

Electronic Records Archives

Appendix 1G Performance Based Contract Award Fee Plan

Contract No. NAMA-04-C-0007

Submitted to:

**National Archives and Records Administration
Attn: Mr. Thomas S. Campbell, ERA Contracting Officer
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May 16, 2005

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Submitted by:



Lockheed Martin Transportation and Security Solutions

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

Acronym	Description
AFDR	Award Fee Determination Report
BOE	Basis Of Estimate
CAIV	Cost-as-an-Independent-Variable
CAM	Cost Account Manager
CDRL	Contract Data Requirements List
CLIN	Contract Line Item Number
CM	Configuration Management
CMMI	Capability Maturity Model Integrated
CO	Contracting Officer
ConOps	Concept of Operations
COR	Contracting Officer's Representative
COTS	Commercial Off-The-Shelf
CR	Change Request
CSA	Configuration Status Accounting
CWBS	Contract Work Breakdown Structure
ECP	Engineering Change Proposal
ERA	Electronic Records Archives
ETC	Estimate To Complete
EVM	Earned Value Management
IBR	Integrated Baseline Review
IPT	Integrated Product Teams
ISO	International Organization for Standardization
IT	Information Technology
NARA	National Archives Records Administration
OCM	Organizational Change Management
OM&S	Operations, Maintenance, and Support
PD	Program Director
PEB	Performance Evaluation Board
PEBR	Performance Evaluation Board Report
PMO	Program Management Office
PMR	Performance Measurement Review
PTR	Program Tracking Report

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Acronym	Description
PWBS	Performance Work Breakdown Structure
PWS	Performance Work Statement
QA	Quality Assurance
RFP	Request for Proposal
SEI	Software Engineering Institute
SEMP	System Engineering Management Plan
SW-CMM	Software Capability Maturity Model
TBD	To Be Determined
TM	Technical Monitor
TMR	Technical Monitor Report
TOC	Total Ownership Cost
vs.	versus

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Change History

Change Contact	Date of Change	Summary of Change
Lockheed Martin Team	02/11/2004	Initial Release
Lockheed Martin Team	06/09/2004	Update for Final Proposal Revision
Lockheed Martin Team	05/16/2005	Update for Cost Proposal Submitted During Analysis and Design Phase

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OVERVIEW

This plan covers the administration of the award fee provisions of contract number NAMA-04-C-0007, awarded to Lockheed Martin Transportation and Security Solutions.

This Award Fee plan sets forth procedures and guidelines that the National Archives and Records Administration (NARA) will use in evaluating the technical performance of Lockheed Martin during development and operation of Increments one (1) through five (5), including Contract Line Items Numbers (CLINs) 0101 through 0601.

