals outside of the ASO shall be coordinated with ASO Site Manager, ASO staff, and/or CO as appropriate.

#### 6.4.1 Direction Resulting from Performance Oversight

As a result of performance oversight activities, it may be determined that additional guidance or direction needs to be provided to the Contractor. This direction should be provided via the methods described in Section 4.1, "Formal Communications." In cases of imminent environmental, safety or health hazards, stop work authority may be exercised pursuant to ASO SOP-16: Stop Work and Shutdown of Facilities for Safety or Environmental Reasons.

#### 6.4.2 Roles in Contract Performance Oversight

Oversight is performed by the ASO CO, and other staff, to include SC ISC support staff, which have responsibility for the oversight of work scope being performed by the Contractor. This oversight also includes the Facility Representatives and the Environment, Safety and Health Subject Matter Experts who perform a key role in Contractor oversight. DOE-HQ, regulators, and others may provide additional oversight assistance at various times. Compliance with applicable Federal, State, and local laws and regulations, and permits and licenses, shall be primarily determined by the cognizant regulatory agency and DOE will primarily rely upon the determination of the external regulators in assessing Contractor compliance in such areas. However, DOE as co-permittee conducts oversight to verify compliance with permit conditions. Oversight performed by DOE individuals outside of the ASO shall be coordinated with ASO staff, COR(s), and/or a CO as appropriate.

Argonne National Laboratory is owned by the Department of Energy (DOE) and operated by the University of Chicago under contract with DOE. DOE has signed the application as owner of the facility. DOE and the University of Chicago have both signed the application as co-operators of the facility. The DOE is responsible for policy, programmatic, funding and scheduling decisions, as well as general oversight. The University of Chicago is responsible for day-to-day operations, including but not limited to, monitoring, record keeping, facility maintenance, and reporting.

#### 6.4.3 Methods of Contract Performance Oversight

Oversight is conducted through various means and the methods used depend upon the information needed. It is the ASO's desire to conduct oversight in a cost-effective, coordinated, integrated, and efficient manner that is seamless to the Contractor. Many oversight activities are initiated by request from the Contractor for ASO review and concurrence in, or approval of, Contractor proposals, plans, records of decision, and procedures. The ASO shall maintain a matrix identifying primary and secondary personnel with responsibility for oversight of Contractor management systems, and/or review and concurrence/approval of Contractor requests.

Oversight and evaluation may be conducted via operational awareness. Ongoing operational awareness activities may include:

- Routine Contract Administration – Communications
- Transaction/System Approvals
- For-Cause Reviews
- Demonstration/Pilot Projects
- Contractor Management Reporting/Meetings
- Responses to External Audits/Reviews/Inquiries
- Participation in Contractor Self-Assessment
- ASO Conducted Inspections, Audits and Reviews
- ASO Walkthroughs and Surveillance

Much of the information required to monitor the Contractor performance should be available through regular reporting mechanisms. Confirmation of this data can be made through periodic meetings and reviews, Laboratory visits, one-on-one discussions, observations, assessments, and walk-throughs. Oversight activities can be formal or informal and include telephone, facsimiles, e-mail, written communications, and direct discussions. In addition, physical presence and observation of work is necessary in many instances, such as conduct of operations, procedure compliance, and progress verification. ASO personnel are encouraged to have an active presence and visibility where the work is being performed and to cultivate strong partnerships with their Contractor counterparts. The ASO staff and management have full, unfettered access to Laboratory information and work areas, following appropriate ES&H and security protocols for each work area. Oversight also includes risk

assessment, performance objectives/measures, self-assessments, annual reviews, and “For Cause” reviews.

## 6.5 Performance Evaluation/Fee Determination

### 6.5.1 Evaluation

Evaluations of Contractor performance shall be completed as prescribed within the approved PEMP, Clause H.14 “Standards of Contractor Performance Evaluation”, and Clause H.29 “Performance Based Management and Oversight”.

Clause H.14 requires the Contractor to conduct an ongoing self-assessment process as the principal means of determining its compliance with the Statement of Work and performance measures identified within Appendix B. To assist the DOE in its evaluation of Contractor performance the Contractor shall provide a formal status briefing and a formal self-evaluation at fiscal mid-year and year-end. In addition, the Contractor shall provide periodic updates, as requested by DOE.

