

PART III – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS

SECTION J

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SECTION J

APPENDIX A

STATEMENT OF WORK

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CHAPTER I. Objectives, Scope, and Requirements

1.0 OBJECTIVE

The objective of this Contract is to obtain nuclear production services to support National Nuclear Security Administration (NNSA) and broader national security requirements. This objective includes obtaining services to meet the production requirements derived from the nuclear weapons stockpile plan updated and released by the President of the United States annually. The Contractor shall be fully responsible for high-hazard enriched uranium, special nuclear material (SNM), high-explosive and nuclear weapon assembly/disassembly functions to support NNSA Stockpile Stewardship and Management Program activities directed by the Office of Defense Programs (DP). The Contractor shall function as the single integrating contractor for scheduling parts and performing material logistics within the Nuclear Security Enterprise (NSE). The Contractor shall provide a single management structure and interface to the Government for integrating production across the NSE.

NNSA tritium supply management functions are also included in Contractor responsibilities if this option is exercised. Furthermore, the Contractor shall directly support the NNSA Offices of Naval Reactors and Nuclear Non-Proliferation in addition to other Department of Energy (DOE) offices. Beyond DOE/NNSA, the Contractor shall provide unique services to ongoing missions for other Government agencies or privately owned organizations on a non-interference basis with the DOE/NNSA workload.

This statement of work includes two Contract Line Item Numbers (CLINs). CLIN 0001 covers the management and operation of Pantex and Y-12 for the initial five year base with sub-CLINs for three option periods, transition of SRTO, and inclusion of SRTO, respectively. CLIN 0002 covers the Uranium Processing Facility (UPF) at Y-12.

In addition to achieving Presidential goals outlined in the April 2010 Nuclear Posture Review, this Contract will fully support the DOE and NNSA Strategic Plans and will strengthen NNSA's vision for a fully integrated and interdependent Nuclear Security Enterprise (NSE), consisting of all eight NNSA sites, by achieving the following four specific objectives:

- (i) Improving performance in the completion of national security missions for nuclear production operations;
- (ii) Transitioning and merging operations at geographically-dispersed centers of excellence for: nuclear weapon assembly/disassembly; enriched uranium; SNM; high-explosive production; and, tritium supply management under a single Contract;
- (iii) Reducing the cost of performing work; and
- (iv) Requiring actions that support operation as an integrated DOE/NNSA enterprise.

This Contract does not affect the physical location of nuclear production center of excellence designations at the respective sites.

2.0 BACKGROUND

2.1 The NNSA Mission

The NNSA, established by Congress per the NNSA Act (Title XXXII of the National Defense Authorization Act for Fiscal Year 2000, Public Law 106-65) as a semiautonomous element within DOE, is responsible for the management and security of the nation's nuclear weapons, non-proliferation, and naval propulsion programs. It also responds to nuclear and radiological emergencies in the United States and abroad, and NNSA federal agents provide safe and secure transportation of nuclear weapons, components and special nuclear materials.

2.2 The NNSA Organization

NNSA relies on Management and Operating (M&O) Contractors to manage day-to-day site operations and to adhere to its policies when operating its laboratories, production plants, and other facilities in the NSE. Together, the M&O Contractors implement NNSA's all-encompassing Stockpile Stewardship Program managed by Defense Programs that includes operations associated with surveillance, assessment, maintenance, refurbishment, manufacture and dismantlement of the nuclear weapons stockpile as well as research, development and certification efforts.

2.3 Becoming an Enterprise

Overall, the NNSA needs to carry out its mission within research, development, and manufacturing organizations that are integrated, efficient, and cost effective. Work must be aligned with requirements received from key customers in a manner that strives to retain the intellectual excellence and key infrastructure capabilities demanded by national interests.

Throughout the 1990s, the DOE/NNSA took steps to consolidate to its current configuration of three national laboratories, four production plants, and a nuclear test site. In an evaluation of the NSE completed in October 2008, NNSA published a Supplemental Programmatic Environmental Impact Statement (SPEIS) that analyzed alternatives for transforming the complex into a smaller more efficient enterprise that responds to changing national security challenges and ensures the long-term safety, security, and reliability of the nuclear weapons stockpile. Two Records of Decision (RODs) informed by this SPEIS were published in December 2008.

While the RODs look at transforming the physical infrastructure, other initiatives have been undertaken to improve management and business practices. Two councils have been formed: one among the Contractor senior management and another among the federal site managers. The main function of these councils is to improve the integration and communication within the enterprise. Also, governance reform is an NNSA management initiative that focuses on developing a partnering relationship between the federal team and the supporting M&O Contractors.

2.4 Location of Performance

The three sites under this Contract are:

- 2.4.1** Y-12 National Security Complex (Y-12): Y-12 is a Government-owned site located in Oak Ridge, Tennessee, on approximately 800 acres within the 34,000 acre Oak Ridge Reservation. The NNSA facilities at Y-12 consist of over 350 buildings with approximately 5,800,000 gross square feet (gsf). Another 1,730,000 gsf are facilities that are the responsibility of the Office of Science, Office of Nuclear Energy, or the Office of Environmental Management.
- 2.4.2** Pantex Plant (PX): PX is a Government-owned site located near Amarillo, Texas, on approximately 10,500 acres at Pantex Plant proper and 1,100 acres of detached property called Pantex Lake, approximately 2.5 miles northeast of the main plant site. In addition, PX leases 5,800 acres south of the plant as a security buffer. The total acreage under Federal control is approximately 17,400 acres. The facilities on the site consist of 638 buildings comprising approximately 3,110,000 gsf.
- 2.4.3** Savannah River Tritium Operations (SRTO): SRTO is within the Savannah River Site (SRS) which is a Government-owned Environmental Management site located in south-central South Carolina and occupies approximately 198,420 acres in Aiken, Barnwell, and Allendale Counties. SRS is approximately 15 miles southeast of Augusta, Georgia, and 12 miles south of Aiken, South Carolina. The NNSA SRTO consists of approximately twenty-nine acres centrally located within the site. The SRTO facility is comprised of 32 buildings consisting of approximately 377,809 gsf.

3.0 SCOPE

This Contract is comprehensive with an objective to perform all necessary operational, coordination, and management functions at Y-12, PX, and SRTO (should this option be exercised) required to support NNSA and broader national security missions assigned to these sites. This includes but is not limited to all ongoing missions and functions, as well as those that may be assigned during the term of the Contract. It further includes all infrastructure management and maintenance; information technology; human resource management including critical skills recruitment and retention; environmental management; health, safety and security systems; and purchasing and other administrative systems.

In the execution of this Contract, and particularly program integration, the Contractor shall meet rigorous quality and reliability standards essential for the U.S. nuclear deterrent; maintain sufficient production capacity and produce at rates defined in planning documents; and implement flexible production management and execution processes to accommodate a dynamic national security environment. The Contractor shall balance risk management and cost reduction initiatives to provide increased value to the Government. This applies both internally to this Contract and to improving the overall cost efficiency of the NSE.

The Contractor shall be fully responsible and accountable for the safe and secure accomplishment of all work, whether performed by its own personnel or team members, including subcontractors. The Contractor shall be responsible for planning and coordinating production schedules; integrating, managing and executing the programs; supporting and executing large and small projects; and completing operations and other activities as described in this Statement of Work.

3.1 Mission

The Contractor shall safely and securely complete all mission responsibilities and improve performance in the completion of national security missions for nuclear production operations and all other national security missions, as applicable. NNSA has a Work Breakdown Structure (WBS) that is discussed further in Section J, Appendix F, Work Breakdown Structure. At a minimum, the Contractor shall:

- (i) Sustain the necessary workforce and exercise essential capabilities for: nuclear weapon assembly/disassembly, enriched uranium and lithium, SNM, high-explosive production, and tritium supply management centers of excellence;
- (ii) Maintain authorization basis for high-hazard operations;
- (iii) Operate high-hazard chemical processing facilities and systems within approved authorization basis;
- (iv) Assure the availability of core capabilities, regardless of stockpile size;
- (v) Implement and oversee the nuclear explosive and weapons surety program to include nuclear weapon/nuclear explosive safety, security and use control;
- (vi) Sustain and modernize the infrastructure;
- (vii) Interface with and support other contractors performing work at any of the sites;
- (viii) Balance available resources to meet mission requirements and infrastructure sustainment while maintaining safe, secure, environmentally compliant and responsive operations; and
- (ix) Effectively partner with other Contractors within the NSE to manage the master schedule for all production activities and be responsible for the execution of uranium, SNM, high explosives, nuclear weapons assembly/disassembly, dismantlement, and surveillance functions in support of the Stockpile Stewardship Program. In performing this responsibility, issues between the NSE contractors will be brought to Defense Programs management for resolution.

3.2 Merging of Operations

The Contractor shall merge operations, in accordance with Section J, Appendix D, Merger Transformation Plan, at geographically-dispersed centers of excellence for: nuclear weapon assembly/disassembly; enriched uranium; SNM; high-explosive production; and, tritium supply management (if exercised by option) under a single Contract. At a minimum, the Merger Transformation Plan shall describe how the Contractor will:

- (i) Manage merger of operations without negatively impacting mission;
- (ii) Ensure critical skills necessary to maintain capabilities;
- (iii) Identify and streamline redundant technical and business operations across the sites under this Contract;
- (iv) Incorporate governance (Section J, Appendix A, Chapter I, 4.4); and
- (v) Maintain relationships and regulatory interfaces, and assume responsibility for permits with local, State and Federal entities, other DOE offices, and stakeholders.

3.3 Scope and Financial Management

The Contractor shall support the DOE/NNSA Planning, Programming, Budgeting and Evaluation (PPBE) process. In supporting PPBE, the Contractor shall provide financial data for Government systems, such as:

- Standard Accounting and Reporting System (STARS)
 - STARS information is provided under the Institutional Cost Reporting Categories
- iMANAGE
- Enterprise Portfolio Analysis Tool (EPAT)
 - The EPAT information shall be collected in accordance with the Work Breakdown Structure (WBS) (see Section J, Appendix F)
- Facilities Information Management System (FIMS)

The Contractor shall maintain financial cost reporting systems to provide detailed cost reports for cost, scope, and schedule for direct and indirect costs for all work performed under this Contract. The cost reports shall include labor costs, leave/hours not worked, staff augmentation, fringe, pension, legacy, materials, services-subcontractors, direct service centers, other expenses, capital, labor category, and full-time equivalent (FTE) resource usage for all direct and indirect costs and utilize cost benefit analyses to determine the appropriate level of support functions and risks. The Contractor shall provide NNSA transparency into those financial cost reporting systems and shall provide routine reports to allow NNSA visibility into program and cost management supporting reports to external sources (see Section J, Appendix O). The Contractor's financial cost reporting systems shall support the DOE STARS, iMANAGE, EPAT and support systems, such as FIMS, as well as other Government systems as they are developed and implemented.

The NNSA will provide the initial cost information, FTE data and scope framework on the effective date of the Contract. The Contractor shall develop a baseline for all Contractor direct programs and indirect support costs in accordance with DOE institutional cost reporting categories as found in Section J, Appendix M, Institutional Cost Reporting, and utilize the WBS reporting structure for further program granularity, as applicable and as it continues to develop within NNSA. The baseline shall include cost, scope of work, and schedule with a change control process. Baselines will be utilized for implementing the cost reduction features under this Contract. The baseline will be reviewed and approved annually by the Contracting Officer.

The Contractor shall have in place tools to: 1) manage mission and indirect changes in scope, cost, and schedule; 2) compare actual costs of work performed (ACWP) to budgeted costs of work performed (BCWP); 3) accurately forecast estimated costs to complete (ETC) and estimated total costs at completion (EAC); and 4) document deviations from the baselines described above in this paragraph and, on a timely basis, notify the Contracting Officer of such changes. The Contractor shall not make retroactive changes to records pertaining to work performed that will change previously-reported costs, except for correction of errors and routine accounting adjustments and not make retroactive changes for funding fluctuations or revisions in EAC.

3.4 Enterprise Success

The Contractor shall participate with NNSA and other NNSA M&O Contractors as part of an "enterprise organization" to evaluate, plan, develop and implement strategic initiative activities that optimize mission and business operations across the NSE. The goal of these initiatives is to increase the efficiency and cost effectiveness from a business and mission perspective, to include:

- Reduced operational costs enterprise-wide,
- More consistent work practices and operational processes,
- Better pricing, better products, more timely delivery,
- Reduced administrative costs and lead times for both the Contractor and the DOE/NNSA,
- Greater standardization and interchangeability across the NSE; and
- Increased awards to small business entities.

NNSA expects these and other initiatives to result in a shift to an enterprise focus, based on the Contractor who possesses the most expertise and experience level within the NSE.

The Contractor shall cooperate with NNSA and NSE Contractors in identifying potential cross-NSE benefits to be derived from implementing common practices and goals across the NSE in the areas of mission workload and enterprise functional support.

The Contractor and NNSA shall establish performance incentives with performance measures and targets for strategic efforts that result in enterprise performance improvement overall for the Government.

4.0 ADMINISTRATIVE AND TECHNICAL REQUIREMENTS

4.1 Integrated Safety Management (ISM), Integrated Safeguards and Security Management (ISSM), Environmental Management System (EMS), and Quality Assurance Systems (QAS)

The Contractor shall ensure that ISM, ISSM, EMS, and QAS are integrated into its operations and that its Contractor Assurance System (CAS) reflects Contractor integrated performance related to these systems.

4.2 Work Authorization (WA) System

Specific work requirements under this Contract will be established annually and updated as needed by the Contracting Officer in accordance with the applicable DOE Order and the Contract's Section I Clause entitled "DEAR 970.5211-1, Work Authorization."

4.3 Information Technology (IT)

The NNSA seeks to optimize the efficiency of the NSE through the NNSA Network Vision (2NV) that seeks to consolidate IT infrastructure/services and eliminate redundant systems, to increase efficiency through mobility and cloud computing, and to improve business processes to better integrate across sites. To accomplish these goals, the Contractor must evaluate feasibility of removing redundant systems by completing a careful examination of existing systems and architecture across the sites to develop a single, integrated "to-be" vision that utilizes the best available technologies and management practices from both Government and commercial sources to improve and achieve performance excellence, including fiscal efficiency. With respect to production, these efforts shall include, but are not limited to, the implementation of multi-site, integrated manufacturing based information systems that support weapons production, special nuclear material (SNM) accountability, production scheduling and flow, surveillance, weapon retirement, process knowledge archiving, and preservation of production and certification records. Desktop and back-office computing capabilities should be compatible with those used by NNSA entities. Back-office functions shall include, but not be limited to, payroll, finance, project management, human resources, etc.

The Contractor shall deliver, within 180 days of the Base Term, a draft "to-be" architecture and information technology transition plan that integrates production and business systems at Pantex and Y-12, and further considers integration of SRTO as directed by the Government in a manner that is consistent with the overall enterprise and yields the best value to the Government. This plan shall present a cost and schedule baseline against which performance can be measured. Specifically, the plan must address network consolidation to generate cost efficiencies, mobility to replace manual processes and facilitate a mobile work environment, data center consolidation to generate energy savings, and cloud computing to improve business agility. In addition, the plan must consider (where feasible) replacement of legacy applications with Commercial Off the Shelf (COTS) systems, elimination of redundant IT systems, and collection of data in accordance with DOE or industry standards to improve NSE interoperability.

If the Contractor plans to offer an IT deliverable that is not Internet Protocol version 6 (IPv6) and Homeland Security Presidential Directive (HSPD)-12 compatible, the Contractor agrees to (1) obtain the Contracting Officer's approval before starting work on the deliverable; and (2) provide a migration path and firm commitment to upgrade to IPv6 and HSPD-12 compatibility for all application and product features.

The Contractor, prior to using any Contractor-owned software and systems where reimbursement is expected, shall request approval by the Contracting Officer. The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any Contractor-owned software and systems brought in and used. Said license shall be limited to the continued nuclear production work by successor Contractors.

4.4 Governance

Governance is the system of management and controls exercised in the stewardship of the organization. The governance system shall be consistent with NNSA governance documents (NAP-21 included in Section J, Appendix N, List of Applicable Directives). Contractors must self govern and deliver mission results in a safe and secure manner. The Contractor shall implement governance through a collaborative partnership with NNSA to form the self-governance framework by which the mission is accomplished in an effective and efficient manner. The governance framework invokes trust and confidence between parties, defines expectations and authorities and verifies performance by utilizing objectives, requirements, assessments, metrics and rewards. The Contractor will focus on NNSA transformation activities that maximize the ability to complete the mission in a way that ensures effective and efficient stewardship of the taxpayers' money. The Contractor shall streamline operations and reduce costs to maximize mission accomplishment through a common understanding of expectations and performance accountability, supported by a strong Contractor Assurance System (CAS). The Contractor shall have a CAS as a subordinate and supporting feature of Governance as described in 4.4.1 below.

4.4.1 Contractor Assurance System: The Contractor shall have a Contractor designed and utilized system to manage performance consistent with Contract requirements. The CAS shall be a primary tool used by Contractor management to measure and improve performance, ensure that mission objectives and Contract requirements are met; ensure that workers, the public and the environment are protected; and ensure that operations, facilities, and business systems are efficiently and effectively operated and maintained. An effective CAS integrates Contractor management, supports corporate parent governance and facilitates Government oversight systems as described in NAP-21. NNSA oversight shall not be relied upon by the Contractor as the primary feedback in assessing its performance. The Contractor is fully accountable for performing its own assessment of these areas.

- 4.4.2** Standards and Directives Reform: The Contractor shall submit a plan during the Transition Term that identifies standards (e.g., ISO 9001, 14001, 18001, or other international or industry standards) to be utilized to replace other DOE requirements and provide the ability for the Contractor to operate with industry best practices. The plan shall describe how quickly the Contractor will achieve ISO certifications or other recommended standards but commit to completion no later than by the end of the second year of the Base Term. In addition, the Contractor, as part of its governance, shall continuously evaluate and examine DOE directives, orders, and requirements to propose needed exemptions or modifications to allow the Contractor to operate in the most effective and efficient manner and to assist in delivering cost savings to the Government.
- 4.4.3** Parent Organization(s): The Contractor, through its Parent Organizations, shall develop, at a date agreed upon by the Contracting Officer and the Contractor, a multi-year strategy and oversight plan that details (1) its planned efforts and expected accomplishments by year, to continuously improve its management and performance, and (2) the planned efforts and contributions of its Parent Organizations. The Contractor shall also provide an Oversight Plan from its Governing Board (if applicable), which shall be submitted three months prior to each fiscal year for Contracting Officer approval. The Plan shall identify the Board's annual activities to: (1) monitor the Contractor's performance of Statement of Work activities including CAS performance and (2) to assist the Contractor in meeting NNSA's mission and operational requirements. Elements of the plan may be incorporated into the Contractor's Performance Evaluation Plan. The utilization of Parent Organization experts via the Board's activities, which are defined herein as employees of Parent Organization(s), is encouraged for the purpose of achieving improvement in management and performance to resolve deficiencies identified through the Board's oversight or unusual issues encountered in site operations. The Board shall conduct periodic briefings throughout the annual rating period to NNSA management relating their oversight activities against the Plan and effects on production plant performance.