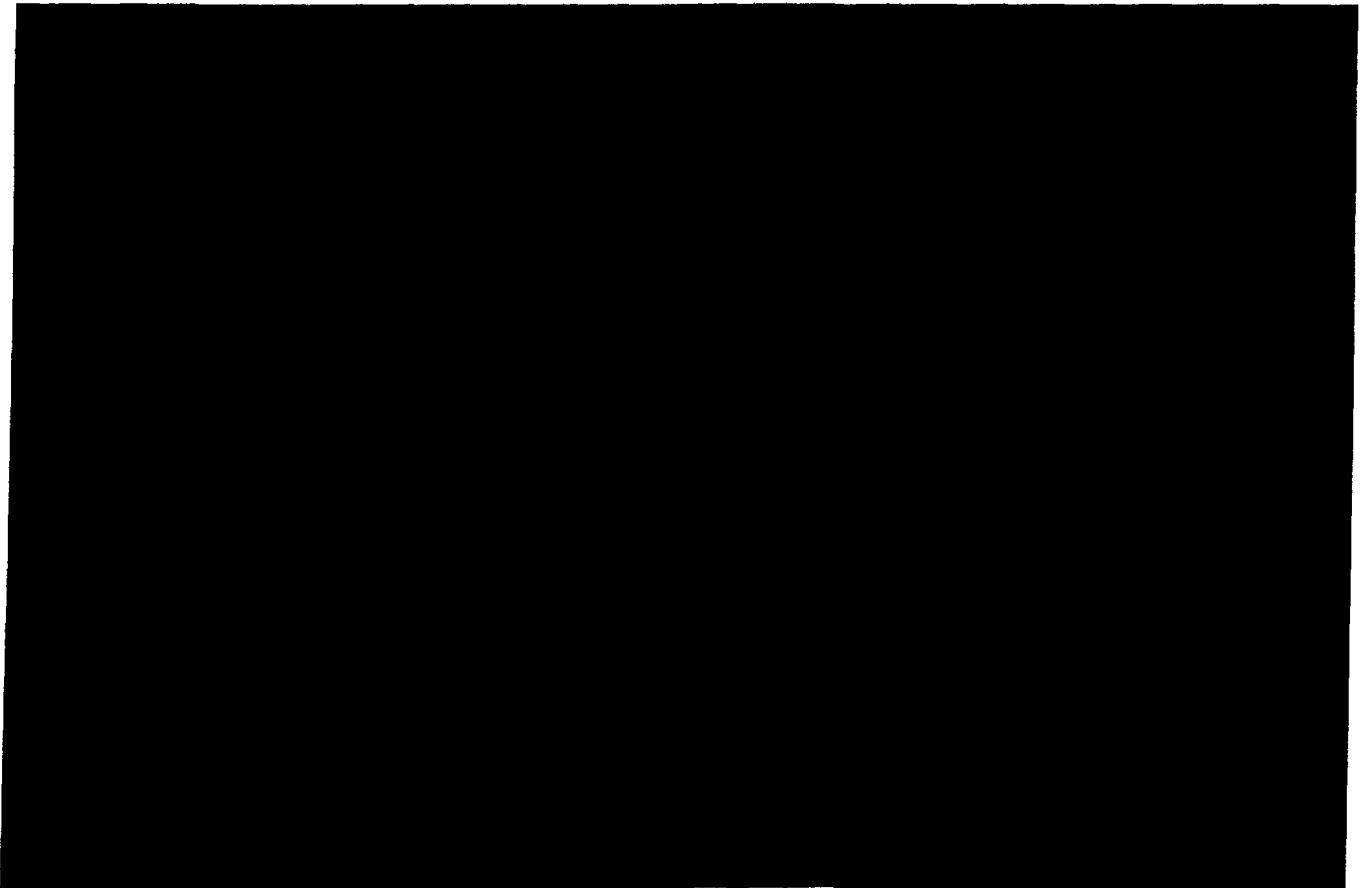
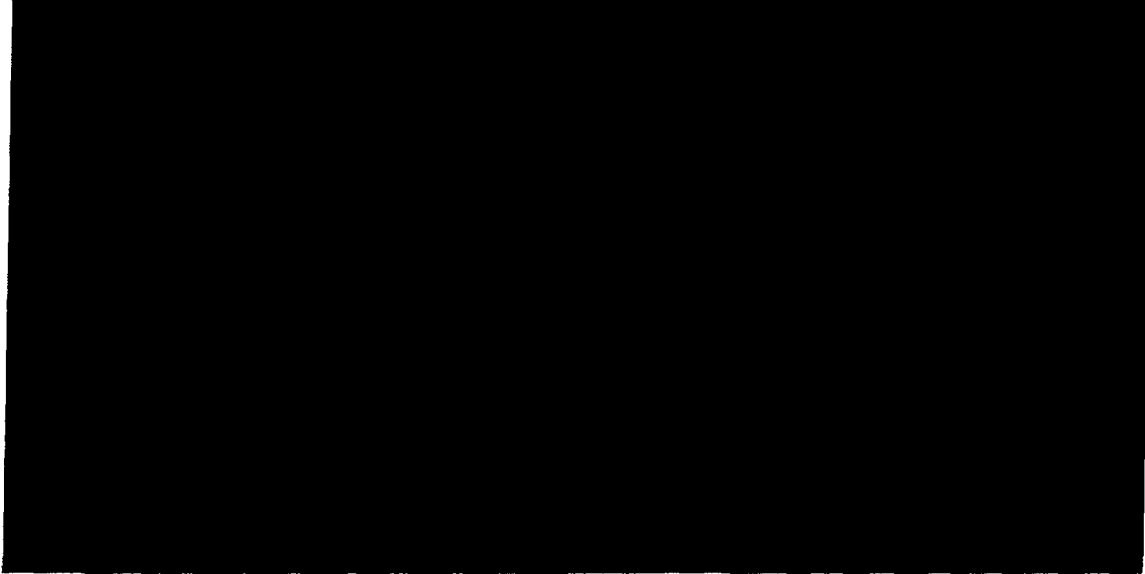
There is no base fee. Lockheed Martin will be rewarded for excellence in contract performance under the Award Fee program. Satisfactory or below performance will not be rewarded. Performance will be evaluated every six (6) months. The award fee payable will be determined in six (6) month intervals by the Contracting Officer (CO) in accordance with this plan. Award Fee determinations are not subject to the dispute clause of this contract. The Government, through the CO, may unilaterally change this plan providing Lockheed Martin receives notice of the changes at least 30 calendar days prior to the beginning of the evaluation period for which the changes apply.