On an annual basis, the Contracting Officer shall provide a written assessment of the Laboratory’s performance to the Contractor. This assessment is developed by ASO and issued to the Contractor within the second quarter following the end of the evaluation period. The overall performance against each Performance Objective within the PEMP, to include the evaluation of Performance Measures identified for each Objective, will be evaluated jointly by the appropriate HQ office or major customer and the ASO. This cooperative review methodology will ensure that the overall evaluation of the contractor results in a consolidated DOE position taking into account specific Performance Measures as well as all additional information not otherwise identified via specific Performance Measures. The ASO will work closely with each HQ program office and other major customers throughout the year in evaluating the laboratory contractor’s performance. The ASO should provide observations regarding programs and projects as well as other management and operation activities conducted by the Contractor throughout the year.

An annual SC Performance Evaluation Meeting with the ASO Manager, appropriate SC Program ADs, and other DOE HQ representatives or major customers, and the Director of the Office of Science, will be scheduled and held following the end of each evaluation period. This meeting will be utilized to review the Contractor’s performance within each Performance Goal/Objective and gain consensus on the grades and incentives to be awarded.

Three interim evaluations are conducted each year. The first and third quarter reviews are informal where the ASO Manager asks for input from ASO Staff/SMEs, with input from ISC Matrix staff, regarding any performance issues. The Laboratory is then notified of any areas of concern which may affect the year end performance rating. The mid-year performance evaluation is more formal and is conducted during April of

each year. ANL submits a mid-year assessment which will be used as the opportunity to evaluate contractor performance against DOE expectations. Reference ASO SOP-22B for the detailed process associated with the evaluation and reporting of contractor's performance.

#### 6.5.2 Determination of Performance-Based Fee

The procedures for determination and payment of Performance-Based Fee are set forth within Prime Contract Clause I.82 "Total Available Fee: Base Fee Amount and Performance Fee Amount". At the conclusion of each specified evaluation period, the ASO shall evaluate and/or validate the Contractor's performance and determine the total available fee amount earned in accordance with the Appendix B "Performance Evaluation and Measurement Plan" of the contract. A written recommendation of payment of fee, along with documentation gathered during the validation effort, shall be prepared and presented at the annual SC Performance Evaluation Meeting with the ASO Manager, appropriate SC Program ADs, and other DOE HQ representatives or major customers, and the Director of the Office of Science. SC-1 and HCA concurrence is to be gained prior to final approval by the ASO Manager of the amount of fee to be awarded.

The fee allocation strategy for the Laboratory contract is based on the principle that performance-based fee should be viewed as beneficial to motivate the correct sets of behaviors from the contractor; that if the Contractor performs well, more fee should be earned than if the Contractor did not perform well. This strategy is consistent with the principles of contract reform. This principle leads to a strategy of incrementally rewarding exemplary performance rather than incentivizing particular activities and deliverables. Such a strategy transcends a narrow focus on individual outputs and elevates the performance discussion to the level of performance aligned with the overall mission and agenda of the institution.

The lack of Performance Goals, Objectives, Measures, or Targets within a PEMP does not diminish the need for the laboratory contractor to comply with minimum contractual requirements. Although the Performance Goals and their corresponding Performance Objectives are to be the primary means utilized in determining the contractor's performance grade and/or amount of performance-based fee earned, the Contracting Officer may unilaterally adjust the rating and/or reduce the otherwise earned fee based on the contractor's performance against all contract requirements. Data to support grade and/or fee adjustments may be derived from other sources as described within section 6.5.1 above. The adjustment of a grade and/or reduction of otherwise earned fee should be determined by the severity of the performance failure and mitigating factors. (See Clause I.83 "Conditional Payment of Fee, Profit, and Other Incentives – Facility Management Contracts".)

The final laboratory contractor performance grades and fee earned will be determined during the annual SC Performance Evaluation Meeting discussed above and contained within the year-end report, documenting the results from the DOE review. Upon approval from the SC Director, the

ASO Manager will issue the final DOE Performance Evaluation Report and Fee Determination. The report is to identify areas where performance improvement is necessary and, if required, provide the basis for any grade and/or fee adjustments made from the otherwise earned grades or fee based on Performance Goal achievements.

