

APPENDIX E
STANDARDS OF PERFORMANCE-BASED FEE

FY 2000
BATTELLE PERFORMANCE EVALUATION AND FEE AGREEMENT
For
Management and Operations of the
Pacific Northwest National Laboratory

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INTRODUCTION

This document describes the basis for the evaluation of the Contractor's performance regarding the management and operations of the Pacific Northwest National Laboratory (hereafter referred to as "the Laboratory"). The evaluation period is October 1, 1999 through September 30, 2000. The performance evaluation provides the evidence that the Contractor is managerially and operationally in control and is meeting the requirements of the Department as stipulated within this contract. This document also describes the distribution of the total available performance-based fee and the methodology for determining the amount of fee earned by the Contractor as stipulated within the clauses entitled "Estimated Cost and Annual Fee," "Total Available Fee" and "Allowable Costs and Fee." In partnership with the Contractor and other key customers, the Department of Energy (DOE) Headquarters (HQ) and the Pacific Northwest National Laboratory (PNNL) Site Office have defined the performance expectations that serve as the Contractor's performance-based evaluation and performance-based fee determination.

In a July 13, 1998 memorandum, the Director of the DOE Office of Science (SC) identified high-level expectations in six critical areas that SC would use to guide its regular assessment of laboratory performance. These critical areas are Science, Leadership, ES&H, Infrastructure, Business Operations and Stakeholder Relations. In this memorandum it was noted that SC expects SC/HQ program managers, field offices, and laboratories to work in partnership to develop laboratory-specific outcomes, objectives, and indicators which support these high-level expectations and to use self-assessment as a tool to ensure desired outcomes and achieve continuous improvement. The following performance evaluation plan meets these expectations.

The critical outcomes discussed below were developed using this guidance and site-specific needs for improvement at the Laboratory. For the program performance area a critical outcome entitled "Science and Technological Excellence" has been established. The Science and Technological Excellence critical outcome addresses the performance of outstanding science and leading edge technologies that are critical to DOE's mission and the Nation, the relevance of the programs to DOE missions and National needs, the design, construction and operation of world-class research facilities that are the distinctive signature of the Laboratory, and the effectiveness/efficiency of research program management.

The key areas of environment, safety, and health (ES&H) and operation of the Laboratory facilities/infrastructure have been captured within a critical outcome entitled "Operational Excellence." The key areas of Business Operations and Stakeholder Relations are captured within the "Leadership and Management Excellence" critical outcome.

For FY 2000 the overall performance in the critical outcomes will be utilized to determine the amount of the total available fee earned by the Contractor as stipulated within the contract clause "Allowable Costs and Fee." Battelle may receive a performance-based fee of up to \$7,000,000 based on the overall Contractor performance rating.

Section I provides information on how the overall performance rating for the Contractor, as well as how the performance-based fee earned (if any) will be determined.

Section II provides the detailed information concerning critical outcomes, objectives, performance indicators, and expectations of performance, along with the weightings assigned to each and a table for calculating the score for each objective and outcome.

Section III describes the commitments for documenting and reporting the Laboratory's self-evaluation.

I. DETERMINING THE CONTRACTOR'S PERFORMANCE RATING AND PERFORMANCE-BASED FEE

The overall FY 2000 Battelle performance rating will be determined based on the ratings of the Scientific and Technological Excellence, Operational Excellence, and Leadership and Management Excellence critical outcomes in accordance with Table A below. The total points will be compared to the scale in Table B, below; to determine the overall Contractor adjectival rating and to Table C to determine the amount of performance-based fee earned. The following describes the methodology for determining the Contractor rating:

Each of the performance indicators has an associated metric accompanied by a scale that translates the level of performance to an adjectival rating. Unless otherwise specified for a given indicator the scoring methodology for the assessment process is based upon the following adjectival rating definitions and value points.

<u>Adjective</u>	<u>Value Point</u>	<u>Definition</u>
Outstanding	5	Significantly exceeds the standards of performance, achieves noteworthy results, accomplishes very difficult tasks in a timely manner.
Excellent	4	Exceeds expectations and standards of performance, accomplished difficult tasks in a timely manner, and minor deficiencies are more than offset by better performance in other areas.
Good	3	Meets expectations and standards of performance, actions are carried out in an efficient and timely manner, deficiencies do not affect overall performance.
Marginal	2	Below the standards of performance, deficiencies cause serious delays and rescheduling, schedules are adversely affected.
Unsatisfactory	1	Well below standards of performance, deficiencies cause serious delays and re-scheduling, corrective action requires high-level management attention.

Although the critical outcomes and their corresponding objectives/indicators shall be the primary means utilized in determining the Contractor's performance rating the reviewers may utilize other information gained from the Contractor's self-assessment report or from any of the following activities in evaluating the Contractor's performance and assigning an adjectival rating:

1. Operational awareness (daily oversight) activities performed throughout the year;
2. For Cause reviews;
3. Other outside agency reviews (OIG, GAO, DCAA, etc.) conducted throughout the year, and
4. Annual 2-week review (if needed).

Not including a performance indicator does not diminish the need to comply with contractual requirements in that area of performance. Failure to comply with a significant contractual requirement may result in the Contracting Officer overriding the performance indicators.

Calculating the Overall Contractor Adjectival Rating: The adjectival rating earned for each performance indicator is assigned the appropriate value points. The objective rating is then computed by multiplying the value points by the weight of each performance indicator within an objective. These are added together to develop an overall score for each Objective. The score for each objective within an outcome is then computed in the same manner to arrive at a score for each Outcome. The scores for each of the outcomes are then multiplied by the weight assigned and these are summed to provide an overall score for the Laboratory. The total Contractor score is compared to an adjectival rating scale, see Table B below, to determine the overall Contractor adjectival rating for Fiscal Year 2000. An adjectival rating may be identified at any level of the performance evaluation process (Outcome, Objective, or indicator), however, the raw score (rounded to the nearest hundredth) from each calculation shall be carried through to the next stage of the calculation process. The raw score will be rounded to the nearest tenth of a point for purposes of identifying the Laboratory's overall adjectival rating as indicated in Table B and for fee determination as indicated in Table C. A standard rounding convention of x.49 and less rounds down to the nearest tenth, while x.50 and greater rounds up to the nearest tenth.

Determining the Amount of Performance-Based Fee Earned: The total performance-based fee earned is determined based on the overall Contractor weighted score for Fiscal Year 2000 as indicated within Table A and then compared to Table C.

