

PERFORMANCE OBJECTIVES AND MEASURES

I. PREAMBLE

This Appendix sets forth the process to be used in the evaluation of Ames Laboratory (Ames) performance as required by Article 6 of the contract. The process described in this Appendix utilizes, to the extent possible, a set of "objectives", "measures", and "expectations" against which Ames Laboratory's performance will be assessed for each area identified herein.

Guidelines on the development and use of the performance objectives, measures, and expectations are set forth in Attachment 1. This section includes a process to be used if the Parties cannot reach agreement on specific measures, expectations, or the specific weights or scoring to be utilized.

The parties will develop for each performance period, January 1 through December 31 of each year, a set of performance objectives, measures and expectations for each new performance period. Areas of performance for which specific objectives, measures and expectations will be used to determine the incentives earned are set forth in Appendix B, Attachment 2. This section also indicates that the Contractor will, for purposes of determining performance rating(s) and incentive(s) earned, be evaluated primarily in two areas, namely (i) Science and Technology and (ii) Critical Operations. Each section will receive its own evaluation and rating. The ratings for these two areas will not be combined to determine a single overall rating. It is contemplated that this methodology will continue for the remaining performance period(s) under this contract. Attachment 2 also includes a third section entitled General Operations. This section identifies the functional areas and scope for the Contractor's required self-assessment and DOE's operational awareness and verification activities.

Attachment 3 lists the Science and Technology, Critical Operations objectives, measures, and expectations and General Operations expectations.

The schedule for performing the evaluation of the Laboratory is provided in Attachment 4. It is the intent of the parties to adhere to this schedule although either party may request to alter the proposed schedule.

Attachment 5 provides the incentives available to the Contractor based on the assessment of overall performance for both Science and Technology and Critical Operations.

The Parties agree to work together to clarify and improve, when necessary, the process to be used to measure and validate the level of performance attained. As described in Article 6, paragraph (c), the Parties also agree to a reassessment of these performance objectives, measures, weights and incentive fee allocation prior to the beginning of each evaluation period. In particular, the Parties agree to:

- o check the validity of each respective performance objective and measure as an accurate and meaningful reflector of performance and to replace them with more appropriate performance objectives and measures, if necessary.

Appendix B

- o consider adding to or subtracting from the compliment of performance objectives and measures in order too more meaningfully and accurately track critical performance.
- o consider adding or subtracting performance measures as appropriate in response to the evolving requirements of DOE; in particular, the Parties undertake to replace requirements contained in DOE Directives whenever feasible by performance measures.

The Parties acknowledge that changes in the Department's Directives system are planned and that full implementation of this performance-based contract will require a transition period to refine selected performance objectives and measures, develop appropriate expectations, implement data collection and reporting mechanisms, and establish benchmarks against which to set targets for performance improvement and/or measurement. It is also recognized that a continuing effort is needed to refine the system for scoring performance in the performance areas included in this Appendix and for compiling these scores into an overall performance rating for Science and Technology and Critical Operations.

The Parties recognize that the evaluation period will also be utilized to assure that systems and processes are implemented, tested, evaluated, and refined. The Department will use the results of these performance measures, contractor reports and self-assessment of its overall performance and other inputs, such as DOE's day-to-day operational awareness and annual business review, General Accounting Office or Inspector General reviews, or for-cause reviews or any other information available to evaluate the Contractor's performance for each performance period. In other specific instances performance measures may be identified and tracked during the evaluation period so that benchmarks can be established against which to set performance measures and expectations in subsequent fiscal years.

Attachments:

1. Performance-Based Management System Guidelines
2. Performance Assessment Areas
3. Performance Objectives, Measures and Expectations
4. Evaluation Schedule
5. Performance Incentives