The Contractor is encouraged to identify opportunities for the use of parent corporate systems and corporate home and branch office personnel for site operations for the purposes of monitoring plant performance, assisting the plant in meeting its mission and operational requirements, streamlining the Contractor's administrative and business systems, improving performance, and adapting private sector expertise to plant issues.

The term "systems" means any discrete process, procedure, program, document or instrument where cost of use under this Contract can be identified and quantified to the parent corporation.

The Contractor, prior to using any parent corporate systems or home and branch office personnel where reimbursement is expected, shall submit a plan for review and approval by the Contracting Officer. In reviewing the plan, the Contracting Officer will consider the extent to which each separate element of the plan is more efficient and represents an overall cost savings to the Government versus existing site systems, assists the parent corporation or the Contractor in monitoring plant

performance and in meeting mission and operational requirements or brings value-added expertise to plant issues. The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, paid-up license by or for the Government, in any Contractor-owned software and systems brought in and used. Said license shall be limited to the continued nuclear production work by successor Contractors.

4.4.4 Performance Evaluation Plan: The Contractor shall participate in the formulation of Performance Evaluation Plans (PEP) that covers a defined period of time. The PEP shall include performance objectives, goals and measures.

4.4.5 Performance Metrics: The Contractor shall propose a list of performance metrics that provide Contractor and NNSA management an overall assessment of the “health of the operation” quickly and accurately. Once established, the metrics shall be part of the CAS and be provided with transparency to aid in the identification and understanding of significant performance issues.

4.5 Contractor Human Resources

The Contractor shall have the flexibility to restructure the workforce and make changes to employee benefits throughout the term of the Contract, as may be permitted by this Contract and applicable law, to maximize efficiencies. The Contractor shall be responsible for identification and maintenance of critical skills and for the employment of all professional, technical, skilled, and other personnel engaged and to be engaged by the Contractor in the work hereunder, and for the training of personnel, including apprentice programs. Persons employed by the Contractor or its subcontractors or consultants shall not be deemed employees of the Government. The Contractor shall follow the Human Resources (HR) requirements pertaining to workforce transition and management in accordance with Section J, Appendix A, Chapter III, Human Resources.

4.6 Environmental Permits and Applications

In recognition of the Contractor's responsibility to operate in compliance with all applicable environmental requirements, the Contractor is responsible for signing environmental permits and applications as "operator or co-operator" at the sites.

- (i) If bonds, insurance, or administrative fees are required as a condition for such permits, such costs shall be allowable. In the event that such costs are determined by NNSA to be excessive or unreasonable, NNSA shall provide the regulatory agency with an acceptable form of financial responsibility.
- (ii) The Contractor shall accept, in its own name, service of notices of violations or alleged violations (NOVs/NOAVs) issued by Federal or State regulators to the Contractor resulting from the Contractor's performance of work under this Contract, without regard to liability. The allowability of the costs associated with fines and penalties shall be subject to clauses of this Contract. The Contractor shall notify the Contracting Officer promptly when it receives service from the regulators of NOVs/NOAVs and fines and penalties. Nothing stated above shall affect the Contractor's right to challenge or contest the applicability or validity of such NOVs/NOAVs and fines and penalties.

- (iii) In the event of termination or expiration of this Contract, NNSA will require the new Contractor to accept transfer of all environmental permits executed by the Contractor.
- (iv) For SRTO, if this option is exercised, the Contractor shall be responsible for becoming a party to all regulatory compliance agreements, and licenses and permits issued by any federal, state or local regulatory agency associated with the Statement of Work under this Contract, including those previously executed.
- (v) When providing NNSA with documents that are to be signed or co-signed by NNSA, the Contractor will accompany such document with a certification statement, signed by the appropriate Contractor corporate officer, attesting to NNSA that the document has been prepared in accordance with all applicable requirements and the information is, to the best of its knowledge and belief, true, accurate, and complete.

4.7 Defense Nuclear Facilities Safety Board and Other Government Agencies Support and Liaison

The Contractor shall support NNSA in interfacing with various Government agencies such as the Defense Nuclear Facilities Safety Board (DNFSB), Department of Defense and state regulatory agencies.

The Contractor shall conduct activities in accordance with those DOE commitments to the DNFSB which are contained in implementation plans and other DOE correspondence to the DNFSB. The Contractor shall support preparation of responses to DNFSB issues and recommendations which affect or can affect Contract work. The Contractor shall fully cooperate with the DNFSB and provide access to such work areas, personnel, and information as necessary. The Contractor shall maintain a document process consistent with the applicable DOE manual on interface with the DNFSB. The Contractor shall be accountable for ensuring that subcontractors adhere to these requirements.

4.8 Interfaces with Other Site Users

Within the three sites, there are multiple Contractors responsible for a variety of broad-based programs. Within 60 calendar days after the start of transition for the Base Term and if the option for SRTO is exercised, within 60 calendar days after the start of transition, the Contractor shall develop, for NNSA approval, an Interface Management Plan (IMP) for the affected sites to identify and manage site interfaces/services between DOE, NNSA, DOE/NNSA Contractors, and tenant entities engaged in onsite activities. The IMP should identify any costs related to other site users. The IMP shall also address security in accordance with Section J, Appendix A, Chapter II, 1.2.5, Defense Nuclear Security. The Contractor IMP(s) will become part of the Contract as Section J, Appendix H, Interface Management Plan. For the sites, services that require interface agreements shall be provided in accordance with existing or newly developed memoranda of understanding or other appropriate agreements. The Contractor will provide input to the Nuclear Production Site Office regarding effective support toward common site security and operational objectives. The Government will not consider such input if one contractor has any potential Organizational Conflict of Interest with the other contractor.

4.9 Privacy Act System of Records

The Contractor shall design, develop, and maintain a system of records on individuals to accomplish an agency function in accordance with the Contract's Section I Clause entitled "FAR 52.224-2, Privacy Act". The applicable systems of records are available on the Federal Register. A list of applicable records will be finalized after contract award.

4.10 Cost Reduction

The Contractor shall submit a Cost Reduction Proposal (CRP) in accordance with the Contract's Section I Clause entitled "DEAR 970.5215-4, Cost Reduction".

CHAPTER II. Work Scope Structure

1.0 PROGRAMS

The Contactor shall support the following program activities:

1.1 Defense Programs

1.1.1 Directed Stockpile Work (DSW): The DSW program is responsible for maintaining and enhancing the safety, security, and reliability of the U.S. nuclear weapons stockpile without using underground testing. To meet this goal, DSW provides nuclear warheads and bombs to the Department of Defense (DoD) in accordance with the President's Nuclear Weapons Stockpile Plan. The Plan directs the number and type of weapons that the United States needs to maintain to ensure a credible deterrent. DSW includes weapons and production support programs. These programs are performed to achieve stockpile evaluation, stockpile maintenance, and nuclear weapons assembly and disassembly objectives in accordance with DOE/NNSA requirements plan.

Within DSW, the types of activities include, but are not limited to, the assembly and disassembly of nuclear weapons and individual components in support of Life Extension Programs, the Stockpile Evaluation Program, and dismantlement goals and objectives. In addition, it includes the disposition of weapon components, maintaining a weapons quality control program, providing production information systems, and providing laboratory analytical services. Also, each site performs research, development, testing and engineering work for the current and future production missions in support of the weapon laboratories. At Pantex, the high hazard fabrication of high explosive materials, interim storage of SNM and components, and nuclear weapons assembly/disassembly are key deliverables; Y-12 provides the Canned Subassemblies and Savannah River provides tritium supply management services and loaded reservoirs for the weapons. All operations shall meet DOE/NNSA requirements for nuclear facility safety, criticality safety, and nuclear explosive safety. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) W76 and B61 Life Extension Program (LEP) deliverables;
- (ii) All other LEP deliverables;
- (iii) 800-1200 weapon systems equivalent unit operations per year for assembly/disassembly for: (1) surveillance, LEP and dismantlement; (2) Joint Test Assemblies (JTA); and (3) Limited Life Components (LLCs). These operations are on the B53, B61, W62, W69, W70, W71, W76, W78, W80, B83, W84, and W88 systems; (The W87 LEP (Assembly/Disassembly) is the standard equivalent unit and is equal to 1.0 equivalent unit. All other weapons program deliverables are defined as either 0.xx or 1.yy equivalent units based on the number of hours of production time and whether it is greater or less than that standard.)

- (iv) Meet annual Defense Program deliverables at Y-12 inclusive of assemblies, subassemblies, piece parts, phases of a dismantlement or surveillance, container refurbishments, and shipments from Area 5;
- (v) If SRTO option is included in Contract, 1100-2100 reservoir equivalents per year for loading, 100-170 reservoir equivalents per year for unloading, and 240-350 per year reservoir equivalents for Gas Transfer System Surveillance;
- (vi) Maintain and exercise production process capabilities such as casting, rolling, forming, and machining;
- (vii) Support of multi-program initiatives including Product Realization Integrated Digital Enterprise and Requirements Modernization and Integration;
- (viii) Storage and disposition of excess legacy components from weapons activities;
- (ix) Support expense projects, such as the Manufacturing Operations Management at Y-12 (CD-4) and the Operations System Design and Integration at Pantex (CD-4).

1.1.2 Campaigns: Campaigns are focused efforts to address critical capabilities needed to achieve key future program objectives. Campaigns are technically challenging, multi-function efforts that have definitive milestones and specific work plans. For this Contract these campaigns include, but are not limited to, the Engineering and Readiness Campaigns. Projected work scope within this program includes, but is not limited to:

- (i) Support advanced technology projects in support of the NSE such as lithium technologies, microwave deployment, wet chemistry replacement, lithium oxide replacement, high explosives development;
- (ii) If SRTO option is included in Contract, maintain operational capabilities to perform one or more tritium extractions per year for Tennessee Valley Authority supplied target rods; and
- (iii) Support transition of designated Campaign activities to DSW.

1.1.3 Readiness in Technical Base and Facilities (RTBF): RTBF provides the physical and operational infrastructure required to conduct the scientific, technical, and manufacturing activities of the Stockpile Stewardship Program. The RTBF mission is to ensure that the sites comprising the NSE are implementing the technologies and methods necessary to make construction, operation, energy efficiency and maintenance of production facilities safe, secure, reliable and cost effective and that the right facilities and infrastructure are in place to manufacture and certify the 21st century nuclear weapons stockpile.

The key areas within RTBF include, but are not limited to, construction, construction support and contractor integration, management of containers (onsite and offsite), operations of facilities, management and storage of materials (plutonium, highly-enriched uranium (HEU), Tritium, SNM and other materials), Material Recycle and Recovery, and Program Readiness. Projected work scope within this program includes, but is not limited to:

- (i) Maintain annual mission critical facility availability;
- (ii) Maintain mission critical facilities and mission dependent, not critical facilities;
- (iii) Project Management
 - (A) The Contractor shall perform design and construction activities for all projects under \$10M (Expense and General Plant Projects). New projects over \$10M, including Expense and Line Item, may be included if determined by the NNSA to be in the Government's best interest.
 - (B) The Contractor shall perform initial project development (for all projects regardless of dollar value), project management, design, and construction management activities in accordance with required DOE Orders.
 - (C) The Contractor shall recognize existing Construction Labor Agreements and shall require subcontractors engaged in construction on the construction project to recognize the Construction Labor Agreement.
 - (D) The Contractor shall maintain project baselines, develop Documented Safety Analysis, define quality requirements, ensure National Environmental Policy Act compliance, provide quarterly reports to the NNSA for assigned projects, support external reviews, and meet other requirements as directed by the Contracting Officer.

(E) Line Item Projects covered by this Contract include, but are not limited to:

- Uranium Processing Facility (UPF)
 - CLIN 0001: Contractor completes design and retains Design Authority
 - CLIN 0002: If awarded, see Chapter IV of this SOW
- High Explosive Pressing Facility (HEPF) (CD-4 thru 2016)
 - Contractor provides design support for the US Army Corps of Engineers
 - Contractor supports construction and completes start-up and commissioning
- Nuclear Facility Risk Reduction Project (Critical Decision (CD) 3B in 2012 and CD-4 in 2016)
 - Contractor completes design
 - Contractor completes construction, start-up, and commissioning
- Security Improvement Project (CD-4 in 2014)
 - Contractor completes construction, start-up, and commissioning

- (iv) Manage and disposition waste generated at the sites;
- (v) Operate enriched uranium recycle and recovery systems at Y-12 to include chemical processing, metal working, purification, accountability, storage, disposition, breaking, casting, high precision machining, oxide conversion, metal production, and canning;
- (vi) Operate lithium recycle and recovery systems at Y-12;
- (vii) Reduce the backlog of Highly Enriched Uranium (HEU) material at Y-12 in order to fully execute Material Disposition Plan and manage newly generated low-equity material by processing to a form suitable for long-term storage or discard of material which is below the Economic Discharge Limit;
- (viii) Safe and secure storage, management, and disposition of nuclear and non-nuclear materials (weapon assemblies, pit staging, war reserve storage, enriched uranium, Li^6 , heavy water, plutonium, and satisfy NNSA and other DOE customer material requirements (also, if SRTO option is included in the Contract, tritium and He^3);
- (ix) Support DOE enterprise-wide nuclear materials management and storage initiatives including, supporting the development and update of material management plans, supporting the DOE Nuclear Materials Management Team, and performing special studies related to uranium, lithium, heavy water as requested;

- (x) Deliver containers according to Shipment Schedules in support of DSW and other missions; and
- (xi) Support footprint reduction efforts at the sites.

1.1.4 Secure Transportation: This is the mechanism for the movement of weapons and materials between sites. Key facilities are located in Amarillo, Texas and Oak Ridge, Tennessee. Support under this Contract shall include maintenance of facilities, vehicle maintenance and support, and other activities.

1.2 Other NNSA Work

1.2.1 Infrastructure and Environment: These programs include Site Stewardship, Long-term Environmental Stewardship, NNSA recapitalization programs, Nuclear Materials Management Team, and energy savings initiatives required by the DOE. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) Overseeing roofing projects under Enterprise-wide Roofing Asset Management Program;
- (ii) Completing recapitalization and deferred maintenance projects; and
- (iii) Completing High Pressure Fire Loop at Pantex (CD-4).

1.2.2 Nuclear Counterterrorism Incident Response and Other Nuclear Emergency Response Programs: The Nuclear Counterterrorism Incident Response (NCTIR) program ensures that capabilities are in place to respond to any DOE/NNSA facility emergency, nuclear, or radiological incident within the United States or abroad, and to provide operational planning and training to counter both domestic and international nuclear terrorism and assure that DOE can carry out its mission-essential functions. This includes DOE's radiological assistance program, NNSA's worldwide weapons accident response management, and other investigations or advisory groups.

1.2.3 Nuclear Non-Proliferation: Defense Nuclear Nonproliferation programs work closely with a wide range of international partners, key U.S. federal agencies, the U.S. national laboratories, and the private sector to detect, secure, and dispose of dangerous nuclear and radiological material, and related weapons of mass destruction technology and expertise. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) Integrate, plan and execute disposition projects for DOE complex-wide inventories of surplus and excess nuclear material;
- (ii) Complete 100% of scheduled deliveries of excess enriched uranium to customers;

- (iii) Provide effective and rapid response to emergent non-proliferation and international security requirements;
- (iv) Partner with DOE/NNSA laboratories to leverage resources and expertise in support of nuclear non-proliferation goals and objectives;
- (v) Support of global nonproliferation activities; and
- (vi) Meet 100% of scheduled deliveries for the supply of nuclear materials to foreign and domestic research and isotope production reactors and other Y-12 customers.

1.2.4 Naval Propulsion: Naval Reactors programs require production and delivery of feedstock supporting their nuclear fuel program. Projected work scope for the NSE within this program includes, but is not limited to:

- (i) Complete 100% of scheduled deliveries of feedstock to NA-30; and
- (ii) Complete annual evaluation, maintain, and submit 20-year plan for NA-30 feedstock requirements.

1.2.5 Defense Nuclear Security (DNS): The DNS program protects NNSA interests from theft, diversion, sabotage, espionage, unauthorized access, compromise, and other hostile acts which may cause unacceptable adverse impacts on national security, program continuity, security of employees, and the public. It is the Contractor's responsibility to ensure safeguard of all classified information and material, special nuclear material, and other NNSA property. These responsibilities include planning, integration, management, and execution of all program elements including drug and alcohol testing for all site personnel. Protective Force Operations are not included in the scope of this Contract. The Government will furnish Protective Force Operations.

To ensure that effective and efficient services are afforded at each location, the Contractor shall interface with other Contractors performing safeguards and security functions, such as those performing security training activities and implementing the "Graded Security Protection Policy".

1.2.6 Cyber Security: The NNSA Cyber Security program ensures that sufficient information technology and information management security safeguards are implemented throughout the NSE to adequately protect information assets. The overarching goal is to implement a flexible, comprehensive, full life-cycle, risk-based cyber security program including a cyber security architecture aligned with the NNSA enterprise architecture and plans of the NNSA Office of the Chief Information Officer. The Contractor shall allow full, unfettered access to security logs and cyber security sensor data to the Joint Cyber Coordination Center (JC3) to provide cyber security situational awareness for the NSE. The Contractor shall implement a cyber security baseline program and provide adequate performance metrics to generate a risk-based budget process for the NSE.

1.3 Work for Others/Other Reimbursable Work

This includes the management and execution of other assigned programs related to national security missions for DOE, other Government agencies, or privately owned organizations on a non-interference basis with NNSA work as approved by the Contracting Officer.

2.0 FUNCTIONAL SUPPORT

The Contractor shall provide:

2.1 General Support:

General management and program management functions including: executive direction, human resources, financial support services, procurement, legal services, central administrative services, program and project controls, information outreach, information services, and other general support functions.

In addition, provide legacy pension and benefits administration regarding former Contractor employees at Portsmouth Gaseous Diffusion Plant, located near Piketon, Ohio and Paducah Gaseous Diffusion Plant, located approximately 15 miles west of Paducah, Kentucky.

2.2 Mission Support

Mission support functions including environmental, safety and health, facilities management, maintenance, utilities, safeguards and security, logistics support, quality assurance, and laboratory/technical support.

In addition, provide services and support, as directed by NNSA, in the following areas:

- (i) Office of Secure Transportation facilities;
- (ii) DOE Central Scrap Management Office;
- (iii) DOE Business Center for Precious Metals Sales and Recovery;
- (iv) DOE Tri-Laboratory Office; and
- (v) Sandia-operated Weapons Evaluation Test Laboratory (WETL) operations.

2.3 Site Specific Support

Site specific support includes management and incentive fee administration, state and local taxes, and direction of a DOE-approved Plant-Directed Research, Development and Demonstration (PDRD) Program that supports science-based manufacturing related to the NNSA weapons mission, and encourages advanced research, development, and demonstration work to enhance the science and technology capabilities and core competencies required to fulfill the mission of nuclear production.