This Award Fee Plan is prepared in two parts: The first part is a recurring award fee evaluation and award based on six-month intervals. The performance evaluation criteria for this recurring evaluation is defined in Attachments A, B and C to this plan. The second part of the award fee evaluation is based on the success of the specific Increments' final system delivery compared to the Measurement Indicators in the Statement of Objectives; thus, the evaluation and award fee determination is six months after the delivery of the increment (i.e., six months after Initial Operational Capability). The award fee pool for the second part of the award fee program is a withholding of the available pool from the respective Increment's technical performance measurement category.

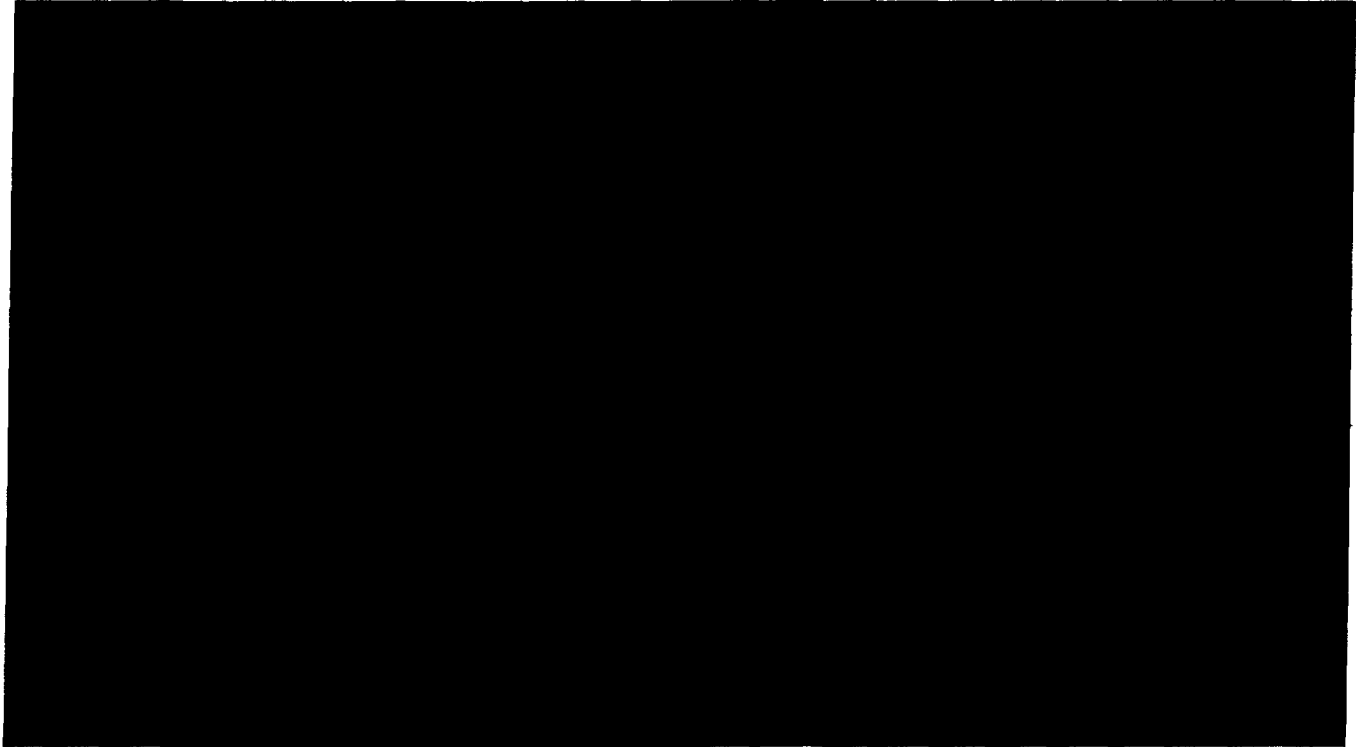
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THE ERA BUSINESS INFORMATION FRAMEWORK