Critical Outcome	Value Points	Adjectival Rating	Weight	Weighted Score	Weighted Score
Science & Technological Excellence			60%		
Operational Excellence			20%		
Leadership & Management Excellence			20%		
				Overall Lab. Total	

Table A. FY 2000 Contractor Evaluation Score Calculation

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table B. Overall Contractor Adjectival Rating Scale

Adjectival Rating	Overall Weighted Score from Table A.	Percent of Fee Earned of \$7,000,000
Outstanding	4.5 or above	100%
Excellent	4.2 – 4.4	95 %
	3.9 – 4.1	90 %
	3.5 – 3.8	85 %
Good	3.4 through 2.5	50 %
Marginal or below	2.4 or below	\$0.00

Table C. Performance-Based Fee Scale

II. CRITICAL OUTCOMES, OBJECTIVES & PERFORMANCE INDICATORS

Background

To ensure both the short and long-term ability of the Laboratory to meet DOE missions and provide high-value products and services to the DOE and other customers, the DOE-HQ and the PNNL Site Office, in partnership with the Contractor, evaluated DOE and other customer needs and current operating environments to develop the Laboratory's three Critical Outcomes. While they are validated annually the Critical Outcomes typically have a 3-5 year time horizon.

The outcome-oriented approach focuses the evaluation of the Contractor's performance against these Critical Outcomes. Progress against these outcomes is measured through the use of specific performance indicators (objective and subjective) that primarily focus on end-results or impact and not on processes or activities.

Change Control

While the Critical Outcomes described herein represent the current set for the Contractor they can also be changed as prevailing scientific, and/or economic factors change. When this happens, the objectives and the resulting performance indicators will also be altered to ensure movement of the Laboratory in a direction consistent with the expectations of its customers. The content of this document will be managed via formal change control. Changes to the FY 2000 Performance Evaluation and Fee Agreement will be documented by completing the Change Control Tracking Sheet (see Appendix A). The sheet is self-explanatory and requires the concurrence of both the DOE PNNL Site Office and the Contractor Critical Outcome Owners as well as a documented description of the proposed modification and a documented rationale for the modification to include what effects (if any) the change may have on the ability for the Contractor to earn performance-based fee. Changes to the Critical Outcomes also requires the review/concurrence of HQ Office of Science (SC) and SC will be notified of changes to any Objectives.

Once the Critical Outcome Owners have concurred with the modification, DOE staff should forward the form with the prescribed attachments to Terry L. Davis at mail stop K8-50. Contractor staff should forward the change control form, with attachments, to Randy R. LaBarge at mail stop K1-30. They shall ensure that all required information has been provided and that both Critical Outcome Owners (DOE and Contractor) and as required HQ SC have concurred in the modification. The modification will then be logged in and final PNNL Site Office and Contractor approvals obtained as necessary to include Contracting Officer approval. Once approved appropriate modifications to this appendix will be prepared and issued.

The above process is the preferred method for incorporating changes to this document, however, if the Parties cannot reach agreement on the changes to critical outcomes, objectives, performance indicators, and/or expected levels of performance, the Contracting Officer shall have the right to unilaterally establish changes as referred to within the clause entitled "Total Available Fee" within this contract.

Critical Outcomes, Objectives, and Performance Indicators

The following sections describe the Critical Outcomes, their supporting objectives, and associated performance indicators for FY 2000. A list of the Battelle and DOE Points-of-Contact for each outcome, objective and performance indicator, shall be developed and maintained by both parties and shall be distributed to all points-of-contact and others as appropriate.

1.0 SCIENTIFIC AND TECHNOLOGICAL EXCELLENCE (60%)

Battelle will conduct high quality, leading edge, scientific research and development programs in a safe, environmentally sound, efficient manner.

The weight of this outcome is 60%.

The Scientific and Technological Excellence critical outcome shall measure the overall effectiveness/performance in delivering science and technology as viewed by the DOE HQ Office of Science's (SC), and other cognizant HQ Offices as identified below. The overall rating from each of the HQ offices has been weighted primarily based on business volume.

- Office of Science (SC) (30%)
- Assistant Secretary for Environmental Management (EM) (25%)
- Office of Nonproliferation and National Security (NN) (15%)
- Office of Intelligence (IN) (5%)
- Office of Counterintelligence (CN) (5%)
- Assistant Secretary for Energy Efficiency and Renewable Energy (EE) (15%)
- Assistant Secretary for Fossil Energy (FE) (5%)

The overall performance rating for this outcome will be determined by multiplying the overall value points assigned by each of the five offices identified above by the weightings identified for each and then summing them (see Table 1.1 below). The overall value points earned are then compared to Table 1.2 to determine the overall adjectival rating.

Each of the Program Office evaluations shall include the following objectives:

1.1 Quality of Science & Technology

Reviewers will evaluate the overall quality of the research performed. Depending on the nature of the program, reviewers will consider the following.

SCIENCE: Success in producing original, creative scientific output that advances fundamental science and opens important new areas of inquiry; success in achieving sustained progress and impact on the field; and recognition from the scientific community, including awards, peer-reviewed publications, citations, and invited talks.

TECHNOLOGY: Whether there is a solid technical base for the work; the intrinsic technical innovativeness of the research; the importance of contributions made to the scientific and engineering knowledge base underpinning the technology program; and recognition from the technical community.

1.2 Relevance to DOE Mission and National Needs

Reviewers will consider whether the research fits within and advances the missions of DOE; contributions to U.S. leadership in international scientific and technical communities; contributions to the goals and objectives of the strategic plans of DOE and other national programs; and the extent of productive interaction with other science and technology programs. Depending on the nature of the program, reviewers will consider the following.

SCIENCE: The program's track record of success in making scientific discoveries of technological importance to DOE missions and U.S. industry; the degree of industrial interest in follow-on development of current research results; and the effective use of national research

facilities that serve the needs of a wide variety of scientific users from industry, academia, and government laboratories.

TECHNOLOGY: The value of successfully developing pre-commercial technology, to DOE, other federal agencies, and the national economy; the extent to which expected benefits justify the program's risks and costs; and, where appropriate, the degree of industrial interest, participation, and support.

1.3 Success in Constructing and Operating Research Facilities

Reviewers will consider whether the construction and commissioning of new facilities is on time and within budget; whether performance specifications and objectives are achieved; the reliability and safety of operations; adherence to planned schedules; and the cost-effectiveness of maintenance and facility improvements.

Reviewers of user facilities will also consider whether the user access program is effective, efficient, and user-friendly; the quality of the proposal evaluation process; the strength and diversity of user participation; the productivity of the research supported, both in science and technology; and the level of satisfaction among user groups.

1.4 Effectiveness and Efficiency of Research Program Management

Reviewers will consider the quality of research plans; whether technical risks are adequately considered; whether use of personnel, facilities, and equipment is optimized; success in meeting budget projections and milestones; the effectiveness of decision-making in managing and redirecting projects; success in identifying and in avoiding or overcoming technical problems; the effectiveness with which technical results are communicated to maximize the value of the research results and to gain appropriate recognition for DOE and the Laboratory; effectiveness in technical know-how associated with research discoveries; and, the degree to which customer and stakeholder expectations are consistently met.