CHAPTER III. Human Resources

1.0 DEFINITIONS

Incumbent Employees are the employees in good standing of B&W Technical Services Pantex, LLC and B&W Technical Services Y-12, LLC under Contracts DE-AC04-00AL66620 and DE-AC05-00OR22800, respectively as of the effective date of the Contract, and Tritium Operations and select employees of the Savannah River Nuclear Solutions, LLC Contract DE-AC09-08SR22470 as of the date of SRTO option exercise.

Non-Incumbent Employees are new hires, i.e., employees other than Incumbent Employees who are hired by the Contractor upon the beginning of the Base Term at Y-12 and PX and new hires other than Incumbent Employees at SRS who perform Tritium Operations work under this Contract.

2.0 WORKFORCE TRANSITION

The following are requirements the Contractor shall carry out during the Transition Term. After the effective date of the Contract, the Contractor may propose alternate due dates for the deliverables described in 2.1, Staffing Plan, 2.2, Pay & Benefits, 2.3, Incumbent Employees Right of First Refusal, and 2.4, Advance Understanding on Human Resources. The Contracting Officer may approve such changes provided the deliverable dates make transition more effective and efficient for both parties.

2.1 Staffing Plan

No later than 60 calendar days after the effective date of the Contract the Contractor shall provide NNSA its plan for achieving the right workforce size and skills mix and an estimate of the number of employees at each site to whom they expect to make employment offers.

2.2 Pay & Benefits

Consistent with the requirements identified in **3.0 COMPENSATION** and **4.0 BENEFITS** below, the Contractor shall develop and submit for NNSA approval an integrated pay and benefits program to cover non-bargaining unit Incumbent and non-bargaining unit Non-Incumbent Employees at PX & Y12. It is expected that the benefits program will be developed utilizing best practice and market based design concepts to achieve maximum efficiency and lower cost through such features as vendor and benefit plan consolidation. If the SRTO option is exercised, the Contractor shall provide information regarding their plans to incorporate SRTO employees into their integrated pay and benefits program.

2.2.1 No later than 75 calendar days after the effective date of the Contract, the Contractor shall submit for NNSA approval all proposed benefit plans. The submission shall include all plan documents that will describe benefits provided to employees at Y12 and PX including existing plans to which the Contractor becomes a sponsor at the beginning of the Base Term as well as newly proposed plans.

The submission shall also include an “Employee Benefits Value Study” comparing the proposed benefit plans for non-bargaining unit Incumbent Employees and non-bargaining unit Non-Incumbent Employees using the NNSA Consolidated Employee Benefit Value Study methodologies and comparator companies, to be provided by the Contracting Officer, described in 4.1.5 below. Contracting Officer’s approval of the Contractor’s benefits program will be contingent on the net benefit value not exceeding the comparator group by more than five percent.

2.2.2 No later than 150 calendar days after the effective date of the Contract, the Contractor shall submit a plan with a timeline for implementing an integrated Compensation system that meets the criteria defined **3.0 COMPENSATION** below.

2.3 Incumbent Employees Right of First Refusal

The Contractor shall use the Transition Term to make hiring decisions. The Contractor shall give a right of first refusal of employment for every position identified by the Contractor as necessary for completing the requirements of the contract (other than positions occupied by Key Personnel and managers who directly reported to them) under this Contract to Incumbent Employees as defined in **1.0 DEFINITIONS** who meet the qualifications for a particular position. The Contractor shall provide a written offer of employment that identifies the individual’s pay and a summary of the benefits package that will be available to the individual. Incumbent employees offered the same position shall be provided their same base salary/pay rate in existence (provided by the incumbent Contractor) at the time the offer is made. Incumbent employees offered a different position than the position they are performing at the time the offer is made shall be provided pay commensurate with the position. Such offer shall be provided to employees as soon as possible, however, no later than no later than 135 calendar days after the effective date of the Contract.

2.4 Advance Understanding on Human Resources

The Contractor shall submit no later than 150 calendar days after the effective date of the Contract a proposed Human Resources Plan. The Plan shall describe the Contractor’s proposed Human Resources policies, programs and related expenses that will have cost implications under the Contract. The plan should provide information showing that these proposed policies will support at reasonable cost the effective recruitment and retention of a highly skilled, motivated, and experienced workforce. This document will serve as the starting point for negotiation with which NNSA and the Contractor will reach an advance understanding on Contractor Human Resources costs. The advance understanding enables both the Contractor and the NNSA to determine allocability, allowability and reasonableness of costs prior to incurrence, thereby avoiding subsequent disallowance and disputes; provide appropriate and reasonable compensation levels to recruit and retain Contractor employees to meet NNSA mission objectives; and assure prudent expenditure of public funds. The language identified in **3.0 COMPENSATION, 4.0 BENEFITS, 5.0 LABOR RELATIONS, and 6.0 WORKFORCE PLANNING** below will serve as the governing text for development of the advance understanding. The Personnel Appendix will include but is not limited to such topics as compensation, welfare benefits, labor relations, retirement plans, severance schedules, holidays, vacation, etc., or any other human resource costs the Contractor or NNSA deems necessary. It is understood

that any advance understanding will be appended to the Contract as the Personnel Appendix (Section J, Appendix I, Personnel Appendix).

3.0 COMPENSATION

The Contractor shall recruit and retain a highly skilled, motivated, and experienced workforce in a cost effective manner capable of carrying out the technical and other requirements set forth elsewhere in this Statement of Work.

3.1 Total Compensation System

Consistent with the requirement in 2.2, Pay and Benefits, the Contractor shall establish an integrated, market based pay and benefit program. The objective is to provide a level of total compensation which, within available funds, attracts, motivates and retains a highly competent workforce and maintains a competitive position in the applicable labor markets.

The Contractor shall develop, implement and maintain formal policies, practices and procedures to be used in the administration of its compensation system including a compensation system Self-Assessment Plan consistent with FAR 31.205-6 and DEAR 970.3102-05-6; "Compensation for Personal Services" (Total Compensation System). In addition, the Contractor's total compensation system shall include the following components:

- (i) Philosophy and strategy for all pay delivery programs.
- (ii) System for establishing a job worth hierarchy.
- (iii) Method for relating internal job worth hierarchy to external market.
- (iv) System that includes a documented method and process for evaluating individual job performance and that bases individual and/or group compensation decisions on individual performance and Contractor performance as appropriate. In addition, the system must show the link to the annual evaluation of Contractor performance for individual compensation actions as appropriate.
- (v) Method for planning and monitoring the expenditure of funds.
- (vi) System for internal controls and self-assessment.
- (vii) System to ensure that reimbursement of compensation, including stipends, for employees who are on joint appointments with a parent or other organization shall be pro-rated according to the amount of time the employee spent performing work under this Contract.

3.2 Cash Compensation

The Contractor shall submit the following to the Contracting Officer for a determination of cost allowability for reimbursement under the Contract.

- 3.2.1** Any additional compensation system self-assessment data requested by the Contracting Officer that may be needed to validate and approve the total compensation system.
- 3.2.2** Any proposed major compensation program design changes prior to implementation.
- 3.2.3** An Annual Compensation Increase Plan (CIP). The CIP shall be provided to the Contracting Officer on October 1 annually and shall include the following components and data:
- (i) Comparison of average pay to market average pay;
 - (ii) Information regarding surveys used for comparison;
 - (iii) Aging factors used for escalating survey data and supporting information;
 - (iv) Projection of escalation in the market and supporting information;
 - (v) Information to support proposed structure adjustments, if any;
 - (vi) Analysis to support special adjustments;
 - (vii) Funding requests and supporting analysis for each pay structure to include breakouts of merit, promotions, variable pay, special adjustments, and structure movement;
 - (A) The proposed plan totals shall be expressed as a percentage of the payroll for the end of the previous plan year.
 - (B) All pay actions granted under the CIP are fully charged when they occur regardless of time of year in which the action transpires and whether the employee terminates before year end.
 - (C) Specific payroll groups (e.g., exempt, nonexempt, key personnel) for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer.
 - (D) The Contracting Officer may unilaterally adjust the CIP amount after approval based on major changes in factors that significantly affect the plan amount (for example, in the event of a major reduction in force or significant ramp-up).
 - (E) The Contractor is authorized to make minor shifts (up to 10%) in funds between payroll groups without prior Contracting Officer approval. The Contractor shall notify the Contracting Officer at the time funds are shifted.

- (viii) A discussion of the impact of budget and business constraints on the CIP amount; and
- (ix) Discussion of relevant factors other than market average pay (e.g., turnover and offer-to-acceptance statistics, collective bargaining provisions, geographic considerations, total compensation).

3.2.4 The compensation actions for all Key Personnel shall be submitted for approval upon replacement. The top contractor official (i.e., Nuclear Production Contract Plant Manager or equivalent) salary actions including merit pay increases shall be submitted annually to the Contracting Officer for approval. The top contractor official's approved reimbursed base salary will serve as the maximum allowable salary reimbursement under the Contract. With these compensation actions, the Contractor shall provide supporting justification related to internal and external equity, individual performance and the Application for Contractor Compensation Approval Form (DOE 3220.5).

3.2.5 For any proposed establishment of an Incentive Compensation Plan (variable pay plan/pay-at-risk), documentation shall be provided to the Contracting Officer no later than 60 days prior to proposed implementation. Such proposal must contain:

- (i) The design of the Incentive Compensation Plan, the funding methodology, and linkage to Contract performance measures;
- (ii) Requirement for approval of Incentive Compensation Plan design changes by the Contracting Officer prior to implementation;
- (iii) Requirement for an annual approval, prior to the performance period, of the total dollar amount of the pool, the eligible positions, and linkage to Contract performance goals;
- (iv) Requirement for policy that provides a specific passover rate, i.e., percent of participants who will not receive an incentive;
- (v) Requirement for an annual summary report on distributions made under an Incentive Compensation Plan; and
- (vi) For any Executive Incentive Plans, a requirement for pay at risk.

3.2.6 Assignments of employees outside of their normal duty station for which the NNSA/DOE will reimburse all or some of their compensation or other expenses shall be approved by the Contracting Officer prior to beginning the assignment. Requests shall be submitted 30 days prior to the desired start date. The Contractor shall submit a report of all such assignments, to include the total cost of each assignment, reason for assignment, location, duration, and cost-share arrangement to the Contracting Officer by January 30 of each year unless otherwise specified.

3.2.7 The Contractor's Total Compensation System (e.g., to be set forth in Section J, Appendix I, Personnel Appendix), shall meet the tests of allowability in FAR 31.205-6 and DEAR 970.3102-05-6, be fully documented, be consistently applied, and be acceptable to the Contracting Officer. Costs incurred in implementing the Total Compensation System shall be approved by the Contracting Officer. Any changes to the Total Compensation System shall be submitted to the Contracting Officer 60 days prior to implementation. Changes that impact current or future costs shall be approved by the Contracting Officer prior to implementation.

3.2.8 As a part of the Human Resources Plan the Contractor shall submit a severance plan. The severance plan must include the notification period, pay-in-lieu policy, and the severance schedule. Supporting documentation must include information regarding standards from nationally recognized sources and or comparator firms (including corporate parents).

Severance Pay is not payable to an employee under this Contract if the employee:

- (i) Voluntarily separates, resigns or retires from employment, except that in the event the Contractor conducts an NNSA approved voluntary separation program;
- (ii) Is offered employment with a successor/replacement Contractor;
- (iii) Is offered employment with a parent or affiliated company; and/or
- (iv) Is discharged for cause.

Service Credit for purposes of determining severance pay does not include any period of prior service for which severance pay has been previously paid through a DOE cost-reimbursement Contract.

3.3 Reports and Information: Compensation

The Contractor shall provide the Contracting Officer with the following reports and information with respect to pay and benefits provided under this Contract:

- (i) An Annual Contractor Salary-Wage Increase Expenditure Report to include, at a minimum, breakouts for merit, promotion, variable pay, special adjustments, and structure movements for each pay structure, showing actual against approved amounts, no later than 30 days after Compensation Increase Plan expenditures.
- (ii) Other compensation reports as requested by the Contracting Officer.

4.0 BENEFITS

4.1 Assumption of Existing Pension Plan

The Contractor will be required to become a sponsor of the existing pension plans and other Post Retirement Benefit Plans (PRB), as applicable, with responsibility for management and administration of the plans, including maintaining the qualified status of those plans. The Contractor shall carry over the length of service credit and leave balances for Incumbent Employees accrued as of the date of the Base Term.

- 4.1.1** No presumption of allowability will exist when the Contractor implements a new benefit plan or makes changes to existing benefit plans until the Contracting Officer makes a determination of cost allowability for reimbursement for new or changed benefit plans which will result in additional costs. Justification for new benefit plans and changes to plan design or funding methodology which will increase costs must include cost impact, and the basis of determining cost. The Contractor shall notify the Contracting Officer prior to implementation of benefit plans that are either new or first time for the site, are a significant impact to employees, or which may set a precedent for the DOE/NNSA contractor system.
- 4.1.2** Cost reimbursement for pension and other benefit programs sponsored by the Contractor for non-bargaining and bargaining unit employees will be based on the “Employee Benefits Value Study” and an “Employee Benefits Cost Survey Comparison” as described in 4.1.5.1 and 4.1.5.2 below.
- 4.1.3** The Contractor shall notify the Contracting Officer prior to terminating any benefit plan during the term of the Contract.
- 4.1.4** Service Credit for cost reimbursement for employee benefits to include PRB eligibility will be determined in accordance with NNSA Supplemental Directive NA SD O 350.1, M&O Contractor Service Credit Recognition. For purposes of this section, the Contractor shall recognize service credit for the former protective force employees it hires pursuant to the hiring preference described in 6.3 below in a manner consistent with the column “Recognition for Service with Parent Organization under a DOE or NNSA M&O or Site Management Contract” in NA SD O 350.1, 5(c).
- 4.1.5** Unless otherwise stated, or as directed by the Contracting Officer, the Contractor shall participate in and/or submit the studies required in paragraphs 4.1.5.1 and 4.1.5.2 below. The studies shall be used by the Contractor in calculating the cost of benefits under existing benefit plans. In addition, the Contractor shall submit updated values to the Contracting Officer for approval prior to the adoption of any change to a pension or other benefit plan that will increase costs.
 - 4.1.5.1** The NNSA Consolidated Employee Benefits Value Study for non-bargaining unit employees, must be completed every two years or as directed by the Contracting Officer. The Contractor will utilize the comparator companies previously utilized in the last NNSA Consolidated Benefit Value Study. If any of the comparator companies no longer participate, the Contractor will recommend replacement companies for

approval by the Contracting Officer. The Contractor shall include major non-statutory benefit plans offered by the Contractor, including qualified defined benefit (DB) and defined contribution (DC) retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs in the Value Study. To the extent that the value study does not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

An Employee Benefits Value Study for bargaining unit employees must be completed 6 months prior to the end of the bargaining unit Contract. The Benefits Value Study must include at least 15 comparator companies approved by the Contracting Officer. The Value Study must include major non-statutory benefit plans offered by the Contractor, including qualified DB & DC retirement and capital accumulation plans and death, disability, health, and paid time off welfare benefit programs. To the extent that the value study does not address post retirement benefits other than pensions, the Contractor shall provide a separate cost and plan design data comparison for the post retirement benefits other than pensions using external benchmarks derived from nationally recognized and Contracting Officer approved survey sources.

- 4.1.5.2 An Employee Benefits Cost Survey Comparison for non-bargaining and bargaining unit employees, must be completed annually. The cost Survey must utilize a professionally recognized measure approved by the Contracting Officer that analyzes the Contractor's employee benefits cost for employees on a per capita basis per full time equivalent employee and compares it with appropriate comparator data.
- 4.1.5.3 When the weighted average net benefit value for all employees (including different tiers of benefits or groups of employees) exceeds the comparator group by more than five percent, the Contractor shall submit a corrective action plan to the Contracting Officer no later than 60 days after the Benefit Value Study is conducted.
- 4.1.5.4 When the average total benefit per capita cost exceeds the comparator group by more than five percent, the Contractor shall submit an analysis of the specific plan costs that are above the per capita cost range or total benefit cost as a percent of payroll and a corrective action plan within 60 days after the Benefits Cost Survey is conducted, to achieve conformance with the comparator group.
- 4.1.5.5 Within two years of Contracting Officer approval of the Contractor's corrective action plan for non-bargaining employees, or upon the next collective bargaining period for bargaining unit employees, the Contractor shall align employee benefit programs with the benefit value and per capita cost range as approved by the Contracting Officer.

4.2 Reports and Information: Benefits

The Contractor shall provide to the Contracting Officer:

- (i) Annually, the Report of Contractor Expenditures for Employee Supplemental Compensation (DOE F 3220.8); and
- (ii) Quarterly, input requested benefits data into DOE's iBenefits pension and benefits management system.

4.3 Workers Compensation

4.3.1 The Contractor, unless workers' compensation coverage is provided through a state funded arrangement or a corporate benefits program, shall submit to the Contracting Officer for approval all new workers compensation policies and all initial proposals for self-insurance. Additionally, Contractors shall provide copies to the Contracting Officer of all renewal policies for workers compensation.

4.3.2 Workers compensation loss income benefit payments when supplemented by other programs (such as salary continuation, short term disability) are to be administered so that the total benefit payments from all sources shall not exceed 100% of employee's net pay.

4.4 Pension Plans

4.4.1 For cost allocability and reimbursement purposes, any defined benefit (DB) or defined contribution (DC) pension plans established by the Contractor and any DB or DC plans for which the Contractor assumes sponsorship upon the start of the Base Term, shall be maintained consistent with the requirements of the Internal Revenue Code (IRC), Employee Retirement Income Security Act of 1974 (ERISA) as amended and any other applicable laws.

4.4.2 Any pension plan maintained by the Contractor, for which NNSA reimburses costs, shall be maintained as a separate pension plan distinct from any other pension plan which provides credit for service not performed under a DOE cost-reimbursement Contract. Each Contractor pension plan shall be submitted to an annual, full-scope audit by an outside independent organization and the resulting report, submitted to NNSA, must provide the accounting details specified in ERISA Sections 103 and 104.

4.4.3 The Contractor will be reimbursed for pension contributions in the amounts necessary to ensure that the plans are funded to meet the annual minimum required contribution under ERISA, as amended. If a minimum contribution payment is required to avoid benefit restrictions to Plan participants, the Contractor shall notify the Contracting Officer at least sixty (60) days prior to the date the payment is due. Reimbursement above the annual ERISA required minimum contribution will require prior approval of the Contracting Officer. The Contracting Officer will take into consideration all pre-funding balances and funding standard carryover balances when evaluating whether to approve reimbursement above the minimum required contribution. Timing of a

Contractor's contributions to a plan must enable a plan's actuary to certify that a plan is adequately funded at the beginning of a plan year.

4.4.4 At least 60 days prior to the adoption of any changes to a pension plan, the Contractor shall submit the information required in 4.4.4.1 and 4.4.4.2 below, as applicable, to the Contracting Officer for approval or disapproval and a determination as to whether the costs to be incurred are deemed allowable pursuant to FAR 31.205-6, as supplemented by DEAR 970.3102-05-6.