### 6.5.3 Payments

The contract clause "Payments and Advances" (I-102) provides for payment of total available fee. The base fee amount, if any, is payable in equal monthly installments. Total available fee amount earned is payable following the Government's Determination of Total Available Fee Amount Earned in accordance with Clause I.82 "Total Available Fee: Base Fee Amount and Performance Fee Amount". Base fee amount and total available fee amount earned payments shall be made by direct payment or withdrawn from funds advanced or available under the contract, as determined by the Contracting Officer. No base fee amount or total available fee amount earned payment may be withdrawn against the payments cleared financing arrangement without the prior written approval of the Contracting Officer.

A special payments-cleared financing arrangement is used by the Contractor for allowable costs and fee associated with the work performed. Funds are provided by the Federal Reserve Bank through a Banking Agreement (Section J, Appendix C) to cover the Contractor's costs. Annually, the Contractor certifies a Statement of Costs Incurred and Claimed as set forth within the contract clause I.102 "Payments and Advances".

## 7.0 Risk Management

### 7.1 Risk Management Process

Contract clause I-76 "Management Controls" requires the Contractor to submit, on an annual basis, an assurance to the CO, by the Vice President for ANL, that the system of management controls is adequate to assure that the objectives of the management system are being accomplished and that the systems and controls are effective and efficient. To meet this requirement, the Contractor, in accordance with paragraph C-3.3 "Performance Objectives and Measures" of Section C of the contract, must develop and implement a "Laboratory Assurance Process," acceptable to the CO. The assurance process is to reflect an understanding of the risks, maintain mechanisms for eliminating or mitigating the risks, and maintain a process to ensure that the management systems and their attendant assurance process (es) meet contract requirements.

The Contractor's assurance process utilizes a number of methods and processes for ensuring management systems and controls are being effectively and efficiently utilized and that the systems and controls are

operating as designed. These methods/processes include, but are not limited to:

- The Contractor Self-Assessment Program;
- Internal Audit Program;
- Integrated Safety Management including an Environmental Management System Program;
- Integrated Security Program;
- FMFIA Vulnerability Assessments; and
- Independent Third-Party Nationally Recognized Expert Reviews

The Contractor's assurance process will be utilized by the ASO as a primary tool to determine if the objectives of the Contractor's management systems and controls are being accomplished and that the systems and controls are effective and efficient. The utilization of this process will help meet the desired results of this contract to "manage the contract" while streamlining and improving the efficiency and effectiveness of federal line management, focusing on a systems-based approach to federal oversight with increased reliance on the results obtained from the resources resident within the assurance process.

Of the processes identified above the Contractor utilizes self-assessment as a primary mechanism for evaluating the overall effectiveness of its integrated management systems and to promote continuous improvement. A key to the performance-based management and evaluation process employed by the ASO is the utilization of self-assessment as a tool for evaluation of the Contractor's management systems and controls. Self-assessment plans are to be developed and maintained by each directorate/management system, in cooperation with both their internal and external (ASO, HQ, or other) counterparts. These plans cover all aspects of the management and operations of the Laboratory to include, but not limited to, mission areas; ES&H; safeguards and security; facility operations; financial management and cost control; procurement; and human resources. The ASO is to work with their Contractor counterparts throughout each year to track, verify, and validate the progress of the Performance Goals and Objectives set forth within the PEMP discussed above and the individual Directorate-level/management system self-assessment plans.

## 7.2 Key contract vulnerabilities/Performance Risk Areas

ANL has a Project Management System (PMS) that meets the requirements contained within DOE O 413.3, Project Management for the Acquisition of Capital Assets. The Order and ANL PMS requires project specific risk plans.

The most critical success factor for Argonne is continued access to world-class scientific and technical staff. Retention and recruitment of excellent staff, coupled with close relations with first-rank research institutions both within and outside the DOE lab system are the most critical elements in

maintaining and building ANL's core science and technology program. In The recruitment of first-rate staff is threatened by the uncertainties related to the current budgets.