HQ Program Office	Adjectival Rating	Value Points	Weight	Weighted Score	Overall Weighted Score
Office of Science			30%		
Assistant Secretary for Environmental Management			25%		
Office of Nonproliferation and National Security			15%		
Office of Intelligence			5%		
Office of Counterintelligence			5%		
Assistant Secretary for Energy Efficiency and Renewable Energy			15%		
Assistant Secretary for Fossil Energy			5%		
				Overall Outcome Total	

Table 1.1 Scientific and Technological Excellence Evaluation Score Calculation

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 1.2 Scientific and Technological Excellence Critical Outcome Final Rating

2.0 Operational Excellence Critical Outcome (20%)

Battelle will conduct work and operate Laboratory facilities with distinction, fully supportive of and integrated with the Laboratory's science and technology mission and fully protective of workers, the public and the environment.

The weight of this outcome is 20%.

The Operational Excellence critical outcome shall measure the overall effectiveness/performance of the facility operations and environmental, safety, and health management systems in delivering products and services and complying with applicable requirements as viewed by the PNNL Site Office, and other cognizant RL and/or HQ organizations. Performance objectives and indicators to be utilized in the evaluation of the Operational Excellence critical outcome have been developed in partnership with the appropriate DOE HQ, PNNL Site Office, and RL counterparts and are listed below. These performance objectives and indicators identify significant activities/requirements important to the success of the Laboratory's operations as identified by the Department and/or its customers. The reviewers (PNNL Site Office, RL and/or HQ) as a primary means of determining the overall Operational Excellence critical outcome performance rating shall utilize these objectives and indicators.

Each of the performance indicators has an associated metric that translates the level of performance to an adjectival rating. Scoring of the individual performance indicators is based on the point scheme identified within section I. The overall adjectival rating is then computed by multiplying the weight of each performance indicator and summing them all to develop an overall score for each objective. The score for each objective within the outcome is then computed in the same manner to arrive at an overall score for the Outcome (see Table 2.1 below). The overall value points earned are then compared to Table 2.2 to determine the overall adjectival rating.

Finally, a number of other factors may have significant impacts on this outcome independent of the indicators identified below. Therefore, the reviewers may also utilize other aspects of the Contractor's self-assessment, daily oversight activities performed throughout the year, any For Cause reviews or other outside agency reviews (if any) conducted throughout the year, and verification/validation information gained during the annual two-week review, in deciding the overall performance rating assigned to the Operational Excellence critical outcome.

Objectives and Performance Indicators:

2.1 Sustain and enhance operational excellence in safety and health, and environmental protection.

The weight of this objective is 50%.

2.1.1 DOE's evaluation of the overall Contractor performance in the Environment, Safety, and Health (ES&H) management systems.

The weight of this indicator is 60%.

Description: This indicator will determine the overall effectiveness/performance of the contractors' ES&H management systems in the following areas:

- compliance with applicable contractual requirements
- effective/efficient delivery of products, services, and systems
- continuous improvement of the ES&H system

The PNNL Site Office and appropriate RL ES&H organizations will conduct the evaluation on the effectiveness/performance of the Contractor ES&H systems. The primary basis for this evaluation will be the Contractor's self-assessment results but consideration will also be given to the following:

1. Operational awareness (daily oversight) activities performed throughout the year;
2. For Cause reviews;
3. Other outside agency reviews (OIG, GAO, DCAA, etc.) conducted throughout the year, and
4. Annual 2-week review (if needed).

The Contractor ES&H management systems to be evaluated include:

1. Environmental Management Services
2. Facility Safety
3. Integrated Environment, Safety, and Health (ES&H)
4. Radiological Control
5. Training and Qualification
6. Worker Safety and Health
7. Project Management
8. Quality Management
9. Standards-Based Management Systems (SBMS)

Overall performance against this indicator will be determined by the averaged adjectival rating assigned to each of the ES&H systems listed above. Each of the ES&H management systems shall be weighted equally. Each of the systems reviewed will be provided an adjectival rating and value point as follows, and as defined on page J-E-2 of this appendix:

Outstanding	-	5
Excellent	-	4
Good	-	3
Marginal	-	2
Unsatisfactory	-	1

Depending on the nature of the management system, reviewers will consider the following when completing their evaluations:

- Deployment of the management system throughout the organization(s).
- Contract and other requirements are appropriately covered and adequately defined.
- Results in meeting self-assessment goals.
- Fact-based results are adequately and accurately documented.
- Processes are in place that ensure continuous improvement actions are initiated based on results.

It is expected that the PNNL Site Office and appropriate RL organizations, as part of their daily oversight activities, will provide the Contractor with a preliminary evaluation, at or near the end of the 2nd quarter FY 2000. This preliminary evaluation will allow the Contractor to make in-process corrections to meet the needs of the DOE customer before the final evaluation is conducted at the end of the 4th quarter. A list of the Contractor and DOE Points-of-Contact for each management system shall be developed and maintained by both parties and distributed to all management system owners and others as appropriate.

Assumptions: None

Metrics:

Outstanding	=	5.0 – 4.5
Excellent	=	4.4 – 3.5
Good	=	3.4 – 2.5
Marginal	=	2.4 – 1.5
Unsatisfactory	=	1.4 – 1.0

2.1.2 Demonstrate effectiveness of Integrated Safety Management

The weight of this indicator is 40%.

Description: This indicator is a composite of Performance Measures designed to provide an overall picture of the effectiveness of Integrated Safety Management. The basis for the set of measures is the ISM effectiveness indicators developed by the DOE Safety Management Implementation Team (SMIT) and performance indicator 2.1.4 from the Battelle FY99 Performance Evaluation Agreement. The SMIT was formed and subsequently developed measures in response to the Defense Nuclear Facilities Safety Board's Recommendation 95-2 to the Secretary of Energy.

Performance Measures	Specified level
Total Recordable Case Rate	≤ 2.3 cases per 200,000 work hours
Lost Workday Case Incident Rate	≤ 1.2 cases per 200,000 work hours
Lost Workday Incident Rate	≤ 30 lost workdays per 200,000 work hours
Reportable Occurrences of Release to the Environment	≤ 2 events
Percent of Employees with Required Training	95%
Unplanned Dose	0 events
Spread of Contamination	3 events
Loss of Source	0 losses

Total Recordable Case Rate: Work-related injury or illness, which resulted in loss of consciousness, restriction of work or motion, transfer to another job, or required medical treatment beyond first aid. Total Recordable Case (TRC) Rate is the number of total recordable cases per 200,000 hours worked. Source of data, PNNL SHIMS. The Specified Level is less than both the PNNL average for the past three years and the 1993 to 1997 DOE Research Contractor average.

Lost Workday Case Incident Rate: Work-related injury or illness, which resulted in days away from work and/or days of restricted work activity. Lost Workday Case Incident Rate is the number of lost workday cases per 200,000 hours worked. Source of data, PNNL SHIMS. The Specified Level is less than both the PNNL average for the past three years and the 1993 to 1997 DOE Research Contractor average.