4.4.4.1 For proposed changes to DB and DC plans that are not mandated by law the Contractor shall provide the following to the Contracting Officer:

- (i) A clean copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout;
- (ii) An analysis of the impact of any proposed changes on actuarial accrued liabilities and an analysis of relative benefit value and a cost study index;
- (iii) Except in circumstances where the Contracting Officer indicates that it is unnecessary, a legal explanation of the proposed changes from legal counsel for purposes of compliance with all legal requirements applicable to private sector DB pension plans;
- (iv) The Summary Plan Description; and
- (v) Any such additional information as requested by the Contracting Officer.

When changes to DB and/or DC plans are required by law, the Contractor must provide a copy of the current plan document (as conformed to show all prior plan amendments), with the proposed new amendment indicated in redline/strikeout no later than 30 days before the new amendment is to take effect.

4.4.4.2 The Contractor shall obtain the advance written approval of the Contracting Officer for any required pension plan changes that are not required by law and which may increase costs or liabilities, and any proposed special programs (including, but not limited to, plan-loan features, employee contribution refunds, or ancillary benefits) and shall provide the Contracting Officer with an analysis of the impact of special programs on the actuarial accrued liabilities of the pension plan, and on relative benefit value, or cost per capita, if applicable.

- 4.4.5** When operations at a designated NNSA facility are terminated and no further work is to occur under the prime Contract, the following apply.
- 4.4.5.1 No further benefits for service shall accrue;
 - 4.4.5.2 The Contractor shall provide a determination statement in its settlement proposal, defining and identifying all liabilities and assets attributable to the NNSA Contract;
 - 4.4.5.3 The Contractor shall base its DB pension liabilities attributable to NNSA Contract work on the market value of annuities or dispose of such liabilities through a competitive purchase of annuities. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan;
 - 4.4.5.4 Assets shall be determined using the “accrual-basis market value” on the date of termination of operations; and
 - 4.4.5.5 NNSA and the Contractor shall establish an effective date for spinoff or plan termination. On the same day as the Contractor notifies the IRS of the spinoff or plan termination, all NNSA assets assigned to a spun-off or terminating plan shall be placed in a high-yield, fixed-income portfolio until the successor trustee, or an insurance company, is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's “AA.”
- 4.4.6** Terminating Plans.
- 4.4.6.1 NNSA Contractors shall not terminate any pension plan (commingled or site specific) without notifying the Department at least 60 days prior to the scheduled date of plan termination.
 - 4.4.6.2 To the extent possible, the Contractor shall satisfy plan liabilities to plan participants by the purchase of annuities through competitive bidding on the open annuity market. The Contractor, as pension plan sponsor, must adhere to Department of Labor guidance set forth at 29 CFR 2509.95-1 regarding selection of an annuity provider for the purpose of benefit distributions from a DB pension plan. The Contractor shall apply the assumptions and termination procedures of the Pension Benefit Guaranty Corporation.
 - 4.4.6.3 Funds to be paid or transferred to any party as a result of settlements relating to pension plan termination or reassignment shall accrue interest from the effective date of termination or reassignment until the date of payment or transfer.

- 4.4.6.4 If ERISA or IRC rules prevent a full transfer of excess NNSA reimbursed assets from the terminated plan, the Contractor shall pay any deficiency directly to NNSA according to a schedule of payments to be negotiated by the parties.
- 4.4.6.5 On the same day as the Contractor notifies the IRS of the plan termination, all NNSA assets will be placed in a high-yield, fixed-income portfolio until full disposition of the terminating plan's liabilities. The portfolio shall be rated no lower than Standard & Poor's "AA."
- 4.4.6.6 NNSA liability to a commingled pension plan shall not exceed that portion which corresponds to participants' service accrued for their work under an NNSA Contract. The NNSA shall have no other liability to the plan, to the plan sponsor, or to the plan participants.
- 4.4.6.7 After all liabilities of the plan are satisfied, the Contractor shall return to NNSA an amount equaling the asset reversion from the plan termination and any earnings which accrue on that amount because of a delay in the payment to NNSA. Such amount and such earnings shall be subject to NNSA audit. To affect the purposes of this paragraph, NNSA and the Contractor may stipulate to a schedule of payments.

4.4.7 Post Contract Responsibilities for Pension and Other Benefit Plans

- 4.4.7.1 If this Contract expires or terminates and NNSA has awarded a Contract under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the pension or other benefit plans covering active or retired Contractor employees with respect to service, the Contractor shall cooperate and transfer to the new Contractor its responsibility for sponsorship, management and administration of the plans consistent with direction from the Contracting Officer. If a comingled plan is involved, the Contractor shall:
- (i) Spin off the NNSA portion of any commingled plan that provides benefits for employees working at the NNSA facility into a separate plan. The new plan shall provide benefits similar to those provided by the commingled plan and shall carry with it the NNSA assets on an accrual basis market value, including NNSA assets that have accrued in excess of NNSA liabilities.
 - (ii) Bargain in good faith with NNSA or the successor Contractor to determine the assumptions and methods for establishing the liabilities involved in a spinoff. NNSA and the Contractor(s) shall establish an effective date of spinoff. On the same day as the Contractor notifies the IRS of the spinoff, all NNSA assets assigned to a spun-off plan shall be placed in a high-yield, fixed income portfolio until the successor trustee is able to assume stewardship of those assets. The portfolio shall be rated no lower than Standard & Poor's "AA."

4.4.7.2 If this Contract expires or terminates and NNSA has not awarded a Contract to a new Contractor under which the new Contractor becomes a sponsor and assumes responsibility for management and administration of the Plans, or if the Contracting Officer determines that the scope of work under the Contract has been completed (any one such event may be deemed by the Contracting Officer to be "Contract Completion" for purposes of this paragraph), whichever is earlier, and notwithstanding any other obligations and requirements concerning expiration or termination elsewhere in this Contract, the following actions shall occur regarding the Contractor's obligations regarding the Plans at the time of Contract Completion:

- (i) Subject to paragraph 4.4.7.2(ii) below, and notwithstanding any legal obligations independent of the Contract the Contractor may have regarding responsibilities for sponsorship, management, and administration of the Plans, the Contractor shall remain the sponsor of the Plans, in accordance with applicable legal requirements.
- (ii) The parties shall exercise their best efforts to reach agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion. However, if the parties have not reached agreement on the Contractor's responsibilities for sponsorship, management and administration of the Plans prior to or at the time of Contract Completion, unless and until such agreement is reached, the Contractor shall comply with written direction from the Contracting Officer regarding the Contractor's responsibilities for continued provision of pension and welfare benefits under the Plans, including but not limited to continued sponsorship of the Plans, in accordance with applicable legal requirements. To the extent that the Contractor incurs costs in implementing direction from the Contracting Officer, the Contractor's costs will be reimbursed pursuant to applicable Contract provisions.

4.4.8 Reports and Information - Retirement Plans: For each DB and DC pension plan as applicable or portion of a pension plan for which NNSA reimburses costs, the Contractor shall provide the Contracting Officer with the following information within nine months of the last day of the current pension plan year except for the Pension Management Plan which must be submitted by January 30 of each year.

4.4.8.1 The annual actuarial valuation report for each NNSA-reimbursed pension plan. When a pension plan is commingled, the Contractor shall submit separate reports for NNSA's portion and the plan total.

4.4.8.2 Copies of IRS Forms 5500 with Schedules for each NNSA-funded pension plan, no later than that submitted to the IRS.

4.4.8.3 Copies of all forms in the 5300 series submitted to the IRS that document the establishment, amendment, termination, spin-off, or merger of a plan submitted to the IRS.

4.4.8.4 The annual Pension Management Plan as described below (4.5 Pension Management Plan) by January 30 of each year.

4.5 Pension Management Plan

4.5.1 The Contractor shall submit a plan for management and administration (Pension Management Plan) for each defined benefit pension plan (Plan) for which the Department has a continuing obligation to reimburse pension contributions that is consistent with the terms of this Contract and which includes projected assets, projected liabilities, and estimated contributions and the prior year's actuarial valuation report annually on January 30.

4.5.2 The Pension Management Plan shall include:

4.5.2.1 The Contractor's best projection of the contributions which it will be legally obligated to make to the Plan(s), beginning with the required contributions for the current fiscal year, based on the latest actuarial valuation, and continuing for the following four fiscal years. This estimate will be based upon compliance with all applicable legal requirements relating to the determination of contributions and upon the assumptions set out in the Plan document(s). All contribution calculations should reflect payments made during DOE fiscal years, beginning Oct 1, through September 30, and the next succeeding six fiscal years. Please include a summary of the key actuarial assumptions used to determine the required contribution. All projections must be based upon the most recently available asset information for the Plan. For example, for a Plan with a July 1 valuation date, project the July 1, value of assets for the current year to be used in the calculation from the actual January 1, value of assets from the same year.

4.5.2.2 If the actuarial valuation submitted pursuant to the annual Pension Management Plan update indicates that the sponsor of the Plan must impose benefit restrictions, the Contractor shall provide the following information:

- (i) The type of benefit restriction that will take place;
- (ii) The number of Contractor employees that potentially could be impacted and the nature of the restriction (e.g., financial impact) by imposition of the required benefit restriction;
- (iii) The amount of money that would need to be contributed to the Plan and the timing of such contribution to avoid legally required benefit restrictions; and

- (iv) A recommendation regarding whether the additional money should be contributed to the Plan and the rationale for the recommendation.

4.5.2.3 A detailed discussion of how the Contractor intends to manage the Plan(s) to maximize contribution predictability (i.e. forecasting accuracy) and to contain current and future costs, to include the rationale for selection of all Plan assumptions (i.e., actuarial experience studies) that determine the required contributions and which impact the level and predictability of required contributions. As part of the Contractor's plan to maximize contribution predictability, the Contractor may propose funding strategies other than ERISA minimums for NNSA's consideration and approval. The Contractor shall submit the following for NNSA to consider in deciding on the alternate funding strategy:

- (i) Identify whether the current year additional amount can be absorbed within the current operating budget;
- (ii) Discuss the integration of Plan's funding strategy and investment strategy taking into consideration the plan's demographic profile, liability duration, and impact of current year funding decisions on future year contribution requirements;
- (iii) Discuss the strategy for achieving fully funded status and protecting against erosion of the Plan's funded status;
- (iv) Discuss the strategy for specifically protecting any pension funding contributions reimbursed in excess of the minimum required contribution against the risk of significant loss; and
- (v) Discuss whether the plan has a prefunding or funding standard carryover balance that could be used to improve the plan's AFTAP without requiring additional contributions. Provide a rationale regarding the recommended use of the available balance(s).

4.5.2.4 An assessment to evaluate the effectiveness of the Contractor's Plan(s) investment management/results. The assessment must include at a minimum: a review and analysis of Plan investment objectives and asset allocations; results of the most recent asset liability study and investment policy review; the strategies employed to achieve the Plan's investment objectives; and the methods used to monitor execution of those strategies and the achievement of the investment objectives. The Contractor shall also identify its plans, if any, for revising any aspect of its Pension Management Plan based on the results of the review.

Within thirty (30) days after the date of the submission, appropriate Contractor representatives will meet with the Contracting Officer and other DOE/NNSA representatives to discuss the Contractor's proposed Pension Management Plan. The Contractor must be prepared to discuss any differences between the prior fiscal year's projected pension

contributions for future fiscal years and the most recent projected pension contributions for future fiscal years and the rationale for any such discrepancies. In addition, discrepancies between the actual contributions made for the most recent fiscal year preceding the meeting and the projected contributions for that fiscal year and the rationale for any such discrepancies, and funding strategies for the Plan will be discussed.

5.0 LABOR RELATIONS

- (i) The Contractor shall comply with the National Labor Relations Act, DEAR Subpart 970.2201, and all applicable Federal and State labor laws.
- (ii) The Contractor shall meet with the Contracting Officer or designee(s) for the purpose of determining the allowability of cost associated with the Contractor's economic bargaining objectives, prior to negotiation of any collective bargaining agreement, extension or revision thereto. As part of the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which could increase costs under this Contract or which could involve other items of special interest to the Government. As part of the collective bargaining process, the Contractor shall obtain the approval of the Contracting Officer in advance before proposing or agreeing to changes in any pension or other benefit plans which would increase costs.
- (iii) The Contractor shall provide an electronic copy of the bargaining agreement to the Contracting Officer 30 days after formal ratification. The Contractor shall provide the "Report of Settlement" 30 days after formal ratification using the Work Force Information System (WFIS).
- (iv) The Contractor shall notify the Contracting Officer in a timely fashion of labor relations issues that may cause a significant impact to the workforce.
- (v) The Contractor shall immediately advise the Contracting Officer of the following:
 - (A) Possible strike situations or other actions affecting the continuity of operations including work stoppages and picketing;
 - (B) Formal action by the National Labor Relations Board (NLRB) including but not limited to issuance of a complaint against the Contractor. Copies of complaints, settlement agreements, judgments and any other documents issued in connection with Contractor actions with respect to labor practices shall be provided to the Contracting Officer;
 - (C) Recourse to procedures under the Labor-Management Relations Act of 1947 as amended or any other state law;
 - (D) Any grievance scheduled for arbitration under any collective bargaining agreement that has the potential for significant economic or other impact as well as the decision of the arbitrator; and
 - (E) Other significant issues that may involve review by other federal or state agencies.

6.0 WORKFORCE PLANNING

6.1 Workforce Planning - General

The Contractor shall analyze workforce requirements consistent with current and future mission requirements and develop appropriate workforce transition strategies to ensure appropriate skills are available at the right time, in the right number, in the right place. Particular attention shall be paid to current and future critical skills. This analysis shall be available for review upon Contracting Officer request.

6.2 Reductions in Contractor Employment – Workforce Restructuring

6.2.1 Voluntary Separations: In order to minimize the number of involuntary separations and mitigate the impact on affected employees, the Contractor will consider in consultation with the Contracting Officer, the use of a Voluntary Separation Program (VSP) before consideration is given to conducting an Involuntary Separation Program (ISP) when workforce restructuring is necessary. The Contractor shall submit the VSP for approval by the Contracting Officer prior to implementation regardless of the number of employees involved. No reimbursement of costs associated with VSPs will be allowable if not approved by the Contracting Officer prior to implementation.

6.2.2 Involuntary Reductions in Contractor Employment

6.2.2.1 If the restructuring involves separating between 10-99 employees in a rolling twelve-month period, the Contractor shall notify the Contracting Officer no later than 15 days in advance of the action.

6.2.2.2 For restructuring actions that involve separating between 50-99 employees, the Contractor shall prepare a specific workforce restructuring plan and submit the plan to the Contracting Officer for informational purposes. In addition, the Contractor shall perform a diversity impact analysis and provide a copy of the analysis to the NNSA Site Counsel at the Nuclear Production Site Office for any restructuring actions that involve 50 or more employees within a 12 month period.

If the restructuring may involve the separation of 100 or more employees within a 12-month period, the Contractor shall submit a specific workforce restructuring plan, for approval by the Contracting Officer, to enable compliance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 at a minimum, no later than 90 days in advance of the date the Contractor needs to begin notification to employees in accordance with the law and its attendant timeframes to effect the separations.

6.2.2.3 All notifications to the NNSA must contain pertinent information such as reasons, costs, dates, and numbers of impacted employees.

6.2.3 Any payment of benefits beyond those already approved in the Contract must be approved by the Administrator, NNSA.

6.3 Hiring Preference for Protective Force Federal Prime Contractor Employees

The Contractor shall provide a preference in hiring to employees of the protective force contractor at Pantex and to employees of the protective force contractor at Y-12 who face termination due to 1) failure to meet the applicable medical qualification standards set forth in 10 C.F.R. 1046 and/or 2) failure to meet physical fitness qualification standards set forth in 10 C.F.R. 1046 due to duty-related injuries. The Contractor also shall provide a preference in hiring to former protective force employees of the contractors at Pantex and at Y-12 who have been terminated within the previous 12 months due to 1) failure to meet the applicable medical qualification standards set forth in 10 C.F.R. 1046 and/or 2) failure to meet physical fitness qualification standards set forth in 10 C.F.R. 1046 due to duty-related injuries. In order to be eligible for this preference in hiring, a protective force contractor employee must obtain a certification from the *Physical Protection Medical Director* (PPMD) that indicates the individual failed to meet the applicable medical qualification standards set forth in 10 C.F.R. 1046 and/or failed to meet physical fitness qualification standards set forth in 10 C.F.R. 1046 due to duty-related injuries.

Former protective force contractor employees are to be accorded a preference in hiring only for positions for which they are qualified at the time they apply for the position. The preference in hiring required by Contract's Section I Clause entitled "DEAR 952.226-74, Displaced Employee Hiring Preference," takes precedence over the above-described hiring preference accorded to certain former protective force contractor employees. In addition, the preference in hiring described in this section is subordinate to any other preference in hiring the contractor may be obligated to provide to other individuals.

CHAPTER IV. Uranium Processing Facility (UPF)

1.0 INTRODUCTION

As discussed in Section J, Appendix A, Chapter II, Work Scope Structure, the Contractor is responsible for design and retains Design Authority for the Uranium Processing Facility at Y-12 under CLIN 0001. CLIN 0002 (defined herein) is inclusive of all construction management elements associated with the construction, start-up, and turnover to operations of the facilities and processes for UPF. Applicable requirements discussed in Section J, Appendix A, Chapter I, Objectives, Scope, and Requirements, Chapter II, Work Scope Structure, and Chapter III, Human Resources, also apply to CLIN 0002, and supplemental requirements for CLIN 0002 are contained in this Chapter.

2.0 BACKGROUND

The UPF project is the solution to meeting NNSA's mission need for Enriched Uranium (EU) processing – by consolidating Y-12's EU processing and manufacturing into a modern, high-security facility while eliminating the high cost and risk of maintaining Y-12's aging infrastructure. Existing EU processing equipment and technologies are out-dated and oversized for the current mission. Y-12 facilities face significant deferred maintenance, require intensive routine maintenance, and are subject to escalating operating, utility, and maintenance costs. Worker protection relies on administrative controls and personal protection equipment rather than engineered controls. Replacement of the Y-12 facilities and equipment will be required to sustain operations, incorporate updated technology, and right-size processes.

3.0 GOALS AND OBJECTIVES

The benefits of executing the UPF project include ensuring reliable, long-term, consolidated EU processing capability for the NSE through modern technologies and facilities, an improved security posture, and an improved health and safety environment for workers. The goals and objectives of the UPF project are to:

- (i) Improve the security posture;
- (ii) Replace end-of-life facilities and ensure a reliable EU processing capability to meet the mission of NNSA;
- (iii) Improve responsiveness, agility, and efficiency and reduce operating costs by consolidating and modernizing equipment and operations;
- (iv) Reduce the required size of the Protected Area and reduce the operational cost for security required to meet Graded Security Protection (GSP) guidelines;
- (v) Improve worker protection with an emphasis on incorporating engineered controls; and
- (vi) Comply with modern codes, standards, and Environmental Safety and Health (ES&H) practices.