### 7.3 Post-Contract Liabilities

The following are specific areas which may have the potential to pose post-contract liabilities. It is believed that the current terms of the prime contract and departmental policy adequately address such potential liabilities:

- Existing liabilities e.g. follow-up programs for certain beryllium and radiation workers
- Possibility of future litigation related to ANL work
- Personnel compensation and benefits

### 7.4 Inspection and Acceptance

Processes regarding inspection and acceptance testing are identified in the ASO Quality Assurance Program. ASO has responsibilities for accomplishing inspection and acceptance testing of quality-related items, processes, or services. Two methods are used. At the end of each fiscal year ANL performance is measured against established contractual expectations. This is accomplished through ASO SOP-22C Final Evaluation and Reporting. In addition, for the acceptance of specific project accomplishments, ASO SOP-20 Measuring Project Performance Against Project Baselines applies to the project work. ASO also accepts ANL products through (1) ASO SOP-7 (Nuclear Facility Safety Oversight), (2) ASO SOP-9 (Operational Readiness Review (ORR) and Readiness Assessment (RA) Procedure for Authorizing Startup and Restart of Nuclear Facilities), and (3) ASO SOP-15 (Review/Approval of Accelerator Safety Documentation; Accelerator Readiness Reviews). Through ASO oversight of ANL operations and facilities, ANL is evaluated to ensure an appropriate inspection and acceptance testing process is implemented.

## 8.0 Environment, Safety, And Health (ES&H) and Security Protection

The protection of the safety and health of all employees, the public, and the environment, as well as the security of DOE assets, shall be paramount throughout performance of the Laboratory contract. This protection is primarily carried out through the Contractor Integrated Safety Management System (ISMS), which is required under Clause I.86 – Integration of Environment, Safety, and Health Into Work Planning and Execution. The contractor shall manage and perform work in accordance with a documented Safety Management System, which requires the review and approval of the Contracting Officer.

In addition, ASO has developed an ASO ES&H Program Plan which describes ASO line management responsibilities and associated activities to ensure the development, continued maintenance, and improvement of the ANL ISMS. The ES&H requirements are institutionalized through the ANL ISMS. This program represents ASO implementation of DOE Policy

450.5, "Line Environment, Safety and Health Oversight" and DOE O 450.1, Environmental Protection Program.

ASO has established an ASO ES&H Program and Policy that ensures that the ANL ISMS is implemented effectively. This ASO oversight policy is based on the following premises:

- DOE P 450.5 continues to be an effective policy for line oversight
- A vigorous contractor self-assessment program is the cornerstone
- DOE line oversight and contractor self-assessments ensure ISM is effectively implemented
- DOE line oversight is cost effective, coordinated, integrated, and efficient
- Independent oversight complements DOE line oversight
- DOE oversight scope/frequency is risk-based and performance-based

ASO is responsible for developing an ISM program and overseeing implementation of the ISMS at ANL. Each ASO team has distinct roles and fulfilling responsibilities to achieve the goals of the ASO ES&H Program. The ASO ES&H Program Plan further defines roles and responsibilities associated with the ASO ES&H Program.

## 9.0 Closeout

Once the contract is completed, the ASO and the Contractor will enter into the closeout phase. This formal process establishes the final conditions surrounding the Contractor's performance of the contract. Emphasis is placed on:

1. The status of Government property that the Contractor was responsible for and the laboratory clearance of that property which has or shall be disposed.
2. A list of Post-Contract Liabilities (e.g., the sum total of liabilities for Contractor employees and their beneficiaries) including a strategy for dealing with these liabilities.
3. Reconciliation of funding, and settlement of final indirect cost rates and factors.
4. Classified information and special nuclear materials accountability, and termination of DOE-access authorizations (security clearances).
5. Resolution of unresolved claims made against the Contractor and ASO, and final settlement of subcontracts.
6. Resolution of performance evaluations and fee determination/payment, release of the Government from continuing liabilities, and other legal, technical and programmatic activities needed to end the contracting relationship.
7. Transition to a successor contractor, if applicable.

In accordance with Clause I.46 – Continuity of Services, the Contractor recognizes that the services under this contract are vital to the Government and must be continued without interruption and that, upon contract expiration, a successor, either the Government or another Contractor, may continue them. The Contractor agrees to furnish phase-in training, and exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.

8. Agreement will be reached with DOE concurrence between the former contractor and the new contractor regarding appropriate records to be transferred and/or retained at ANL.