Lost Workday Incident Rate: Days away from work or restricted workdays resulting from a work-related injury or illness. Number of days away from work plus the number of restricted workdays per 200,000 hours worked. Source of data, PNNL SHIMS. The Specified Level is less than both the PNNL average for the past three years and the 1993 to 1997 DOE Research Contractor average.

Reportable Occurrences of Release to the Environment: Releases of radionuclides, hazardous substances, or regulated pollutants that are reportable to federal, state, or local agencies. Source of data, review of occurrence reports. The Specified Level is less than the PNNL average for the past three years.

Percent of Employees with Required Training: This is a composite of staff that have completed their training plan and staff who have completed all ES&H required training. Number of staff with a completed SDTP per total staff multiplied by number of staff will all required ES&H training completed per number of staff with completed SDTP. This measure is described in full in the Training and Qualification Management System FY00 Performance Measure T&Q-00-7.1. Source of data, T&Q Management System assessment.

Unplanned Dose: Number of unplanned doses defined as; any single occupational dose that exceeds an expected dose by 100 mrem or any single unplanned dose onsite to a minor, student, or member of the public that exceeds 50 mrem. The Specified Level is less than the PNNL average for the past three years.

Spread of Radioactive Contamination: Number of instances of uncontrolled unwanted (i.e., non-legacy) spread of radioactive contamination meeting the criteria of DOE M 232.1-1A, Section 9.3, Group 1D, Off-Normal Event, items 1, 2, 3 or 4. The Specified Level is less than the PNNL average for the past three years.

Loss of Control of Radioactive Material: Number of losses of accountability of a sealed or unsealed radioactive source that meet the following criteria of DOE M 232.1-1A, Section 9.3, Group 1D, Off-Normal Event, items 5 or 6. The Specified Level is less than the PNNL average for the past three years.

The specified levels of performance (goals) for the ISM indicators were developed based on one or more of the following criteria:

- past PNNL performance and historical trends,
- benchmarking against other DOE R&D Laboratories,
- benchmark against industry, and
- line management performance goals

Assumptions (if any): None

Metrics: Based on exceptionally poor or strong performance within one or more of the ISM indicators identified above, the Science and Technology Division Director may adjust the overall rating otherwise earned for this indicator as identified below.

Outstanding: Performance is better than the specified level, for 90% or more of the measures
Excellent: Performance is better than the specified level, for 80% - 89%
Good: Performance is better than the specified level, for 65% - 79%
Marginal: Performance is better than the specified level, for 40% - 64%
Unsatisfactory: Performance is not better than the specified level, for 39% or less

2.2 Deliver, operate, and maintain an optimum set of facilities and supporting infrastructure that are aligned with current and future mission needs.

The weight of this objective is 50%.

2.2.1 DOE's evaluation of the overall Contractor performance in the Facility management systems.

The weight of this indicator is 50%.

Description: This indicator will determine the overall effectiveness/performance of the Contractor's Facility management systems in the following areas:

- compliance with applicable contractual requirements
- effective/efficient delivery of products, services, and systems
- continuous improvement of the Facility system

The PNNL Site Office and appropriate RL Facility organizations will conduct the evaluation on the effectiveness/performance of the Contractor Facility systems. The primary basis for this evaluation will be the contractor's self-assessment results but consideration will also be given to the following:

1. Operational awareness (daily oversight) activities performed throughout the year;
2. For Cause reviews;

3. Other outside agency reviews (OIG, GAO, DCAA, etc.) conducted throughout the year, and
4. Annual 2-week review (if needed).

The Contractor Facility management systems to be evaluated include:

1. Emergency Preparedness
2. Facility Acquisition and Disposition
3. Facility Operations and Maintenance
4. Safeguards and Security

Overall performance against this indicator will be determined by the averaged adjectival rating assigned to each of the Facility management systems listed above. Each of the Facility management systems shall be weighted equally. Each of the systems reviewed will be provided an adjectival rating and value point as follows, and as defined on page J-E-2 of this appendix:

Outstanding	-	5
Excellent	-	4
Good	-	3
Marginal	-	2
Unsatisfactory	-	1

Depending on the nature of the management system, reviewers will consider the following when completing their evaluations:

- Deployment of the management system throughout the organization(s).
- Contract and other requirements are appropriately covered and adequately defined.
- Results in meeting self-assessment goals.
- Fact-based results are adequately and accurately documented.
- Processes are in place that ensure continuous improvement actions are initiated based on results.

It is expected that the PNNL Site Office and appropriate RL organizations, as part of their daily oversight activities, will provide the Contractor with a preliminary evaluation, at or near the end of the 2nd quarter FY 2000. This preliminary evaluation will allow the Contractor to make in-process corrections to meet the needs of the DOE customer before the final evaluation is conducted at the end of the 4th quarter. A list of the Contractor and DOE Points-of-Contact for each management system shall be developed and maintained by both parties and distributed to all management system owners and others as appropriate.

Assumptions: None

Metrics:

Outstanding = 5.0 – 4.5
Excellent = 4.4 – 3.5
Good = 3.4 – 2.5
Marginal = 2.4 - 1.5
Unsatisfactory = 1.4 – 1.0

- 2.2.2 Identification of facilities and infrastructure that is commensurate with the Laboratory's strategy of becoming the enduring national asset at the Hanford Site.

The weight of this indicator is 20%.

Description: A well-planned and documented strategy is critical to providing the physical plant and supporting infrastructure that is needed for future mission needs. This strategy

guides the acquisition, renewal, or disposition of facility and land assets and identifies the supporting infrastructure needed to operate the physical plant.

The fundamental basis of the planning process is to accurately identify the facility and infrastructure needs that will support the Science and Technology mission into the future. Improved connectivity between the Facility Strategic Planning Department and market sectors will foster an understanding of emerging business needs to more accurately anticipate facility and land requirements directly supporting the business sectors. Joint planning between PNNL, DOE-RL and other Hanford contractors will ensure the delivery of cost effective site infrastructure support critical to the Science & Technology mission.

This indicator evaluates the Contractor's ability to coordinate and issue the FY 2000–2004 Facility and Infrastructure Strategic Plan in a timely manner.

Assumptions: The Facility and Infrastructure Plan development is led by the Facility Strategic Planning Department within the Facilities & Operations Directorate. It is a cooperative planning effort between the Senior Management of the Laboratory, DOE-RL, and other Hanford contractors.

The Facility and Infrastructure Strategic Plan is updated on an annual basis to provide current information on projected facility requirements, infrastructure needs, annual investment projections, and progress toward achieving the desired vision.