4.0 PROJECT DESCRIPTION

The Contractor shall be responsible for performance of all UPF project activities including the following:

- (i) Completing a detailed cost estimate and schedule to establish a baseline for scope associated with long-lead procurements and site preparations;
- (ii) Obtaining approval of the full project performance baseline as well as start of building construction;
- (iii) Constructing the main building shell;
- (iv) Constructing the Process Support Facility and the Administrative Building;
- (v) Procuring and installing major electrical components, major heating, ventilation and air conditioning equipment, communications, fire system monitoring, diesel generators, and fire water storage and distribution;
- (vi) Procuring and installing process services equipment for delivery of industrial gases, chemicals, cooling water, etc.;
- (vii) Constructing/installing electrical substation;
- (viii) Installing security systems;
- (ix) Installing information technology systems;
- (x) Completing Perimeter Intrusion Detection and Alarm System (PIDAS) and portal work;
- (xi) Installing long-lead items as received to support the construction schedule;
- (xii) Procuring the balance of process equipment and install the remaining capabilities for full functionality of UPF;
- (xiii) Constructing the Highly Enriched Uranium Materials Facility (HEUMF) Connector; and
- (xiv) Completing final site work.

The facility is being designed for a 50-year life cycle, and the design will include engineering improvements that will enable the operating staff to be reduced from the staffing levels for the existing plant. This reduction reflects a decrease in personnel for some disciplines with an increase in others.

Designing engineered controls into the facility equipment and processes will reduce or eliminate the numerous administrative controls relied on today. Consideration of long-term maintenance and reliability is an important aspect of facility and equipment design and selection to ensure a reliable, cost-efficient UPF while providing a safe workplace. Equipment will be selected with appropriate assessment of life cycle cost factors. Automation and/or remote operation is being considered where hazardous conditions, human factors, and/or efficiency of operations warrant.

The core EU processing capabilities that will be transitioned from the aging Y-12 infrastructure to the new UPF include, but are not limited to:

- (i) Assembly of weapon subassemblies from refurbished and new components;
- (ii) Disassembly of returned subassemblies with recycle, refurbishment, reuse (as required), and disposal of components;
- (iii) Quality Evaluation (QE) of selected subassemblies and components to assess future reliability of weapons systems in the stockpile;
- (iv) EU Metalworking (e.g., casting, machining);
- (v) Chemical Processing, including conversion of scrap and salvage EU to metal and other compounds;
- (vi) Product Certification (e.g., dimensional inspection, physical testing, radiography); and
- (vii) Analytical Services, including laboratory analysis and non-destructive assay.

5.0 PROJECT GOALS AND MILESTONES

Project management of UPF includes the construction management, title III services (Architect Engineer (AE) support services covered under CLIN 0001), test and check out, integration with ongoing operations, and transition to operations, which shall be performed in accordance with the UPF Project Management Plan (Section J, Appendix G). The project management objectives provided in Section J, Appendix A, Chapter II, 1.1.3(iii), paragraphs (A) through (D) applies to the UPF project as well as the following:

- (i) Executing the project consistent with a comprehensive plan and the UPF Program Requirement Document for managing EU production capabilities at Y-12 enabling NNSA to meet its mission;
- (ii) Completing design and construction of the UPF in accordance with the current design information provided by the Government and the approved design for the final update of the UPF Project Management Plan, within the approved total project cost range and the funding profile;
- (iii) Installing and starting the EU process capabilities in the UPF, with priority given to moving EU operations from building 9212, the existing uranium processing facility;

- (iv) Completing UPF building construction by the end of FY2020, initial functionality for capabilities in building 9212 by the end of FY2021, installation of equipment by the end of FY2024, and full functional UPF capability by the end of FY2026;
- (v) Managing under project management best business practices to include, but not limited to configuration control such that changes in the scope, cost, and schedule basis are documented;
- (vi) Providing regular updates of estimates at completion will be provided to NNSA;
- (vii) Collaborating on business practices with the Chemical Metallurgical Radiological Replacement facility at the Los Alamos National Laboratory to maximize efficiencies; and,
- (viii) Documenting project management requirements in accordance with DOE O 413.3B entitled "Program and Project Management for the Acquisition of Capital Assets".

6.0 COST REQUIREMENTS

Manage the UPF activities defined above, as a severable cost center within the M&O contract structure, to include project management, budget, real property, and personnel resources. This includes support to be obtained from organizations within the M&O contract or from other contractors.

SECTION J

APPENDIX B

PERFORMANCE EVALUATION PLAN

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[Note: To be inserted by the Contracting Officer after contract award.]

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APPENDIX C

TRANSITION PLAN

Plan: [To be inserted by the Contracting Officer.]

Guidance: In accordance with Section F, F-7(a), Deliverables During Transition, the Contractor shall submit a Transition Plan that describes the process, details, and schedule for providing an orderly transition during the Contract's Transition Term stated in Section F, F-2, Period of Performance, in accordance with the guidance herein for all elements of Section J, Appendix A, Statement of Work. The plan shall only consider the transition of the Y-12 National Security Complex and the Pantex Plant. If the Savannah River Tritium Operations option is subsequently exercised, a separate tailored transition plan will be required. The objectives of the Transition Plan are: to minimize the impacts on continuity of operations; maintain communication with staff and affected communities; identify key issues; and overcome barriers to transition. The Contractor is responsible for performing due diligence to ensure that all the transition activities are identified, negotiated, and completed during the Transition Term.

The Contractor shall establish a transition management team capable of providing overall management and logistical support of all transition activities at both sites. The Contractor shall develop a resource-loaded project management schedule using software that is capable of integrating with the incumbents' and the DOE/NNSA software. Milestones and measurable commitments will be included in the schedule. The Contractor will regularly report status to the DOE/NNSA at periodic meetings and through regular written reports. The Contractor may also be called upon to periodically brief the communities.

The proposed Transition activities and schedule will be finalized with the Contractor and approved by the Contracting Officer prior to commencement of the Transition Plan activities. A transition cost estimate will be provided in accordance with Section F, F-7(b). The Contractor shall use its Payments-Cleared Financing Arrangement for reimbursement of Transition Plan costs. After completion of these activities and such other Transition Plan activities as may be planned by the Contractor and as authorized by the Contracting Officer, the Contractor shall advise the Contracting Officer that it is ready to assume full responsibility for the Y-12 National Security Complex and the Pantex Plant. Upon receipt of written notification from the Contracting Officer that the Transition activities are considered complete, the Contractor shall assume full responsibility for the Nuclear Production Plants, effective 12:01 A.M. at the start of the Contract's Base Term.

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APPENDIX D

MERGER TRANSFORMATION PLAN

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[Note: To be inserted by the Contracting Officer after contract award.]

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APPENDIX E

PERFORMANCE GUARANTEE AGREEMENT(S)

[Note: To be inserted by the Contracting Officer prior to contract award.]

SECTION J

APPENDIX F

WORK BREAKDOWN STRUCTURE

The Department of Energy, National Nuclear Security Administration (DOE/NNSA), manages a large and diverse portfolio of activities across the Nuclear Security Enterprise (NSE). To help facilitate and integrate the management of this portfolio, the Program Offices utilize an Work Breakdown Structure (WBS) comprised of all Programs' WBS elements. The WBS provides a consistent framework for planning, programming, budgeting, and evaluation (PPBE) of work required to execute their mission. The WBS includes work planning, scheduling, cost estimating, executing work, measuring performance, and reporting the status of work performed. It is expected that the WBS will be used in all Programmatic processes and Contractor support will be required to support those initiatives.

The WBS will be a tool used to define and group discrete work elements (or tasks) in a way that helps organize and define the total work scope of a Program. By grouping work into discrete, manageable elements, the WBS will help to organize and define the total Programs work scope across the NSE. The WBS element may be a product, service, or a combination of products and services. The WBS also provides the necessary framework for scheduling, cost estimating, and controlling a Program's work. As a dynamic tool the WBS, will be revised and updated annually or as required. The WBS is a tool that can be used by NNSA programs to:

- Provide a common framework for defining, managing, and reporting work throughout the PPBE process;
- Account for all work performed by an Program across the NSE;
- Enable program managers to better understand, plan and manage programs and projects;
- Provide greater transparency into how the Program is allocating and spending funds; and
- Establish work definitions to meet current and future cost estimating, scheduling, and performance measurement of Program activities.

SECTION J

APPENDIX G

URANIUM PROCESSING FACILITY (UPF)

PROJECT MANAGEMENT PLAN

[Note: To be inserted by the Contracting Officer after contract award.]

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APPENDIX H

INTERFACE MANAGEMENT PLAN (IMP)

[Note: To be inserted by the Contracting Officer after contract award.]

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APPENDIX I

PERSONNEL APPENDIX

[Note: To be inserted by the Contracting Officer after contract award.]

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KEY PERSONNEL

[Note: To be inserted by the Contracting Officer after contract award.]

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APPENDIX K

SMALL BUSINESS SUBCONTRACTING PLAN

[Note: To be inserted by the Contracting Officer prior to contract award.]

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APPENDIX L

DIVERSITY PLAN GUIDANCE

In accordance with the Contract's Section I Clause entitled "DEAR 970.5226-1, Diversity Plan," this Appendix provides guidance to assist the Contractor in understanding the information being sought by the Department of Energy, National Nuclear Security Administration (DOE/NNSA) for each of the Clause's Diversity elements. The contractor must address the elements below in their Diversity Plan:

Work Force

The Contractor shall have policies or plans to implement Equal Opportunity and Affirmative Action.

Educational Outreach

The Contractor shall have policies or plans that provide Contractor employees an opportunity to improve their employment skills and opportunities and support Historically Black Colleges and Universities, Hispanic Serving Institutions, and Native American Institutions.

Community Involvement and Outreach

The Contractor shall have policies or plans that support Community Involvement and Outreach for equal opportunity activities.

Subcontracting

The Contract contains the Section I Clause entitled "FAR 52.219-9, Small Business Subcontracting Plan, Alternate II" and other small business related clauses.

Economic Development (Including Technology Transfer)

The Contractor shall have policies or plans that relate to small business concerns for the purpose of assisting the economic development of , or transferring technology to such a business.

Prevention Of Profiling Based On Race Or National Origin

The Contractor shall have policies or plans that address the following : (1) avoid profiling based on race or national origin; (2) provide informational or educational programs that ensure managers and employees understand these issues; (3) provide employees with avenues for raising issues or concerns about profiling; (4) use education, training, and community outreach to partner with its work force and with established advocacy groups to recruit, retain, and promote a diverse work force and to review administrative processes that may impact achievement of a

truly diverse work force and work place; and (5) will hold management and leadership responsible and accountable for performance under the diversity plan.

SECTION J

APPENDIX M

INSTITUTIONAL COST REPORTING

Overview - The Office of Finance and Accounting implemented a new institutional cost reporting process in FY 12 that was piloted in FY 11 to replace the Functional Cost reporting process. The pilot effort was undertaken to improve the transparency of contractor institutional and functional costs. The DOE Office of Finance and Accounting requires Contractors to comply with this institutional cost reporting process.

Purpose – The purpose of the DOE/NNSA Institutional Cost Report is to provide transparency of DOE/NNSA Laboratory and Plant M&O costs. The reporting approach was designed with the following guiding principles in mind: (1) balance DOE/NNSA’s requirements for cost information against what the contractor can efficiently provide; (2) use the contractor’s existing accounting and cost classification system to extent possible; and, (3) align with standard government cost classification definitions.

General Guidelines – On a quarterly basis, the Contractor will provide the following information in support of this effort:

- (1) Breakdown of original cost transaction by category
- (2) Breakdown of overhead cost by functional category
- (3) Labor-based allocations
- (4) Overhead-based allocations

Definitions provide for reconciling original costs to STARS cost data. NNSA requires information annually for functional cost charged directly to programs, in addition to those functional costs that are a component of overhead allocations. The contractor shall submit data for labor and overhead based allocations at the level identified in the Funding Program by Subprogram tables in the President’s Budget Request.

The Contractor shall use Excel templates provided and submit the files to the NNSA Field Chief Financial Officer (CFO) and through iPortal. The Contractor shall also provide necessary information to allow DOE/NNSA to have institutional cost reporting. The definitions are provided below.

Original cost category definitions:

Salaries - compensation paid by employer for employee’s services, including: base salary, overtime, performance bonus, executive and incentive compensation. Cost for paid absences is part of base salary and is not treated as part of fringe for purposes of this reporting.

Fringe Benefits – Amounts paid by an employer (net of employee contributions) to provide employees with benefit coverage such as medical and dental insurance, retirement plans including savings plans, legally mandated employment related payment (e.g. social security, unemployment, workers comp, etc.), disability plans and other costs normally included in a fringe pool. Fringe cost is to be broken out by the following subcategories:

- Defined Benefit Pension Plan - Employer cost associated with a retirement plan where the employer makes contributions to a general fund and employee benefits are guaranteed based on a formula using factors such as earnings history and tenure of service¹.
- Defined Contribution Plan - Employer cost associated with retirement plan contributions paid into individual employee accounts. The funding is often in form of a specific percentage of employee contributions to the same account.
- Active Medical - employer cost related to providing medical, dental, vision and the like to its active employees.
- Legally Mandated - Medicare, social security, unemployment, workers comp and like payments required by federal, state or local government to be paid by the employer (include only employer share of the payment)
- Retiree Medical - Employer cost of plans similar to active medical but provided to retirees².
- Other Benefits - any other benefit provide to employees with cost covered by the employer (life insurance, disability, tuition refund, etc.)

Travel - Cost associated with business travel, including: airfare, lodging, meals, transportation / car rental, registration, and other travel related cost included on an employee expense report.

Procurements - Cost of purchasing goods or basic services. Break out cost by the following subcategories:

- Electricity
- Other Utilities (payments made to a utility provider for sewer, water, etc. Excludes phone, which is be reported under Other Procurements)
- Facility Leases
- Other Procurements (includes purchases and leases of equipment, etc)

Subcontracts - Cost incurred under a contract placed primarily to furnish professional services.

Management / Award / Incentive Fee - The base and/or incentive fee that is paid to a contractor and charged as cost to the contract. Such fees are often in whole or in part based on performance under the contract and to include shared savings incentive payments (tied to achieving cost reductions).

Taxes - Includes State and municipal taxes, as well as "payments in lieu of taxes." Does NOT include taxes that are payroll related (e.g. included in the "Fringe" category).

¹ This amount should agree with amount reported in STARS for SGL 68000200, Employer Contributions to Contractor Defined Benefit Pension Plans.

² This amount should agree with amount reported in STARS for SGL 68000300, Employer Contributions to Contractor Post Retirement Defined Benefit Plans Other than Pensions.

Other - Cost of operating an institution not identified in another Cost Element category. Provide details of cost reported in this category if amount is greater than 5% of the Total Original Cost.

Original cost element reporting format and reconciliation to STARS:

Contractors should use the format provided (Exhibit 1) to report original cost transactions and provide a reconciliation to total STARS cost. Provide fiscal year projections based on information generated during your planning process or, if no formal planning based budget exists, use an analysis of prior year trends to establish a projection. Projections may be updated quarterly if better information becomes available.

For reconciliation purposes, the STARS cost amount includes the following SGL balances:

- 61000000 – Operating Expenses/Program Costs
- 61009900 – Integrated Contractor Cost Overruns and Undistributed Costs
- 63300000 – Other Interest Expenses
- 80100100 – Cost of Work Performed Between DOE Entities
- 88020100 – Purchases of Capitalized PP&E
- 88030300 – Purchases of Funded Inventory

Reconciling items are to be categorized as follows:

Variance – Variances associated with the application and recovery of indirect rates vs. actual cost incurred.

Suspense / Undistributed - Undistributed cost relates to the suspense of accounting transactions when it is not practical to identify the ultimate account, or the ultimate account is known but it is not possible to resolve costing issues prior to financial processing deadlines. This balance must be zero at year-end.

Other – Use this line to identify other reconciling items that do not fit in the above categories.

(1) Overhead Cost by Category:

Overhead cost is identified as cost allocated through a cost pool, usually recovered via the application of a rate (e.g. dollar per unit, percentage of cost). An overhead cost can be an allocation to either a final cost objective or an intermediate cost objective (recycled through other cost pools). Examples include: general & administrative, organizational burden, site services, allocation of space cost, etc.

Service Centers (e.g. a cost pool that is allocated using a rate based on type of service) can be allocated to either a direct cost objective or to another cost pool. Service center cost is reported to the extent it is allocated to an overhead pool (in the reporting category of the area receiving the service center charge).

There are two exceptions to this guideline: (1) service center cost that is a key element of operating the institution (e.g. utilities, space cost, etc.) regardless of materiality, and (2) service centers that allocate a major portion of their cost to overhead pools and the amount charged to overhead that represents more than 5% of total indirect cost. In these two cases the service center cost should be treated entirely as an overhead cost for the purposes of this reporting.

Total overhead cost to be reported should be based on the total of all allocations to final cost objectives that are from an overhead cost pool. Recycled overhead (e.g., overhead cost allocated to another overhead pool) will be washed out in the Organizational Management/ Other category. Overhead cost plus direct cost should be reconciled to total cost reported in STARS.

Overhead cost category definitions:

Report cost defined as overhead (per the general guidelines) in the following cost categories based on how it was classified when charged to the overhead pool.

Executive Direction - Includes costs normally associated with the highest level executive management (unless more appropriately associated with management of the other reporting categories). Examples of activities in this account are the Laboratory Director, President and other top level management and immediate staff (Secretary, Special Assistants, etc.), Science Advisors and Deputy Directors, Vice Presidents, etc. This category also includes institutional level strategic planning and the cost of contractor performance assurance. All other management/supervisor activities, including related incidental costs, should be reported in the most appropriate cost category other than Executive Direction.

Human Resources - Includes costs associated with recruiting, salary administration, equal employment opportunity and diversity programs, benefits administration, employee concerns programs, central training development (job specific training development curriculum should be included in the specific category to which it applies), industrial relations, personnel records, employee concerns programs/hotline, educational programs, providing for undergraduate and graduate course work and other personnel related services.

Chief Financial Officer - Includes costs associated with activities of a financial nature, such as general accounting, payroll, travel accounting, funds control, WFO administration, cost accounting, accounts payable, internal control programs (including A-123), financial systems management and non-project / program specific budget coordination and control, indirect rate planning/budgeting, and similar financial related activities.

Internal Audit - Cost of the Internal Audit function, including production / execution of annual audit plan and tracking of correction actions until closed.

Procurement / Acquisitions - Includes costs associated with contracting for goods and services, purchasing, P-Card program, electronic buying (B2B), contract administration, procurement program management and conducting compliance and cost/price analysis activities.

Legal - Includes costs associated with legal counsel support and litigation support. Includes outside legal support and ethics functions. Legal settlements should be classified as Other.

Central Administrative Support – Includes costs associated with food service, printing and graphic support, records management, mail service including postage, subcontracted delivery services, and all library-related activities.

Program / Project Planning & Control – Includes cost associated with support and execution of program / project budgeting, funding requests, baseline control and preparation, master scheduling, project management system administration, and baseline pricing and validation efforts.

Technology Transfer – Includes all cost associated with activities that encourage the further development of promising technologies, dissemination of information to appropriate researchers, organizations, industries, governmental bodies and other institutions; and other activities that assist in affecting the introduction of technologies in the marketplace.

Outreach Activities - Cost associated with media communication, public relations, educational programs, employee outreach program, stakeholder-related outreach, activities contributing to the development of the local/regional economy, and other information or outreach activities such as HBCU (Historically Black Colleges and Universities) and other University-related activities, including stakeholder agencies and Congressional liaison activities.

Business Development / Client Liaison – Cost of activities associated with familiarizing current or possible clients with capabilities offered and/or opportunities to fund work, assessment and planning for potential new business areas, client relationship management and liaison with clients.

Information Management - Cost associated with office automation (desktop software, video conferencing, collaboration, email, access management), network services (groups of computers that communicate with each other, share peripherals and access remote hosts or other networks), telecommunications (communication by electronic submission of impulses over telephone/optic lines including cell phones and voice over internet protocol), application and data hosting (providing central computer facilities, data backup and restore, data processing, and network file and printer services), and general business information system technology not specific to a single system. This category includes systems analysts/programmers; however, specific systems management and administrative costs for various business and scientific systems should be included in their respective cost categories. (Note: Dedicated scientific activities, experiments, analysis, etc., should be included in the appropriate category.)

Environmental – Includes costs associated with the development, implementation and maintenance of Laboratory systems for the compliant management of radioactive and hazardous waste; safe packaging and transportation of hazardous materials (non-waste); effluent controls and monitoring and surveillance; permitting; auditing and evaluation to assure compliance and pollution prevention. These activities, performed on a routine basis, are necessary to maintain compliance with Federal, State and local regulations, as well as applicable DOE Orders and directives. This category does not include third party treatment or disposal costs which are charged direct to a project; it also does not include cleanup activities.

Safety & Health - Costs associated with safety and health programs, such as integrated safety management, emergency preparedness, fire protection, industrial hygiene, industrial safety, occupational medical services, nuclear safety, work smart programs, radiation protection, transportation safety (does not include traffic management functions - include this item in logistics) and related management oversight. These activities, performed on a routine basis, are necessary to maintain compliance with Federal, State, and local regulations, as well as applicable DOE Orders and directives.

Facilities Management & Operations - Cost associated with providing facilities and equipment including facility related services required in performance of the contract. Facilities management activities add to existing property, plant and equipment or extend the life of existing property, plant and equipment. This is distinct from maintenance activities which are reported in separate categories. Maintenance activities sustain existing property, plant and equipment in a usable condition and do not result in increasing capabilities of existing property, plant or equipment. Examples of activities in this category are: facilities remodeling, facilities utilization analysis, modification and upgrade analysis, facilities planning and condition determinations, and lease and rental of real property. Rents and leases of other than real property are included in the appropriate category. Facilities Management includes engineering activities such as HVAC systems, electrical mechanical activities, and repair and maintenance analysis if they extend the current useful life or result in improvements beyond existing capabilities. Major functions also included in this category are the cost of janitorial services, pest control and other services to keep these facilities usable.

Maintenance - Facilities - includes costs to perform activities that sustain or continue existing functionality of real property. These are *not* activities that increase functionality or extend useful life. Costs that increase functionality or that extends useful life are treated in accordance with the capital assets accounting requirements. Maintenance functions include supervision, planning and scheduling, and storage and staging of materials and supplies required for maintenance activities. All phases of maintenance are included: preventive, predictive and corrective maintenance.

Maintenance - General - includes costs to perform activities that sustain or continue existing functionality of all other property and equipment not included in facilities maintenance. These are not activities that increase functionality or extend useful life. Costs that increase functionality or that extend useful life are treated in accordance with the capital assets accounting requirements. Examples of functions included in this category are: maintenance on production and process equipment/machines; maintenance of roads and grounds; maintenance of utilities; calibration, care, repair and storage of equipment used in monitoring, or the actual performance of, maintenance work; and planning and scheduling, and storage and staging of materials and supplies required for maintenance activities.

Utilities - Costs include utility-related engineering, operating utility (heat, electrical,, water,etc.) plants and equipment, contract services for fuel, water treatment chemicals, or support needed to provide electric power, heat, steam, chilled water, potable water, process gases and sanitary waste disposal to support business and research. This element includes all costs associated with contract services in support of utilities, such as fuel, water treatment chemicals and control systems (also include energy management related activities).

Safeguards & Security – Includes all overhead funded costs of a central program associated with the development and implementation of a Safeguards and Security Program to protect nuclear materials, nuclear weapons, classified information and government property from theft, sabotage, espionage, or other acts that may cause adverse impacts on national security or to the safety of the public and employees. Excludes requirements which are funded by the S&S direct program and overhead cost that is embedded in other functional categories such as organizational management. Also excludes the allocable share of direct funded site S&S expenses funded from the tax applied to WFO and reported in the **WFO Funded Safeguards and Security** category. Cost *excludes* Cyber Security which is reported separately. Note that this category will be eliminated in FY12 when all S&S cost must be charged direct.

WFO Funded Safeguards and Security - Includes the allocable share of direct funded site S&S expenses recovered through taxes applied to WFO orders in accordance with FY 2012 budget guidance. This does not include any marginal S&S costs incurred to support the projects of individual WFO customers - these are reported as a direct WFO cost.

Cyber Security – Cost charged to overhead for core Cyber related program activities, including: operation of unclassified networks, establishing and maintaining institutional level controls to prevent unauthorized access; purchasing and maintaining institution wide software for protection against malware, viruses and the like; and routine monitoring of network traffic to identify and isolate threats including cyber analytics. Additionally, based on the manner that the system or process is being charged, costs could include implementing corrective actions, activities conducted by line personnel, and operation of unclassified networks. Excludes overhead cost that is embedded in other functional categories such as organizational management.

Logistics Support - Costs associated with shipping, receiving, transportation (excluding maintenance which is included in the Maintenance category), warehousing, motor pools, office equipment pools, property management and excessing activities; routine inventory write-offs and other logistic support activities.

Quality Assurance - Costs associated with all quality assurance, reliability and regulatory activities associated with nuclear, construction, research, management, and software functions. Included in this category are costs associated with PAAA/DRCP compliance, quality engineering and inspection services, quality assurance audits, occurrence reporting (such as the Occurrence Reporting and Processing System), development of quality program plans, operational readiness review coordination and other activities related to ensuring the quality assurance of site operations and facilities. This does not include costs incurred for weapons stockpile certification.

Management / Award / Incentive Fee – The based and/or incentive fee that is paid to a contractor and charged as cost to the contract. Such fees are often in whole or in part based on performance under the contract and to include shared savings incentive payments (tied to achieving cost reductions).

Taxes - Includes State and municipal taxes, as well as "payments in lieu of taxes." Does NOT include taxes that are payroll related.

LDRD - LDRD portion reflects costs incurred in accordance with DOE Order 413.2A for the purpose of pursuing new and innovative scientific concepts of benefit to the DOE. Excludes allocation of overhead other than organizational burdens. This would include PDRD and SDRD reflecting costs incurred in accordance with the legislative authority for these activities.

IGPP / IGPE - Institutional General Plant Projects (IGPP) / Institutional General Purpose Equipment (IGPE):

IGPP projects are overhead funded minor new construction projects of a general nature, the total cost of which may not exceed the congressionally established line item limit. This category should include all capital construction that is not direct funded. Institutional General Purpose Equipment (IGPE) is overhead funded capital equipment that is required for Laboratory wide needs. IGPE is administrative in nature, i.e. not research equipment, of a general use or institutional nature that benefits multiple cost objectives. Each contractor should report cost following their DOE approved policies for IGPP/IGPE.

Organizational Management / Other – Report all other overhead cost which is *not* identified in another cost category. This includes general organizational management activities (e.g., organizational burden pools). The amount reported in this category washes out recycled overhead (e.g., overhead cost allocated to another overhead pool). Generally the amount reported in this category will be determined by total overhead cost (based on all allocations to final cost objectives that are from an overhead cost pools) less the amounts reported in all other cost categories. The resultant amount should be evaluated for reasonableness by comparing the calculated amount to organizational burden allocated to final cost objectives plus other miscellaneous overhead cost minus recycled overhead (overhead allocated to other overhead pools). Provide details of cost reported in this category if amount is greater than 25% of the Total Overhead Cost.

Overhead cost reporting format and reconciliation to STARS:

Format (Exhibit 2) should be used to report overhead cost by functional category and provide a reconciliation to total STARS cost. Provide fiscal year projections based on information generated during your planning process or, if no formal planning based budget exists, use an analysis of prior year trends to establish a projection. Projections may be updated quarterly if better information becomes available.

Reconciling items are to be categorized as follows:

Direct Cost – Cost charged direct to project (final cost objective), such as Direct Material, Direct, Labor, and Other Direct Cost, and is not the result of the application of an indirect rate. This cost will be net of any lab level service activity reported in total as overheads.

Variance Suspense / Undistributed – Variances associated with the application and recovery of indirect rates vs. actual cost incurred. Undistributed cost relates to the suspense of accounting transactions when it is not practical to identify the ultimate account, or the ultimate account is known but it is not possible to resolve costing issues prior to financial processing deadlines. This account must be zero at year-end.

Other – Use this line to identify other reconciling items that do not fit in the above categories.

(3) Distribution Tables: Labor and Overhead Allocations

To allow DOE the ability to allocate cost by high level program, either in total or by category, contractors will provide two allocations tables (reference Exhibits 3 & 4) reflecting the percentage of total cost to final cost objective summarized by DOE Fin Plan (at the two digit BNR level), DHS, Other DOE, and all other WFO.

- (1) Labor – percentage of total direct labor charged to final cost objectives summarized by DOE, DHS, Other DOE, and WFO. DOE Fin Plan should be reported at the two digit BNR level. Allocations should reflect all amounts categorized as labor (to include salaries and benefits), whether it is based on actual salary rates or average labor rates. Note: This approach ignores labor charged to overhead and service center pools as it cannot easily be tracked back to final cost objectives. This data will be used to allocate benefit costs (e.g., fringe), in total and/or by element. If labor cost is not an accurate representation of how benefit cost is allocated then please use fringe only data or other more accurate representation if it is available
- (2) Overheads – percentage of total overhead cost from all pools defined as overhead as allocated to final cost objectives summarized by DOE Fin Plan (at two digit BNR level), DHS, Other DOE, and WFO. Refer to definition of overhead cost provided Overhead Cost by Category section. Do NOT include service centers in the allocation base for the purpose of allocations. This data will be used to allocate overhead costs, in total and/or by element. If this is not an accurate representation of how overhead cost is allocated then use a more accurate representation if it is available.

SECTION J**APPENDIX N****LIST OF APPLICABLE DIRECTIVES**

In addition to the list of applicable directives referenced below, the contractor shall also comply with supplementary directives (e.g., manuals), which are invoked by a Contractor Requirements Document (CRD) attached to a directive referenced below. This List excludes directives that have granted an exemption from the CRD in whole or in part. For those Directives whereby the Contractor has been granted an exemption from the CRD, the Contractor shall comply only with the Operating Requirements identified in Appendix N-1. Directives identified in Appendix N-1 are for reference purposes only, i.e., only those provisions set forth in Appendix N-1 constitute binding Operating Requirements.

Directives that have been reviewed and approved by the Joint Operating Requirements Review Board (JORRB) may be reflected here if local authority has been delegated.

Reference Document	Title
BOP 003.08	Management and Operating Contractor Business Meals and Light Refreshment
BOP 50.002	Value Management Policy
BOP 50.003	Independent Project Review Policy
NA SD O 350.1	Management and Operating Contractor Service Credit Recognition
IBP-202	Record of Assembly and Disassembly
IBP-401	Product Definition Exchange Process
IBP-404	Engineering Authorization System
NA SD M 452.3-1	DEFENSE PROGRAMS BUSINESS REQUIREMENTS AND PROCESSES MANUAL as implemented through the Requirements, Modernization, and Integration (RMI) Explorer Portal, the gateway to content related to the Weapons Acquisition Lifecycle requirements and processes (rmi.sandia.gov, web-based application)
PSLM	Primary Standards Lab Memo
DOE M 440.1-1A	DOE Explosive Safety Manual
DOE M 452.2-1A	Nuclear Explosive Safety Manual
DOE M 452.2-2	Nuclear Explosive Safety Evaluation Processes
DOE O 450.2	Integrated Safety Management
NFPA Codes and Standards	NFPA Codes and Standards
Executive Order 13514	Federal Leadership in Environmental, Energy, and Economic Performance
Executive Order 13423	Strengthening Federal Environmental, Energy, and Transportation Management
Executive Order 13526	Classified National Security Information
Executive Order 13556	Controlled Unclassified Information
Standard Building Code	International Building Code
ASME NQA-1 2008, 2009 Addenda, 1b 2011	Quality Assurance Requirements for Nuclear Facility Application
Baseline Security Procedure for NNSA SAP	Baseline Security Procedure for NNSA SAP
DOE O 544.1	Priorities and Allocations Program

Reference Document	Title
DOE M 140.1-1B	Interface with the Defense Nuclear Facilities Safety Board
DOE M 205.1-3	Telecommunications Security Manual
DOE O 232.2	Occurrence Reporting and Processing of Operations Information
DOE M 435.1-1 Chg 2	Radioactive Waste Management Manual
DOE M 441.1-1	Nuclear Material Packaging Manual
DOE O 442.2	Differing Professional Opinions for Technical Issues Involving Environmental, Safety, and Health Technical Concerns
DOE M 457.1-1	Control of Improvised Nuclear Device Information
DOE O 470.4B	Safeguards and Security Program
DOE O 472.2	Personnel Security
DOE O 471.1B	Identification and Protection of Unclassified Controlled Nuclear Information
DOE M 471.3-1	Manual for Identifying and Protecting Official Use Only Information
DOE O 471.5	Special Access Programs
DOE M 483.1-1	DOE Cooperative Research and Developments Agreements Manual
DOE O 452.1D	Nuclear Explosives and Weapons Surety Program
DOE O 452.2D	Nuclear Explosive Safety
DOE O 130.1	Budget Formulation
DOE O 142.3A	Unclassified Foreign Visits and Assignment Program
DOE O 150.1	Continuity Programs
DOE O 151.1C	Comprehensive Emergency Management System
DOE O 153.1	Radiological Emergency Response Assets
DOE O 205.1B	Department of Energy Cyber Security Program
DOE O 206.1	Privacy Program
DOE O 210.2A	DOE Corporate Operating Experience Program
DOE O 221.1A	Reporting Fraud, Waste and Abuse to Office of Inspector General
DOE O 221.2A	Cooperation with the Office of Inspector General
DOE O 225.1B	Accident Investigations
DOE O 226.1B	Implementation of Department of Energy Oversight Policy
DOE O 241.1B	Scientific and Technical Information Management
DOE O 252.1A	Technical Standards Program
DOE O 231.1B	Environment, Safety and Health Reporting
DOE O 341.1A	Federal Employee Health Services
DOE O 350.2B	Use of Management and Operating or Other Facility Management Contractor Employees for Services to DOE in the Washington, DC Area
DOE O 410.2	Management of Nuclear Materials
DOE O 412.1A	Work Authorization System
DOE O 413.1B	Internal Control Program
DOE O 413.3B	Program and Project Management for Acquisition of Capital Assets
DOE O 414.1D	Quality Assurance
DOE O 420.1B Chg 1	Facility Safety
DOE O 425.1D	Verification of Readiness to Startup and Restart of Nuclear Facilities
DOE O 426.2	Personnel Selection, Training, Qualification and Certification Requirements for DOE Nuclear Facilities
DOE O 430.1B Chg 2	Real Property and Asset Management

Reference Document	Title
DOE O 433.1B	Maintenance Management Program for DOE Nuclear Facilities
DOE O 435.1 Chg 1	Radioactive Waste Management
DOE N 435.1	<u>Contact-Handled and Remote-Handled Transuranic Waste Packaging</u>
DOE O 436.1	Departmental Sustainability
DOE O 440.2C Chg 1	Aviation Management and Safety
DOE O 443.1B	Protection of Human Research Subjects
DOE O 452.3	Management of DOE Nuclear Weapons Complex
DOE O 457.1	Nuclear Counterterrorism
DOE O 458.1 Chg 2	Radiation Protection of the Public and the Environment
DOE O 460.1C	Packaging and Transportation Safety
DOE O 460.2A	Departmental Materials Transportation and Packaging Management
DOE O 461.1B	Packaging and Transportation for Offsite Shipment of Materials of National Security Interest
DOE O 462.1	Import and Export of Category 1 and 2 Radioactive Sources and Aggregate Quantities
DOE O 227.1	Independent Oversight Program
DOE O 470.3B	Graded Security Protection (GSP) Policy
DOE O 471.3 Chg 1	Identifying and Protecting Official Use Only Information
DOE O 471.6	Information Security
DOE O 473.3	Protection Program Operations
DOE O 474.2 Chg 1	Nuclear Material Control and Accountability
DOE O 475.1	Counterintelligence Program
DOE O 475.2A	Identifying Classified Information
DOE O 534.1B	Accounting
DOE O 458.1 Chg 2	Radiation Protection of the Public and the Environment
DOE O 422.1	Conduct of Operations Requirements for DOE Facilities
DOE O 551.1C	Official Foreign Travel
DOE O 452.8	Control of Nuclear Weapon Data
DOE O 5639.8A	Security of Foreign Intelligence Information and Sensitive Compartmented Information Facilities
DOE P 470.1A	Safeguards and Security Program
DOE SNL TYPEBARG	Tie-down Procedure for Type A, B, ARG, and Miscellaneous Containers
EP-401075 Issue D	Electrical Testers for Nuclear Explosives
NAP 9A	Secon Implementation
NAP 14.1-C	NNSA Baseline Cyber Security Program
NAP 14.2-C	NNSA Certification and Accreditation (C&A) Process for Information Systems
NAP 14.3-B	Transmission of Restricted Data over Secret Internet Protocol Router Network (SIPRNet)
NAP 21	Transformational Governance and Oversight
NAP 70.2	Physical Protection
NAP 70.4	Information Security
QC-1 Revision 10	DOE/NNSA Weapon Quality Policy (QC-1)
DOE STD 1073-2003	DOE Standard – Configuration Management
DOE STD 3007-2007	DOE Standard – Preparing Criticality Safety Evaluations at DOE
DOE STD 3024-98	DOE Standard – Content of System Design Description
Site Specific CRD	Startup and Restart of Operations, Activities and Facilities

Reference Document	Title
Site Specific CRD	Directive Systems Process
YSO-CRD-09-01	Projects Contractor Requirements Document (CRD)
DOE O 452.4B	Security and Use Control of Nuclear Explosives and Nuclear Weapons
AL 56XB	Development and Production Manual
DOE O 461.2	Onsite Packaging and Transfer of Materials of National Security Interest
Letter	Letter dated 6/2/2010 from Thomas D. D'Agostino to Theodore Sherry, Expert-Based Unreviewed Safety Question Determination Procedure
DOE O 580.1 Chg 1	Department of Energy Personal Property Management Program
DOE G 580.1-1	Department of Energy Personal Property Management Guide
BOP 001.311	NNSA Budget Validation Process
BOP 001.5	Management & Operating Contractor Employment Reporting

(A) Implementation of applicable directives.