Metrics:

Outstanding:	Issuance of the Facility and Infrastructure Strategic Plan on or before December 31, 1999
Excellent:	Issuance of the Facility and Infrastructure Strategic Plan from January 1, through January 31, 2000
Good:	Issuance of the Facility and Infrastructure Strategic Plan from February 1, through February 29, 2000
Marginal:	Issuance of the Facility and Infrastructure Strategic Plan from March 1, through March 31, 2000
Unsatisfactory:	No issuance of the Facility and Infrastructure Strategic Plan prior to April 1, 2000

2.2.3 Prioritization and selection of key FY00 facility initiatives from the Facility and Infrastructure Plan.

The weight of this indicator is 10%.

Description: The ability to acquire, renew, and dispose of facility and land assets essential to the Science and Technology mission will require agreement between PNNL and DOE-RL on the priority items within the FY00-FY04 Facility and Infrastructure Plan. The finalization of the plan will require strategic agreement on investment initiatives and actions resulting from the FY00 Business Planning process. Concurrent with the finalization for the FY00-04 Facility and Infrastructure Plan, PNNL will engage DOE-RL in the selection and prioritization of key facility initiatives. Milestones will be established for either the completion of a project or closure on a strategic decision. Prioritization and selection will be based on potential impact to furthering or meeting strategic requirements of the PNNL missions. The agreed to milestones will be approved by the PNNL Site Office and documented in the project baseline or other document as appropriate.

This indicator evaluates the timely selection, prioritization, and establishment of milestones for key FY 2000 facility initiatives from the approved FY 2000-2004 Facility and Infrastructure Plan

Assumptions: Final determination of milestones is dependent on alignment with mission areas and investment decisions. Potential milestones include:

- Phase II LAI Consolidation
- Visitor's Village
- 331 Chiller upgrades and disposition of 331-A
- ITT Infrastructure projects (OC3)
- Successful proposal on High Speed Computational Facility
- Revised strategy for 320 Building Line Item
- Disposition decisions for 3720, 3760, 306W Buildings
- SC/EM transition agreements

The milestones and completion dates shall be defined by the Contractor and approved by the PNNL Site Office with a separate document.

Metrics:

- Outstanding: Delivery of the approved milestone document on or before January 31, 2000
Excellent: Delivery of the approved milestone document from February 1, through February 29, 2000
Good: Delivery of the approved milestone document from March 1, through March 31, 2000
Marginal: Delivery of the approved milestone document from April 1, through April 30, 2000
Unsatisfactory: Approved milestone document not delivered prior to May 1, 2000

Delivery of the approved milestone document is defined as the date on which the PNNL Site Office approves the list of documented milestones.

2.2.4 Completion of approved milestones identified in 2.2.3

The weight of this indicator is 10%.

Description: Completion of the milestones requires the application of knowledge, skills, tools, and techniques in order to meet or exceed stakeholder needs and expectations. Because each milestone is a unique undertaking, a certain degree of uncertainty is involved with each. Meeting or exceeding the needs and expectations involves balancing competing demands among resources, scope, time, cost, and unexpected requirements.

This indicator evaluates the Contractor's close out of the approved and documented FY 2000 milestones identified below:

- Approved milestones identified, as part of 2.2.3 above will be added here via approved change control.

Assumptions: Definition of completion criteria for each milestone will be defined in the document described in Section 2.2.3.

Metrics: The metrics for this indicator will be identified after the completion of indicator 2.2.3 above and will be incorporated via approved change control.

2.2.5 Influence with the Site Finance Board sub-team regarding site infrastructure services

The weight of this indicator is 10%.

Description: There are currently three missions associated with the Hanford Site: 1) cleanup of Hanford high level waste, 2) cleanup of the remainder of the Hanford Site, and 3) Science and Technology development. PNNL is responsible for the execution of the Science and Technology mission while the PHMC and Environmental Restoration Contractor (ERC) execute the cleanup mission. PNNL is contiguously located with the Hanford Site and depends on infrastructure services provided by the Hanford Site, even though PNNL and the Hanford site have evolved to become fundamentally separate entities. Determining the most cost-effective approach for delivering support mechanisms to the Science & Technology mission is a high facility and infrastructure priority. The Site Management Board (SMB) has chartered a team to evaluate the need for captured Site Services. PNNL will work with the Site Services Team to ensure PNNL requirements and the Site needs are met in the most advantageous and economic manner. As the cleanup mission of the site comes to a close, PNNL's long-term viability as a pre-eminent environmental Lab is highly dependent on a reasonable cost strategy for Site Services.

This indicator will be measured using a weighted point method, providing a maximum of points for influencing a change in site service strategy. For each site service undergoing an evaluation, points are awarded as follows:

One point: Each site service reviewed by the Site Service Task Team and reported to the Site Management Board (SMB) will be awarded one point if no further action follows the report to the SMB.

Two points: Each site service reviewed by the Site Service Task Team and reported to the SMB will be awarded two points if the results of the review and SMB action is an agreement to review or change the cost allocation methodology used for this site service.

Three points: Each site service reviewed by the Site Service Task Team and reported to the SMB will be awarded three points if the results of the review and SMB action is agreement that this site service is a potential candidate of privatization/decentralization or elimination.

Assumptions: The Site Service Team, led by DOE-RL Finance, maintains the list of systems for evaluation that include such services as fleet maintenance, dosimetry, occupational medicine, record management, and fire protection. The scope of the team is to determine if there are any legal, regulatory, or DOE requirements for a particular service to be provided on site. Following the evaluation, decision support information is provided to DOE senior management that will guide decisions on which set of services are best to continue as is or to privatize.

Metrics: Points awarded for each of the three criteria described above will be verified and approved by the PNNL Site Office.

Outstanding: 22 points or higher awarded
Excellent: 17 – 21 points awarded
Good: 12 – 16 points awarded
Marginal: 8 – 11 points awarded
Unsatisfactory: 7 points or less awarded

ELEMENT	Adjectival Rating	Value Points	Indicator Weight	Total Points	Objective Weight	Total Points
2.0 Operational Excellence						
2.1 Sustain and enhance operational excellence in safety and health, and environmental protection.						
2.1.1 DOE's evaluation of the overall Contractor performance in the Environment, Safety, and Health (ES&H) management systems			60%			
2.1.2 Demonstrate effectiveness of Integrated Safety Management			40%			
Obj 2.1 Total					50%	
2.2 Deliver, operate, and maintain an optimum set of facilities and supporting infrastructure that are aligned with current and future mission needs						
2.2.1 DOE's evaluation of the overall Contractor performance in the Facility management systems			50%			
2.2.2 Identification of facilities and infrastructure that is commensurate with the Laboratory's strategy of becoming the enduring national asset at the Hanford Site			20%			
2.2.3 Prioritization and selection of key FY00 facility initiatives from the Facility and Infrastructure Plan			10%			
2.2.4 Completion of approved milestones identified in 2.2.3			10%			
2.2.5 Influence with the Site Finance Board sub-team regarding site infrastructure services			10%			
Obj 2.2 Total					50%	
Outcome Total						

Table 2.1 – Operational Excellence Critical Outcome Performance Rating Development

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 2.2 Operational Excellence Critical Outcome Final Rating

3.0 Leadership and Management Excellence (20%)

Battelle will optimize the leadership, systems, infrastructure, and community presence that enable PNNL to accomplish Laboratory objectives and become an enduring national asset at Hanford, supporting a strong regional economy.

The weight of this outcome is 20%.

The Leadership and Management Excellence critical outcome shall measure the overall effectiveness/performance of the Contractor business management systems in delivering products, services, systems, and compliance with applicable requirements as viewed by the PNNL Site Office, and other cognizant RL and/or HQ organizations. Performance objectives and indicators to be utilized in the evaluation of the Leadership and Management Excellence critical outcome have been developed in partnership with the appropriate DOE HQ, PNNL Site Office, and RL counterparts and are listed below. These performance objectives and indicators identify significant activities/requirements important to the success of the Laboratory's business systems as identified by the Department and/or its customers. The reviewers (PNNL Site Office, RL and/or HQ) as a primary means of determining the overall Leadership and Management Excellence critical outcome performance rating shall utilize these objectives and indicators.

Each of the performance indicators has an associated metric that translates the level of performance to an adjectival rating. Scoring of the individual performance indicators is based on the point scheme identified within section I. The overall adjectival rating is then computed by multiplying the weight of each performance indicator and summing them all to develop an overall score for each objective. The score for each objective within the outcome is then computed in the same manner to arrive at an overall score for the Outcome (see Table 3.1 below). The overall value points earned are then compared to Table 3.2 to determine the overall adjectival rating.

Finally, a number of other factors may have significant impacts on this outcome independent of the indicators identified below. Therefore, the reviewers may also utilize other aspects of the Contractor's self-assessment, daily oversight activities performed throughout the year, any For Cause reviews or other outside agency reviews (if any) conducted throughout the year, and verification/validation information gained during the annual two-week review in deciding the overall performance rating assigned to the Leadership and Management Excellence critical outcome.

Objectives and Performance Indicators:

3.1 Battelle Leadership provides effective management systems to drive improvements enabling DOE to optimize oversight activities.

The weight of the objective is 50%.

3.1.1 Independent evaluation at the Laboratory-level of PNNL's self-assessment process using a comparative framework.

The weight of this indicator is 40%.

Description: Having a robust, effective self-assessment process that drives continuous improvement of the Laboratory's products and processes is critical to our success. This indicator provides for an independent evaluation of the Laboratory's self-assessment process such that:

- A comparison of this process can be made to other Laboratories/commercial organizations that perform self-assessments. The output of this comparison is a numerical value that ranks the Laboratory against others on overall process approach, deployment, and use-of-results criteria, which will be defined in an MOU.

- Key improvement opportunities for the process are defined. This will provide a focus on improvement efforts to increase the effectiveness of this process.
- The resulting numerical value can be trended to demonstrate continuous improvement and maturity of the process.
- A determination of the level of institutionalization (deployment) of the process can be made. This evaluation will help define the level of management attention associated with this process.

A renowned, subject-matter-expert (SME) will be selected by the Integrated Assessment management system owner to provide this independent evaluation subject to approval by DOE. The office of Independent Oversight (whose mission is to independently verify the effectiveness, efficiency, and adequacy of the Laboratory’s management systems) will sponsor this evaluation. The basis for the SME evaluation will be a report developed by a Laboratory-wide team led by the Quality Directorate. The SME will use this report and conduct on-site interviews to validate the characterizations of approach, deployment, and use-of-results. Finally, the SME will develop a document that responds to the four expectations mentioned above.

Assumptions: None

Metrics :

Rating:	Score	Self-Assessment Approach	Self-Assessment Deployment	Improvement of the Self-Assessment process
Outstanding	50%	Sound, systematic, well-defined, some best practices	Approach is well-deployed (although deployment may vary in some organizations)	Fact-based, systematic evaluation of the process leading to continuous improvement
Excellent	40%	Sound, systematic, well-defined, some good practices	Approach is deployed (although deployment may be in the early stages)	Beginnings of a systematic approach to evaluation and improvement. Measures are beginning to be used to define process health
Good	30%	Systematic, well-defined	Approach is deployed (with some minor gaps)	Beginnings of a systematic approach to evaluation and improvement. Some improvements are identified anecdotally
Marginal	20%	Beginnings of a documented, systematic approach	Approach is deployed (with some significant gaps)	Early stages of a transition from reacting to problems to a general improvement orientation
Unsatisfactory	10%	Beginnings of a systematic approach	Major gaps exist that may prevent progress in achieving goals	Most changes occur as a result of corrective actions

3.1.2 DOE’s evaluation of the overall Contractor performance in the business management systems.

The weight of this indicator is 60%.

Description: This indicator will determine the overall effectiveness/performance of the contractors’ business management systems in the following areas:

- compliance with applicable contractual requirements

- effective/efficient delivery of products, services, and systems
- continuous improvement of the management system

The PNNL Site Office and appropriate RL business management organizations will conduct the evaluation on the effectiveness/performance of the contractor management systems. The primary basis for this evaluation will be the contractor's self-assessment results but consideration will also be given to the following:

1. Operational awareness (daily oversight) activities performed throughout the year;
2. For Cause reviews;
3. Other outside agency reviews (OIG, GAO, DCAA, etc.) conducted throughout the year, and
4. Annual 2-week review (if needed).

The Contractor Business management systems to be evaluated include:

1. Acquisition Management
2. External Interface Systems
3. Financial Management
4. Human Resource
5. Information Resources
6. Integrated Assessment
7. Integrated Planning
8. Internal Communications
9. Records
10. Scientific and Technical Information
11. Technology Commercialization
12. University and Science Education Programs

Overall performance against this indicator will be determined by the averaged adjectival rating assigned to each of the Business management systems listed above. Each of the Business management systems shall be weighted equally. Each of the systems reviewed will be provided an adjectival rating as follows, and as defined on page J-E-2 of this appendix:

Outstanding	-	5
Excellent	-	4
Good	-	3
Marginal	-	2
Unsatisfactory	-	1

Depending on the nature of the management system, reviewers will consider the following when completing their evaluations:

- Deployment of the management system throughout the organization(s).
- Contract and other requirements are appropriately covered and adequately defined.
- Results in meeting self-assessment goals.
- Fact-based results are adequately and accurately documented.
- Processes are in place that ensure continuous improvement actions are initiated based on results.

It is expected that the PNNL Site Office and appropriate RL business management organizations, as part of their daily oversight activities, will provide the contractor with a preliminary evaluation, at or near the end of the 2nd quarter FY 2000. This preliminary evaluation will allow the contractor to make in-process corrections to meet the needs of the DOE customer before the final evaluation is conducted at the end of the 4th quarter. A list of the Contractor and DOE Points-of-Contact for each management system shall be developed and maintained by both parties and distributed to all management system owners and others as appropriate.