- (1) The Contractor shall submit an implementation plan to the Contracting Officer when required by the directive or other instruction of the Contracting Officer and within 60 days of the effective date of the Contract or acceptance of the directive after the effective date of the Contract.
- (2) The Contracting Officer will approve or disapprove the plan and notify the Contractor of the decision. If the Contracting Officer disapproves the plan, he/she shall clearly identify all deficiencies and provide reasonable suggestions for making the plan acceptable. Within 30 days after notification of the disapproval of a plan, the Contractor shall submit to the Contracting Officer the revised plan for approval as described above.
- (3) During the process of implementation, the Contractor will notify the Contracting Officer if modifications to the plan are required for any reason. The Contracting Officer will consider all such requests and will not unreasonably withhold his/her approval to modify such plans when circumstances warrant modification.

Appendix N-1
Operating Requirements

The Contractor shall comply with the Operating Requirements listed herein. **The identified directives are listed for reference purposes only, i.e., only those provisions set forth herein constitute binding Operating Requirements.** The NNSA Administrator has granted exemptions from some of the directives referenced herein while other directives have an alternative applicable authority for exemption. The applicable authority for exemption for each directive is cited in their respective endnotes.

The contractor is responsible for flowing down requirements in Appendix N-1 and other contract requirements, when applicable, to ensure compliance with the terms and conditions of the prime contract.

The paragraph numbering under each heading below corresponds to the Contractor Requirements Document (CRD) in the referenced directive for ease of traceability.

DOE O 200.1A, **Information Technology Management**, Effective Date: 12/23/2008

1. INFORMATION TECHNOLOGY STRATEGIC PLANNING. Maintain a strategic plan that coordinates IT planning and investment decisions and links to the Departmental strategic plan.
2. CAPITAL PLANNING AND INVESTMENT CONTROL. Develop, implement, and maintain a Capital Planning and Investment Control (CPIC) process that supports Department-wide CPIC efforts.
3. ENTERPRISE ARCHITECTURE. Maintain an Enterprise Architecture for the life-cycle management of information resources and related IT investments funded by or operated for DOE.
4. HARDWARE AND SOFTWARE ACQUISITION
 - b. Implement a Software Quality Assurance (SQA) program.
5. IT OPERATIONS AND USE. Ensure that information published to Federal service-to-citizens public websites are accessible to the public and individuals with disabilities.

DOE O 243.1, **Records Management Program**, Effective Date: 02/03/2006

1. The Contractor shall:
 - a. Implement a records management program in compliance with requirements for managing records in all formats, including early capture and control throughout their life cycles.
 - (1) Electronically formatted records will be maintained in an approved electronic records management application meeting the requirements of DOE-STD-4001-2000, "Design Criteria Standard for Electronic Records Management Software Applications," dated March 2000.
 - b. Create and maintain current file plans/indexes that describe all categories of records created, received, and maintained by personnel in the course of their official duties.
 - c. Preserve and disposition records in the same manner as National Archives and Records Administration (NARA)-approved records disposition schedules [Title 36, Code of Federal Regulations (CFR), Chapter 12].
 - d. Preserve records placed under a destruction moratorium (freeze),
 - e. Request disposition authority from NARA, through the Departmental Records Officer, for all unscheduled records.
 - f. Store records in a manner that meets the requirements of 36 CFR 1228, Subpart K placed on DOE [36 CFR 1228.220-1228.224]. Unscheduled records are not to be sent offsite for storage at either NARA or commercial facilities.
 - g. Review capital planning and investment control (CPIC) proposals and information architecture plans for electronic records management provisions.
 - h. Conduct internal evaluations of records management practices and programs, including the economy of the operation, at least every 3 years.
 - i. Ensure that records management program training is provided for all personnel with records management responsibilities.
 - j. Identify vital records and preserve them in a manner that ensures they are maintained, kept current and where appropriate, available in the event of a continuity of operations or catastrophic event.
 - k. Ensure that the site exit process includes a requirement for the transfer of custodianship of Federal records.

DOE O 243.2, **Vital Records**, Effective Date: 02/02/2006

1. REQUIREMENTS

- a. A DOE contractor must identify and preserve vital records in support of the Department's emergency preparedness responsibilities (as outlined in Executive Order (E.O.) 12656, "Assignment of Emergency Preparedness Responsibilities").

- c. A contractor must implement vital records programs that include the following:
 - (1) Procedures for identifying, protecting, controlling access to, and ensuring availability of records and information systems that-
 - (a) Specify how the organization will operate in case of an emergency and how it will support civil defense associated with disasters and attacks;
 - (b) Are needed for the continued operations of the organization and mission delivery of the organization both during and after an emergency or disaster; and
 - (c) Are essential to the preservation of the legal rights and interests of the Government and its citizens.
 - (2) Procedures for accessing records required to support critical activities the contractor performs when DOE operates under abnormal business conditions and/or at a location other than the normal place of business.
 - (3) Vital records inventory plans that include-
 - (a) Requirements for proper labeling and handling;
 - (b) Security precautions;
 - (c) Frequency of updates;
 - (d) Media, hardware, software, and supporting service needs; and
 - (e) Provisions for access from remote locations.
 - (4) An inventory system that identifies hardcopy and electronic records by-
 - (a) Series or system title,
 - (b) Description,
 - (c) Type,
 - (d) Name of the responsible office and individual,
 - (e) Physical location of copies, and
 - (f) Date of latest revision.
 - (5) Provisions for protecting against or assessing damage to or loss of records and recovering records affected by an emergency or disaster must include:
 - (a) copies of the vital records and the inventory maintained at separate locations to ensure immediate access in any situation;
 - (b) records maintained in media feasible for accessing and reviewing information during or immediately following an emergency;

- (c) evaluation of electronic records based on-
 - 1. Volume,
 - 2. Frequency of updates required,
 - 3. Availability of electricity, computers, software and support services needed to permit access, and
 - 4. Potential for accessing electronic records from remote locations via virtual private networks or compact disks.
- (6) A process for selecting storage/backup protection methods that must include:
 - (a) Evaluation of the effectiveness,
 - (b) Cost,
 - (c) Degree of risk or potential loss,
 - (d) Physical susceptibility to destruction,
 - (e) Need for special environmental conditions for transporting, storing, and updating records.
 - (f) Ability to retrieve records quickly during an emergency or disaster.
- (7) An ongoing appraisal of vital records and complete review at least annually to ensure that changing conditions are addressed and records are up-to-date and immediately accessible.
- (8) A plan must be developed and maintained to recover records that are damaged in an emergency or disaster, regardless of media. This plan must include the priorities for restoring or recovering multiple damaged systems and the options for recovery and replacement. This plan must also include a resource list of local disaster recovery firms that can assist in restoration, along with employee contact lists and vital records inventories, must be maintained at multiple off-site locations to facilitate their use.

2. STORAGE CONSIDERATIONS

- a. A contractor must establish locations where vital records will be stored, such as alternate emergency operations centers (EOCs), command centers, and relocation sites that will provide adequate protection and accessibility and meet the improved fire protection risk level required by the CRD for DOE O 420.1B, *Facility Safety*, dated 12-22-05. Before classified documents can be stored at these locations, the contractor must obtain approval in accordance with the CRD for DOE O 470.4, *Safeguards and Security Program*, dated 8-26-05.
- b. Manner of Storage. Contractor records will be stored in a manner that ensures ease of access, retrieval, and control. Storage systems must allow for access per the prioritized schedule. Classified and unclassified records must be handled in accordance with the CRD for DOE O 471.1A, *Identification and Protection of Unclassified Controlled Nuclear Information*, dated 6-30-00, and the CRD for DOE O 471.3, *Identifying and Protecting Official Use Only Information*, dated 4-9-03.

3. **DISPOSITION OF RECORDS.** Original vital records must be maintained for the period of time specified in the DOE records disposition schedules. The duplicate copy of vital records that is stored in the separate location should be deleted when obsolete or superseded and replaced with the updated revision.

DOE O 350.1 Chg 3, Chapter VIII, **Substance Abuse Program**, Effective Date: 02/23/2010

2. Comply with the requirements 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites. DOE contractors that have positions that fall within the scope of other agency requirements shall, in addition, comply with the substance abuse programs requirements of those agencies. These include the Department of Transportation (DOT), the Nuclear Regulatory Commission (NRC), and the Department of Defense (DOD).
3. Submit to the Contracting Officer for approval:
 - a. A written Workplace Substance Abuse Program consistent with the minimum requirements of 10 CFR Part 707, Workplace Substance Programs at DOE Sites, and provides for baseline services including education awareness programs on the hazards of using substances in the DOE workplace; supervisory training on their responsibilities with impaired employees; and Employee Assistance Program services. Where testing designated positions have been identified, contractors must include a testing program that meets the requirements of the Department of Health and Human Services Mandatory guidelines and 10 CFR part 707.
 - d. Ensure that all service providers are qualified and perform according to the requirements of 10 CFR part 707, Department of Health and Human Services, and Department of Transportation regulations.
4. Submit reports and maintain records as follows:
 - a. Submit the Contracting Officer reports consistent with 10 CFR 707 on program results and separate reports on each of the lower tier subcontractors including testing results where there are testing designated positions and for positions subject to requirements of other Federal agencies.
 - b. Maintain records in such a manner that permits preparation of a semiannual report, covering the periods January 1 to June 30 and July 1 to December 31, to provided within 30 days of the close each period.

DOE O 350.1 Chg 3, Chapter IX, **Employee Assistance Programs**, Effective Date: 02/23/2010

1. Provide a program of preventative services, education, short-term counseling, coordination with and referrals to outside agencies, and follow-up on return to work that conforms to the requirements 10 CFR 707.6, Employee Assistance, Education, and Training. A description of the Employee Assistance Program services must be included in contractor Substance Abuse Plans. In addition, the Employee Assistance Programs shall provide services for other medical behavioral, mental, emotional or personal problems of employees and dependents.
2. Contractors not covered by the provisions of Workplace Substance Abuse Programs at DOE Sites, 10 CFR part 707, shall provide a program of consultation services, assessment, referral for treatment and/or rehabilitation, and educational services concerning illegal drug use or other medial-behavioral, mental, emotional or personal problems of employees and dependents.
3. Submit for approval by the Contracting Officer an employee assistance program implementation plan.
4. Implement an Employee Assistance Program.
 - e. (2) (d) For employees with Access Authorizations who are in the Personnel Assurance Program (PAP) or the Personnel Security Assurance Program (PSAP), communications from Employee Assistance Program staff are not permitted, except as provided in paragraph (e) below, without the employees written consent unless a waiver has been signed as part of the employee's entry into PAP or PSAP.

(e) If, in the opinion of the Employee Assistance Program staff, allowing the employee to continue in a work assignment would create a threat to health, safety, or the national security, the Employee Assistance Program staff will notify contractor staff if the employee is unwilling to do so. If the threat is based on national security concerns, the contractor shall notify the cognizant DOE security official.
6. Prepare and submit information to DOE concerning Employee Assistance Program services as requested by the Contracting Officer. Such reports shall not include individual identifiers.

DOE O 442.1A, **Department of Energy Employee Concerns Program**, Effective Date: 06/06/2001

Assist DOE in the resolution of employee concerns.

Ensure that contractor and subcontractor employees are advised that they have the right and responsibility to report concerns relating the environment, safety, health, or management of DOE-related activities; and

Cooperate with assessments used to verify that they have acted to minimize, correct, or prevent recurrence of the situation that precipitated a valid concern.

DOE O 482.1, **DOE Facilities Technology Partnering Programs**, Effective Date: 01/12/2001

1. Establish and maintain a management system, including policy and procedures that satisfies Department of Energy (DOE) technology partnering activities requirements of DOE O 482.1, DOE FACILITIES TECHNOLOGY PARTNERING PROGRAMS.
2. Assist heads of field elements in developing appropriate performance measures for technology partnering activities and participate in DOE's Performance-Based Business Management Process (DOE O 224.1, CONTRACTOR PERFORMANCE-BASED BUSINESS MANAGEMENT PROCESS) or other appraisals in accordance with the facility contract.
3. Submit to DOE, as appropriate, technology partnering agreements for review and approval, as required by the facility contract.
4. Review proposed work involving human and/or animal subjects for compliance with established regulations for protection of these subjects.
5. Review projects for compliance with DOE environmental, safety, and health requirements, including the National Environmental Protection Act.
6. Ensure projects are protected in accordance with applicable security, safeguards, and classification policies and procedures, including the site security plan or supplemental security plan specific to a project.
7. Request DOE approval for non-DOE-funded construction at a DOE site when that construction exceeds the general plant project threshold;
8. Submit annual Technology Partnering Report.

9. Establish an ombuds capability to assist industry with issue resolution. Responsibilities of this position are to—
 - (a) serve as a focal point to industry and the public to help resolve technology partnering complaints and disputes;
 - (b) promote the use of collaborative alternative dispute resolution techniques to facilitate resolution of complaints and disputes; and
 - (c) report to the department annually on the number and nature of complaints and disputes raised and resolved, while protecting confidentiality. Maintain a project summary listing of information on each active CRADA project

DOE O 483.1, **DOE Cooperative Research and Development Agreements**, Effective Date: 01/12/2001

1. Establish and maintain a management system, including policy and procedures, that ensures Cooperative Research and Development Agreement (CRADA) activities requirements of DOE M 483.1-1, COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT MANUAL are satisfied.
2. Develop in conjunction with the heads of field elements appropriate performance measures for CRADA activities and participate in DOE's Performance-Based Business Management Process (DOE O 224.1, CONTRACTOR PERFORMANCE-BASED BUSINESS MANAGEMENT PROCESS) or other appraisals in accordance with the facility contract.
3. Submit to DOE, CRADAs and JWSs for review and approval unless the DOE Contracting Officer has the statutory authority to delegate these functions to the contractor and the DOE Contracting Officer elects to make the delegation in accordance with DOE policy.
4. Review proposed work involving human and/or animal subjects for compliance with established regulations for protection of these subjects.
5. Review projects for compliance with DOE environmental, safety, and health requirements, including the National Environmental Protection Act.
6. Ensure projects are protected in accordance with applicable security, safeguards, and classification policies and procedures, including the site security plan or supplemental security plan specific to a project.
7. Ensure contractor employees protect proprietary information and data provided by private sector collaborators and sponsors in the conduct of CRADA activities.
8. Request DOE Approval for construction at a DOE site when that construction exceeds the general plant project threshold. Approval by the cognizant Secretarial Officer and the Chief Financial Officer is required prior to initiation of work which exceeds the threshold.

9. Maintain a project summary listing of information on each active CRADA project.
10. Maintain project file information documenting policy compliance.
11. Submit information on CRADAs as part of the annual Technology Partnering Report.

DOE O 484.1, **Reimbursable Work for the Department of Homeland Security**, Effective Date: 12/23/2008

Contractors will perform and administer DHS reimbursable work in accordance with the “Memorandum of Agreement between Department of Energy and Department of Homeland Security,” dated 2-28-03 (Attachment 3) or amendments thereto and the following requirements.

As directed by the contracting officer, the contractor must meet the following requirements.

1. Establish and maintain a management system that ensures reimbursable work for DHS requirements are satisfied.
2. Prepare project proposals that clearly describe the agreed-to statement of work, work methodology resources, and schedule before DOE acceptance of funding.
3. Ensure the work is—
 - a. within the facility/site contract scope and
 - b. priced in accordance with DOE pricing policies and provisions applicable to DHS work, which include the following.
 - (1) Cost estimates will be based on charges consistent with the costs of similar work performed for DOE.
 - (2) Costs for the DOE Federal administrative charge will not be assessed for directly funded DHS work.
 - (3) Amounts charged for general site safeguard and security surcharges or personnel costs will not be in excess of the amounts that DOE programs incur for similar work.
 - (4) When DHS requirements for site safeguards, security, or personnel exceed those of DOE for similar work, the costs of those special DHS requirements that can be attributed directly to the DHS project may be charged to DHS. Such costs will be identified in proposals.
 - c. accepted by a DOE contracting officer or authorized designee
4. Equipment acquired as part of a project must be accounted for and maintained in the same manner as DOE property. Disposition of equipment must be as previously agreed or as instructed by DHS. Equipment shipping costs are the responsibility of DHS.

DOE O 522.1, Pricing of Departmental Materials and Services, Effective Date: 11/03/2004

1. When the site/facility management contractor conducts activities of providing non-DOE entities materials or services, which the Department is authorized by law to provide, the site/facility management contractor must charge the non-DOE entity the full cost of providing the materials or services. Full cost includes all site/facility management contractor direct costs incurred in performing work, all allocable costs incurred by the site/facility management contractor at any DOE/NNSA facility, and a Federal administrative charge of 3 percent of these costs. In no case will any depreciation or imputed interest charges be imposed on the non-DOE entity requesting the materials or services.
2. For cosponsored work, Cooperative Research and Development Agreements (CRADAs), and other technology transfer mechanisms, the site/facilities management contractor will assess a Federal administrative charge of 3 percent on all funds contributed by the sponsor, regardless of the level of Departmental participation in funding the work effort. In-kind contributions will not be subject to the Federal administrative charge.
3. The site/facility management contractor may provide an exception to the requirement to assess the 3 percent Federal administrative charge for reimbursable work performed for non-DOE entities as follows:
 - a. Funds-in agreements with domestic entities: small business concerns, institutions of higher education, nonprofit entities, and State and local governments.
 - b. Based on the current listing of blanket pricing exceptions provided by DOE to the contractor for work covering research, development, testing, evaluation, training, and exercises directly related to specified activities listed. If any of the blanket exceptions are canceled, DOE will provide the contractor with appropriate notification.
4. In the following situations, the Contractor may provide a pricing exception based on who the primary customer is regardless of the source of funds. The following situations provide illustrations for the contractor in making such determinations.
5. The following activities may become part of the contractor's responsibilities. These activities require special pricing consideration and, as applicable, DOE will provide the contractor with additional information for pricing the activity.
 - a. Information Dissemination Materials. DOE must comply with Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources. The contractor will assist DOE in complying with Circular A-130. Circular A-130 requires DOE to set charges at a level sufficient to recover the cost of dissemination but no higher. Charges must exclude the cost of the original collection and processing of the information. Should an exception to this policy be warranted, DOE will provide additional guidance.