Assumptions: None

Metrics:

Outstanding = 5.0 – 4.5
Excellent = 4.4 – 3.5
Good = 3.4 – 2.5
Marginal = 2.4 - 1.5
Unsatisfactory = 1.4 – 1.0

3.2 Attract and retain the critical staff necessary to achieve simultaneous excellence in S&T, operations, and community trust.

The weight of this objective is 25%.

3.2.1 Ensure quality staffing needs are met and balanced with mission direction.

The weight of this indicator is 100%.

Description: Enhance the workforce planning process to achieve performance related to filling key and strategic staffing needs to meet mission direction. Key and Strategic positions may be filled with internal or external candidates. A comprehensive and integrated, yet practical and flexible model for workforce planning will be implemented to ensure staffing needs are met and meet mission objectives. The plan will identify a brief description of the staffing need, the desired hire/acceptance date, responsible organization, responsible PNNL manager, and responsible DOE manager.

Definitions:

- A “key” position is defined as a position necessary to grow or meet current programmatic and mission needs. Increased demand in senior capabilities is expected such as S&E 4+ , Program/Line Management Level 40+.
- A “strategic” position is defined as a position necessary to meet future initiative, mission or emerging technology needs. Increased demand in senior capabilities is expected such as S&E 4+, Program/Line Management Level 45+, and Level 1 Management.

Assumptions: None

Metrics: At the end of the FY, the responsible DOE manager will evaluate PNNL’s effectiveness in hiring, placing and/or promoting (via succession planning) key and strategic staff to meet mission objectives. The evaluation may be based on, but not limited to, the following criteria:

- Effectively identifying and communicating current key and strategic needs
- Effectively developing and communicating a strategic hiring plan
- Regularly communicating the progress of recruitment/placement efforts
- Identifying and communicating potential incentives/barriers to placement
- Reviewing the requirements of the position/the quality of the candidates

The responsible DOE manager will assign one of the following ratings for performance on this indicator: Outstanding, Excellent, Good, Marginal, or Unsatisfactory

3.3 Enhance the community presence by providing the support necessary to ensure PNNL is known, its capabilities are recognized, and its contributions aligned with issues critical to a robust, sustainable, regional economy.

The weight of this objective is 25%

3.3.1 The Number of new businesses started in the area where Battelle had a material role in their establishment.

The weight of this indicator is 40%.

Description: The number of new businesses started in the local area where the Contractor had a material role in their establishment through one or more of its economic development programs. These programs include the Entrepreneurial Program, the Technical Assistance Program, the Targeted Support Program, and the Technology Partnerships Program.

Definitions:

- Material role in establishment - It is recognized that business startups usually involve help from multiple organizations. For this criterion, credit will be given for the Contractor providing substantive help in the startup process. New businesses to be tracked will have clear future market potential and will be backed by sound business plans. They will be primary sector-based expansions of existing businesses (new subsidiaries, divisions, product lines, models) or new startups or businesses recruited to the area in which the Contractor was involved in their recruitment.
- Local Area - The 10 county region made up of the two counties that contain the Hanford Site, plus the counties adjacent to them. The counties are Benton, Franklin, Yakima, Walla Walla, Grant, Klickitat, Adams, and Whitman in Washington and Morrow and Umatilla in Oregon.

Assumptions: The Laboratory will receive continuing funding (3161 or alternative) for EntLOA, TAP, TSP, and Technology Partnerships (at least \$400K in direct funding).

Metrics:

Outstanding:	10 or more new businesses started in the area where Battelle had a material role in their establishment.
Excellent:	8 - 9 new businesses started in the area where Battelle had a material role in their establishment.
Good:	5 - 7 new businesses started in the area where Battelle had a material role in their establishment.
Marginal:	2 - 5 new businesses started in the area where Battelle had a material role in their establishment.
Unsatisfactory:	less than 2 new businesses started in the area where Battelle had a material role in their establishment.

3.3.2 Effectiveness in providing technical assistance to local firms

The weight of this indicator is 40%.

Description: This indicator has been developed to track the effectiveness of Battelle's Technical Assistance Program in helping to diversify the local economy. The evaluation will be subjective in nature and includes criteria in the following four areas: Number of firms assisted, quality of assistance provided, overall rating provided by the sponsor (TRIDEC) and the number of businesses helped to be created by the Technical Assistance Program.

Based on the overall performance within each of the four areas identified above the PNNL Site Office and appropriate RL staff shall assign an overall subjective rating for this indicator.

Definitions:

- Local firms - Local firms are those located in the 10 county region made up of the two counties that contain the Hanford Site, plus the counties adjacent to them. The counties are Benton, Franklin, Yakima, Walla Walla, Grant, Klickitat, Adams, and Whitman in Washington and Morrow and Umatilla in Oregon. Additionally, firms are considered local if they are being actively recruited to establish operations in the local area.

Evaluation Criteria: The following criteria shall be utilized in the evaluation of each of the four areas being utilized to evaluate this indicator:

- Number of Firms Assisted - The number of firms that have become qualified for and/or used technical assistance. Technical assistance is considered to be initiated after three events have occurred: 1) the firm has submitted a written request for assistance, 2) an assistance agreement has been signed by PNNL and the firm, and 3) funding has been allocated to a researcher to provide technical assistance. Technical Assistance is considered to have been provided after a client has accepted the technical services offered and the services have been used. (Note: PNNL will make a good faith effort to ensure customer use of the technical assistance.) Technical assistance can also take the form of a PNNL-funded study done by graduate students at WSU Tri-Cities. This type of assistance is considered initiated after the students and the client have met to scope the study.
- Quality of Assistance – This factor is based upon a PNNL Site Office approved Battelle survey provided to all recipients of technical assistance projects. Information to be used comes from question #1 on the survey, *Overall, how would you rate the interaction process with PNNL?* and item #2, *Please rate the usefulness of the technical assistance provided by PNNL.* Satisfaction will be measured on a five point scale where:
 - 1 = Very Dissatisfied
 - 2 = Dissatisfied
 - 3 = Neutral
 - 4 = Satisfied
 - 5 = Very Satisfied

The specific measurement for this factor will involve the percentage of recipients with a response of satisfied or very satisfied (4 and 5 of the 5-point scale).

- Rating by Sponsor – This factor will be based on the overall rating concerning the overall quality of work performed by the Technical Assistance Program and queried by the PNNL Site Office. The quality will be measured on the standard adjectival ratings of Outstanding, Excellence, Good, Marginal, and Unsatisfactory, utilizing the adjectival rating definitions provided within Section I of this appendix.
- Number of New Businesses Helped to be Created – Of the number of new businesses started in the local area (see 3.3.1 above) this factor looks at the number which were assisted by the Technical Assistance Program. The same criteria utilized for the first factor (Number of Firms Assisted) shall be utilized to determine if technical assistance had been initiated.