- b. Byproduct Material. The contractor shall establish prices and charges for byproduct material sold, pursuant to Title 42 United States Code (U.S.C.) 2111 and 2112, at either the full cost recovery price or the commercial price, whichever is higher. Lower prices may be established if it is determined that such prices and charges will provide reasonable compensation to the Government, will not discourage the use of or the development of sources of supply independent of DOE, and will encourage research and development. Before establishing lower prices, the contractor shall obtain the approval of DOE.
- c. Other Materials and Services. The contractor shall establish prices and charges for materials and services sold, pursuant to 42 U.S.C. 2201(m), at either the full cost recovery price or the commercial price, whichever is higher. Lower prices and charges may be established if it is determined that such prices and charges would still provide reasonable compensation to the Government and would not discourage the development of supply sources independent of DOE. Before establishing lower prices, the contractor shall obtain the approval of DOE.
- d. Foreign Research Reactor Spent Nuclear Fuel Program. DOE will provide the contractor guidance on charging for this activity.
- e. Access Permits. The contractor shall not charge for access permits issued with the exception of those access permits which are charged in accordance with Title 10 Code of Federal Regulations (CFR) 725.
- f. Access Authorizations. The contractor shall not assess charges for access authorizations when authorization-
 - (1) is transferred from a study agreement to an access permit held by the same organization;
 - (2) is for an employee or staff member of an accredited, nonprofit educational institution having, at a minimum, a 2-year program of college level studies, and the work is related to the civilian application of nuclear energy;
 - (3) will not be considered one for which DOE has been paid, when the individual transfers to another organization; and
 - (4) is granted to obtain full and free competition.
- g. Use Permits. The contractor shall not assess a charge for preparing a permit which authorizes the use of DOE facilities or services. Charges for use of the facilities or services will be calculated separately.
- h. Assistance for the Protection of Health and Safety in the Event of Radiological Incidents. The contractor shall request guidance from DOE on charging for this activity.
- i. Museums and Exhibits. Unless there is specific authority to collect admission fees, the contractor will not charge visitors to DOE museums and exhibits for admission.
- j. Commercial Property Rental. DOE will provide the contractor guidance on charging for this activity.
- k. Use of Facilities. DOE will provide the contractor guidance on charging for this activity.

1. Office of Science User Facilities. The contractor may make the Office of Science User Facilities available for research by a broad community of qualified users on the basis of programmatic interest, feasibility, capability of the experimental group, and availability of the resources required. The contractor shall adhere to the following regarding charging users for use of the facilities.
 - (1) Use of user facilities will be authorized at no charge for research which is of DOE programmatic interest and which is approved by laboratory management, usually with the advice of program advisory committees. Use free of charge will apply to experiments approved for conduct during periods in which the facility operates in normal mode for its primary purpose. The facility manager will determine which requests meet those criteria and report periodically to the appropriate DOE program manager.
 - (2) When facilities are made available for proprietary research, the user will be charged a fee that realizes full cost recovery (see definition in item 9(b), below).
 - (3) When facilities are operated for special circumstances, such as running the facility outside the normal operating mode or schedule, the user will be charged the incremental costs.
- m. Hazardous Materials Spill Center. The contractor will charge users of the facility only for direct and indirect costs for their experiments.
 - (1) Invoices for materials and services will be prepared and issued promptly in accordance with the terms of the reimbursable work contracts or agreements.
 - (2) Work for others issues are covered in the work for others clause of this contract.
 - (3) Collections are covered under the payments and advances clause of this contract.

- *End of Appendix* -

SECTION J

APPENDIX O

PROGRAM MANAGEMENT AND COST REPORTS

The Contractor shall submit periodic cost, schedule, and technical performance plans and reports in such form and substance as required by the Contracting Officer. Reference Section J, Appendix A, Statement of Work, Chapter I, 3.3. Cost reports shall include at a minimum:

1. Monthly submissions for:
 - a. Specified cost elements including labor, material, other procurements, and travel.
 - b. Indirect or overhead costs
 - c. Schedule status information at the specified activity level
 - d. Performance measurement information when relevant

This data shall initially be submitted by the Contractor to NNSA as a supplemental report, but will become integrated into the DOE/NNSA Uniform Program Cost Reporting Structure (UPCRS). The UPCRCS will transition the data from supplemental monthly reports to a submission to a Departmental system.

The report shall be submitted at a level designated by the Contracting Officer. Initially the report shall be consistent with the guidance provided for Institutional Cost Reporting in Section J Appendix M. The Contractor shall have in place systems to expand the information provided to a designated level of a Program's Work Breakdown Structure (WBS).

Monthly performance measurement provides information regarding budgeted cost versus actual cost, schedule performance against milestones and estimated cost at completion.

2. Annual submissions for:
 - a. Spend plans
 - b. Schedule plans
 - c. Specifications of work scope activity

This data shall initially be submitted by the Contractor to NNSA as a supplemental report, but will become integrated into designated reporting and budgeting systems. the DOE/NNSA UPCRCS. The UPCRCS will transition the data from supplemental monthly reports to a submission to a Departmental system.

The report shall be submitted at a level designated by the Contracting Officer. Initially the report shall be consistent with the Funding Program by Subprogram tables of President's budget submission or the accounting cost reporting level. The Contractor shall have in place systems to expand the information provided to a designated level of a Program's WBS.

While identified as annual submissions, to remain relevant, the Contractor shall update these plans based on changes to budget, work scope and schedule. The Contracting Officer, or designated authorized representatives, will provide the specific direction relevant to a Program's management strategy.

3. Ad-hoc submissions for:

- a. Program evaluation
- b. Cost estimating
- c. Budget validation

The Contractor shall support these ad-hoc submissions by providing NNSA access to systems and personnel necessary to analyze and evaluate plans, programs, and budgets. NNSA will work with the Contractor to ensure that the costs of programs are presented accurately and completely. The Contractor shall support NNSA's evaluation of alternative technical strategies to ensure that programs and projects can be efficiently implemented.

The Contractor shall provide the Contracting Officer, or designated authorized representatives, access to information and documents comprising the Contractor's reporting system.

The Contractor shall include these reporting requirements in all subcontracts that are cost-reimbursement type of contracts when:

1. The value of the subcontract is greater than \$2 million, unless specifically waived by the Contracting Officer, or
2. The Contracting Officer determines prior to award that the Contract/subcontract effort is, or involves, a critical task related to the Contract.

SECTION J

APPENDIX P

**SPECIAL FINANCIAL INSTITUTION AGREEMENT FOR USE WITH THE
PAYMENTS-CLEARED FINANCING ARRANGEMENT**

- Note: (1) The Contractor shall enter into a new banking agreement(s) during this Contract's Transition Term, utilizing the format contained in this Appendix P and include other applicable Contract terms and conditions.
- (2) Items in brackets [] below are provided for clarification and will be removed from the document prior to execution.

Agreement entered into this, _____ day of _____, 201__ [insert date], between the UNITED STATES OF AMERICA, represented by the U.S. Department of Energy (hereinafter referred to as "DOE"), and _____ [the Contractor], a corporation/legal entity existing under the laws of the State of _____ (hereinafter referred to as the Contractor) and _____, and _____ [the Financial Institution] a financial institution corporation existing under the laws of the State of _____, located at _____ (hereinafter referred to as the Institution).

RECITALS

1. On the effective date of _____, 201__ [insert date], DOE and the Contractor entered into Agreement No. [insert Contract number] providing for transfer of funds on a payment-cleared basis.
2. DOE requires that amounts transferred to the Contractor thereunder be deposited in a special demand deposit account at a financial institution covered by U.S. Department of the Treasury-approved Government deposit insurance organizations that are identified in I TFM 6-9000 (see Fig. IX-10). These special demand deposits must be kept separate from the Contractor's general or other funds and the parties are agreeable to so depositing said amounts with the Financial Institution.
3. The special financial institution account shall be designated “ _____ [name of Contractor], _____ [account title] Account.”

COVENANTS

In consideration of the foregoing, and for other good and valuable considerations, it is agreed that:–

1. The Government shall have a title to the credit balance in said account to secure the repayment of all funds transferred to the Contractor, and said title shall be superior to any lien, title or claim of the Institution or others with respect to such accounts.

2. The Institution shall be bound by the provisions of said Agreement(s) between DOE and the Contractor relating to the transfer of funds into and withdrawal of funds from the above special demand deposit account, which are hereby incorporated into this Agreement by reference, but the Institution shall not be responsible for the application of funds withdrawn from said account. After receipt by the Institution directions from DOE, the Institution shall act thereon and shall be under no liability to any party hereto for any action taken in accordance with the said written directions. Any written directions received by the Institution from the Government upon DOE stationery and purporting to be signed by, or signed at the written direction of, the Government may insofar as the rights, duties, and liabilities of the Institution are concerned, be considered as having been properly issued and filed with the Institution by DOE.
3. DOE, or its authorized representatives, shall have access to the financial records maintained by the Institution with respect to such special demand deposit account at all reasonable times and for all reasonable purposes, including, but without limitation to, the inspection or copying of such financial records and any or all memoranda, checks, payment requests, correspondence, or documents pertaining thereto. Such financial records shall be preserved by the Institution for a period of 6 years after the final payment under the Agreement.
4. In the event of the service of any writ of attachment, levy of execution, or commencement of garnishment proceedings with respect to the special demand deposit account, the Institution shall promptly notify DOE at:

Contracting Officer
TBD

5. DOE shall authorize funds that shall remain available to the extent that obligations have been incurred in good faith thereunder by the Contractor to the Institution for the benefit of the special demand deposit account. The Institution agrees to honor upon presentation for payment all payments issued by the Contractor and to restrict all withdrawals against the funds authorized to an amount sufficient to maintain the average daily balance in the special demand deposit account in a net positive and as close to zero as administratively possible.

(For compensation by direct payment of fee)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No. _____. The Institution agrees that per-item costs, detailed in the form "Schedule of Financial Institution Processing Charges," contained in the Institution's aforesaid bid will remain constant during the term of this Agreement. The Institution shall calculate the monthly fees based on services rendered and invoiced the Contractor. The Contractor shall issue a check or automated clearing house authorization transfer to the Institution in payment thereof.

Or

(For compensation by noninterest-bearing time deposit only)

The Institution agrees to service the account in this manner based on the requirements and specifications contained in DOE or Contractor Solicitation No. _____, in consideration of the placement by DOE on a noninterest-bearing time deposit with the Institution in an amount agreed upon as shown on the form "Calculation of Time Account Balance Required" contained in the Institution's bid dated _____, _____. The Institution agrees that per-item costs, detailed in the form "Schedule of Financial Institution Processing Charges," contained in the Institution's aforesaid bid will remain constant during the term of this Agreement. The Contractor shall withdraw \$_____ in funds from the special demand deposit account and use such funds to make a noninterest-bearing time deposit in a separate account in the Institution. This account will hereinafter be defined as the time deposit account. The funds in the time deposit account will remain on deposit and shall not be withdrawn or used for any purpose without the authorization of DOE. The amount of the deposit may be adjusted upward or downward, but only with the approval of DOE.

6. The Institution shall post collateral, acceptable under U.S. Department of the Treasury Department Circular 176, with the Federal Reserve Bank in an amount equal to the net balances in all of the accounts included in this Agreement (including the non interest-bearing time deposit account), less the U.S. Department of the Treasury-approved deposit insurance.
7. This Agreement, with all its provisions and covenants, shall be in effect for a term of ____ years, beginning on the ____ day of _____, 201__, and ending on the ____ day of _____, 201__. [Insert applicable dates]
8. DOE, the Contractor, or the Institution may terminate this Agreement at any time within the agreement period upon submitting written notification to the other parties 90 days prior to the desired termination date. The specific provisions for operating the account during this 90-day period are contained in Covenant 11.
9. DOE or the Contractor may terminate this Agreement at any time upon 30 day's written notice to the Institution if DOE or the Contractor, or both parties, find that the Institution has failed to substantially perform its obligations under this Agreement or that the Institution is performing its obligations in a manner that precludes administering the program, in an effective and efficient manner or that precludes the effective utilization of the Government's cash resources.
10. Notwithstanding the provisions of Covenants 8 and 9, in the event that the Agreement, referenced in Recital 1, between DOE and the Contractor is not renewed or is terminated, this Agreement between DOE, the Contractor, and the Institution shall be terminated automatically upon the delivery of written notice to the Institution.
11. In the event of termination, the Institution agrees to retain the Contractor's special demand deposit account for an additional 90-day period to allow for clearance of outstanding payment items. Within 7 days of the expiration of the Agreement term, an analysis of the

special demand deposit account shall be made by DOE to determine whether an insufficient or excessive balance was maintained in the time deposit account to compensate the Institution for services rendered up to the expiration date.

- (a) If the analysis indicates that the Institution has been insufficiently compensated for services rendered up to the expiration of the Agreement, the Contractor shall:
 - 1. Maintain on deposit, during this 90-day period, sufficient Federal funds to reimburse the Institution for prior cumulative loss of earnings, and
 - 2. Maintain on deposit in the time deposit account sufficient Federal funds to compensate the Institution for services rendered.
- (b) If the analysis indicates that the Institution has been overcompensated for services rendered up to the expiration of the Agreement, DOE shall close out the time deposit account and secure from the Institution a payment in an amount equal to the cumulative excess compensation less compensation for estimated services to be rendered during the 90-day period.
- (c) If cumulative excess compensation is not sufficient to compensate the Institution for services rendered during the 90-day period, adjustments shall be made to the time deposit account to compensate the Institution for the difference between the cost of services rendered during the 90-day period and the cumulative excess compensation.

This Agreement shall continue in effect for the 90-day additional period, with exception of the following:

- 1. Term Agreement (Covenant 7)
- 2. Termination of Agreement (Covenants 8 and 9)

All terms and conditions of the aforesaid bid submitted by the Institution that are not inconsistent with this 90-day additional term shall remain in effect for this period.

The Institution has submitted the forms entitled “Technical Representations and Certifications”, “Schedule of Financial Institution Processing Charges”, and “Calculation of Time Account Balance Required.” These forms have been accepted by the Contractor and the Government and are incorporated herein with the document entitled “Financial Institution’s Information on Payments Cleared Financing Arrangement,” as an integral part of this Agreement.

IN WITNESS WHEREOF the parties hereto have caused this Agreement, which consists of ____ pages, including the signature pages, to be executed as of the day and year first above written.

THE UNITED STATES OF AMERICA

Date Signed

By _____
(Typed Name of Contracting Officer)

(Signature of Contracting Officer)

WITNESS

(Typed Name of Witness)

(Typed Name of Contractor)

(Signature of Witness)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

By _____
(Name of Contractor's Representative)

(Signature of Contractor's Representative)

(Title)

(Address)

(Date of Signed)

WITNESS

(Name of Witness)

By _____
(Name of Financial Institution)

(Name of Financial Institution Representative)

(Signature of Witness)

(Signature of Financial Institution Representative)

(Title)

(Title)

(Address)

(Date Signed)

Note: In the case of a corporation, a witness is not required. Type or print names under all signatures.

NOTE

The Contractor, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Contractor herein; that _____, who signed this Agreement on behalf of the Contractor, was then _____ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Corporate Seal) (Signature)

NOTE

Financial Institution, if a corporation, shall cause the following Certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.

CERTIFICATE

I, _____, certify that I am the _____ of the corporation named as Financial Institution herein; that _____, who signed this Agreement on behalf of the Financial Institution, was then _____ of said corporation; and that said Agreement was duly signed for an in behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

(Corporate Seal) (Signature)

SECTION J

APPENDIX Q

**MINIMUM STANDARDS FOR CONTRACTORS' CONFLICT OF INTEREST (COI)
PLANS**

A. Corporate Structure

The COI Plan shall describe any parent relationship and list all affiliates, subsidiaries, and sister companies, etc. Generally, this need not exceed three corporate tiers, unless a relationship exists beyond three tiers that would potentially create a conflict. In such a case, relationships beyond three tiers should also be included in the COI Plan. Contractors should report changes in its corporate structure to DOE/NNSA throughout Contract performance. Contractors are invited to include under this section, a company profile. The profile should discuss all pertinent information relevant to COI including a summary of a Contractor's primary business functions and activities. This background information will potentially be very useful to Contracting Officers and the Agency when evaluating whether or not a Contractor has a COI.

B. Search and Identification of COI

The COI Plan shall include a requirement describing when a COI search must be performed by company personnel and clearly identify the procedures to be followed. The searching requirement shall encompass all work related to all clients for whom work was performed over the past three years, all current work, all sites (if applicable), and any future work reflected in marketing proposals. Contractors must search their records over the past 36 months from time of receipt of the work from DOE/NNSA. However, DOE/NNSA encourages Contractors to search back as far as a company's records cover.

C. Data Base

The COI Plan shall require a database that includes all necessary information for a Contractor to review its past work (at a minimum over the past 36 months), work in progress, and work the company may be pursuing under any marketing proposals. This requirement does not establish any particular type or kind of retrieval system, however, the database shall contain, at a minimum, the following information and capabilities. (1) a list of the company's past and public clients; (2) a description of the type(s) of work that was performed and any other pertinent information; (3) a list of the past sites (when applicable) a Contractor has worked on; (4) a list of site name(s) (when applicable) related to any work performed; and (5) the ability to search and retrieve the information in the database. If applicable, the COI Plan shall include terms for supplemental searches of a parents, affiliates, subsidiaries, or sister company's records. The COI Plan shall also describe any cross-checks used by the company when searching COI issues.

D. Personal Certification

At a minimum, the COI Plan shall require ALL employees of the company performing work under a DOE/NNSA Contract, to sign a personal certification. The certification shall require at a minimum that the individual agrees to report to the proper company authority any personal COI the individual may have on any work that may result in an actual or potential COI. The certification shall also state the individual has read and understands the company's COI Plan and procedures. The employee certifications shall be retained by the company.

E. Annual Certification

The COI Plan shall describe the process the company requires for submission of its annual certification. NOTE: Annual certification is NOT required if the Contract contains a WA/TDD/DO certification requirement. Nevertheless, the Contractor's COI Plan should address the procedures to be followed for annual certifications.

F. Notification and Documentation

The COI Plan shall clearly delineate who is the responsible official for making COI determinations within the company. Generally, this would be someone at the middle to upper level of management. The responsible official shall be free of any personal conflicts for the purpose of making COI determinations, e.g., a program manager who receives bonuses based on the total amount of sales may not be free of conflicts.

In addition, a Contractor shall document all COI searches related to DOE/NNSA work, whether or NOT an actual or potential COI has been identified.

G. Training

The COI Plan shall require all employees of the company to receive basic COI training and COI awareness training, at least, on an annual basis. The company's COI Plan shall be available for all employees to review. Annual awareness training shall include, at a minimum, a review of the certification language and any changes that may have occurred in the company's COI Plan. In addition, companies are encouraged to routinely disseminate current COI information to their employees.

H. Subcontractor's COI Plans

The COI Plan shall describe the process and mechanism by which the company will monitor its subcontractors to ensure all subcontractors are complying with the COI clauses in their Contracts. It is important that subcontractors identify and report COI as well as submit Limitation of Future Contracting (LOFC) requests for approval.

I. Other Activities

The COI Plan shall provide relevant information about the Contractor's on-going or past performance of activities related to the Contract and the impact that those activities could have on the firm's judgment and objectivity in performing the Contract. Accordingly, the Contractor shall submit to DOE/NNSA an analysis of the potential for any organizational conflict of interest (OCOI) that may occur during performance of the Contract as a result of your firm's past or on-going performance of other activities. Should any such OCIs be identified, the Contractor shall provide a plan to effectively avoid, neutralize, or mitigate the conflict.

SECTION J

APPENDIX R

LIST OF CONTRACTING OFFICER'S REPRESENTATIVES

[Note: To be inserted by the Contracting Officer after contract award.]