Assumptions: None

Metrics: Figure 3.1 below will be utilized by the reviewer(s) as guidance in the development of the overall subjective rating of Outstanding , Excellent, Good, Marginal, or Unsatisfactory.

Evaluation Factor	Outstanding	Excellent	Good	Marginal	Unsatisfactory
Number of Firms Assisted	50 or more	40 – 49	25 – 39	10 – 24	10 or less
Quality of Assistance	90% or greater	80% - 89%	65% - 79%	50% - 65%	49% or fewer
Rating by Sponsor	Outstanding	Excellent	Good	Marginal	Unsatisfactory
Number of New Businesses helped	75% or more	65% - 74%	40% - 64%	10% - 39%	9% or less

Figure 3.1

3.3.3 The impact of Laboratory-sponsored programs on teachers of science, mathematics, and technology education in partner school districts.

The weight of this indicator is 20%.

Description: A critical aspect of partnerships that focus on science, mathematics and technology education is the professional development of teachers. This performance indicator measures the impacts of Laboratory-sponsored programs on teachers by measuring three critical areas that affect the quality of learning experiences in classrooms. Impacts of Laboratory programs on 1) teacher content knowledge, 2) field/lab and other skills that can be used in the classroom, and 3) the application/transferability of the experience to the classroom, as reported by teacher participants, are measured. Using a 4-point Likert Scale, participants will be asked to evaluate the impact of these experiences on the following:

- their content knowledge gained ,
- their science process and generic thinking skills gained, and
- their ability to apply the experience to the classroom.

For each participant’s evaluation, the sum for these three criteria is calculated (total of 12 points possible).

Assumptions: Science, mathematics, and/or technology education teachers, from partner school districts, participate in Laboratory-sponsored professional development experiences (either teacher development or teacher research experience).

Metrics:

Outstanding: 85% or more of participants’ evaluations received have a sum of 10 or higher

Excellent: 80% or more of participants’ evaluations received have a sum of 9 or higher

Good: 70% - 79% of participants’ evaluations received have a sum of 9 or higher

Marginal: 70% or more of participants’ evaluations received a sum of 8 or higher

Unsatisfactory: Less than 70% of participants’ evaluations received a sum of 8 or higher

ELEMENT	Adjectival Rating	Value Points	Indicator Weight	Total Points	Objective Weight	Total Points
3.0 Leadership and Management						
3.1 Battelle Leadership provides effective management systems to drive improvements enabling DOE to optimize oversight activities						
3.1.1 Independent evaluation at the Laboratory-level of PNNL’s self-assessment process using a comparative framework			40%			
3.1.2 DOE’s evaluation of the overall Contractor performance in the business management systems			60%			
Obj 3.1 Total					50%	
3.2 Attract and retain the critical staff necessary to achieve simultaneous excellence in S&T, operations, and community trust						
3.2.1 Ensure quality staffing needs are met and balanced with mission direction			100%			
Obj 3.2 Total					25%	
3.3 Enhance the community presence by providing the support necessary to ensure PNNL is known, its capabilities recognized, and its contributions aligned with issues critical to a robust, sustainable, regional economy						
3.3.1 The Number of new businesses started in the area where Battelle had a material role in their establishment			40%			
3.3.2 Effectiveness in providing technical assistance to local firms			40%			
3.3.3 The impact of Laboratory-sponsored programs on teachers of science, mathematics, and technology education in partner school districts			20%			
Obj 3.3 Total					25%	
Outcome Total						

Table 3.1 - Leadership and Management Excellence Critical Outcome Performance Rating Development

Total Score	5.0 - 4.5	4.4 - 3.5	3.4 - 2.5	2.4 - 1.5	<1.5
Final Rating	Outstanding	Excellent	Good	Marginal	Unsatisfactory

Table 3.2 Leadership and Management Excellence Critical Outcome Final Rating

III. CONTRACTOR SELF-ASSESSMENT PROGRAM

RL views the Contractor's self-assessment program as a primary tool to determine if it is accomplishing agreed-to outcomes, objectives and performance indicators and doing so in a manner that is acceptable. In addition, the Contractor utilizes self-assessment as a primary mechanism for evaluating the overall effectiveness of its organizations and to promote continuous improvement. The key to the performance-based evaluation process employed within the Laboratory, is the utilization of self-assessment as a primary tool for evaluation of the Contractor. In order for this concept to continue to be successful we must diligently work with our contractor counterparts throughout each year to track the progress of the outcomes and objectives set forth within the contract and/or the individual Division and Directorate-level self-assessment plans. This regular interaction should be carried out under the principles of partnership and trust that form the basis of our relationship with the Contractor.

Contractor Laboratory-Level Self-Assessments

The Contractor is required to deliver a Laboratory-Level Self-Assessment Plan to the PNNL Site Office, and the HQ Office of Science (SC-1) within the first quarter of each fiscal year. This plan shall include the laboratory-level Critical Outcomes and their corresponding objectives and performance indicators as well as a compilation of the Division and Directorate self-assessment plans.

The Contractor is required to provide monthly and/or quarterly updates (as appropriate) on the performance of the Critical Outcomes and their corresponding performance indicators. The Contractor shall provide a formal status briefing at mid-year and a formal self-evaluation report to the PNNL Site Office at year-end. Specific due dates for the above mentioned briefings and reports shall to be agreed to by the Laboratory Director and the PNNL Site Office Assistant Manager for Science & Technology.

In addition, the year-end report must provide:

- an overall summary of performance for FY 2000
- performance ratings for each critical outcome and the Laboratory overall, and
- a summary of key strengths and opportunities for improvement identified as part of the Division and Directorate self-assessment activities.

Contractor Division and Directorate Level Self-Assessments

The Contractor shall develop and maintain Division and Directorate-level self-assessment plans. Using the critical outcomes as the basis, self-assessment plans are to be developed in cooperation with both their internal and external (PNNL Site Office, HQ, or other) counterparts. Updated plans are to be provided to the Contractor's Director of Quality with a copy issued to the PNNL Site Office, Contract Administration Officer. Copies of the individual plans should also be provided to the corresponding external RL/PNNL Site Office customer (as appropriate). Plans are to be completed and issued to the appropriate internal and external customers, as indicated above, by the end of the first month following the end of each performance evaluation period.

Division and Directorate-level self-evaluation reports are to be submitted to the Contractor's Director of Quality as part of the Integrated Self-Assessment Program. Mid-year reports are not required deliverables to RL, however, it is recommended that they be made available to the appropriate HQ/RL/PNNL Site Office counterparts for purposes of assisting with their oversight responsibilities. Copies of the above mentioned Division and Directorate-level self-evaluation reports are to be provided to the PNNL Site Office, Contract Administration Officer and the corresponding external HQ/RL/PNNL Site Office customer. Specific due dates for reports shall be agreed upon by the Laboratory Director and the PNNL Site Office Assistant Manager for Science & Technology.