The Award Fee Plan is one of the six management plan documents that comprise the Electronic Records Archives (ERA) business information framework. The framework; shown in Figure F-1, ERA Business Information Framework, provides the means for guiding and controlling work within the ERA program.



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ROLES AND RESPONSIBILITIES OF PARTICIPATING GOVERNMENT OFFICIALS

The following Government Officials or Non-Government personnel will participate in assessing the quality of the Contractor's performance. Their roles and responsibilities are described as follows:

- a. The CO has overall responsibility for overseeing the Lockheed Martin Team's compliance with contract performance including but not limited to requirements, terms, conditions, and schedule. The CO will make formal award fee determinations and will make appropriate changes in the award fee plan, as necessary.
- b. The appointed Contracting Officer's Representative (COR) (one or more) will be responsible for oversight of monitoring, assessing, recording, and reporting of the technical performance of Lockheed Martin for all technical tasks including schedule.

The COR will assign subordinate Technical Monitors (TMs). Each TM will be assigned to a performance area to be evaluated. The TMs, acting under the direction of the COR, will be responsible for oversight of monitoring, assessing, recording, and reporting of the technical performance of Lockheed Martin on a regular basis, for their respective areas. The TMs will have primary responsibility for completing Technical Monitor Reports (TMRs), which they will use to document inspection and evaluation of the Contractor's work performance. Meetings shall be held on a periodic basis as determined by the COR and/or CO to address performance and quality control issues in an effort to foresee and avoid serious problems. TMs will periodically prepare TMRs for the Performance Evaluation Board (PEB) or others, as appropriate. TMs will recommend appropriate changes in the Award Fee plan, if necessary.

TMs will also be responsible for the day-to-day monitoring of Lockheed Martin's performance in the areas of technical performance, program management, schedule, and cost.

- c. PEB
 1. The PEB will be comprised of a Chairperson, the ERA Deputy Program Director, the CO, and any other person the PEB Chairperson appoints. The Chairperson of the PEB and other voting members shall be designated by separate memorandum and approved by the NARA ERA Program Director (PD).
 2. The PEB Chairperson is responsible for recommending the award fee earned and payable for each evaluation period, and shall review the COR's and TMs' assessments of Lockheed Martin's performance and resolve differences between the COR's/TMs' performance and quality assessments versus Lockheed Martin's perception of the same.
 3. The Chairperson may appoint non-voting members to assist the Board in performing its functions.
 4. Primary responsibilities of the Board include the following:
 - a) Conduct periodic evaluations of Lockheed Martin's performance and submit a Performance Evaluation Board Report (PEBR) to the CO covering the Board's findings and recommendations for each evaluation period, and
 - b) Consider changes in this plan and recommend those that it determines are appropriate for adoption by the CO.

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METHOD FOR DETERMINING AWARD FEE

Table 1G-1, Award Fee Determination Steps, summarizes the principal events and timeline for determining the fee earned by Lockheed Martin during the evaluations period.

Table 1G-1. Award Fee Determination Steps

Action	Schedule (Calendar days)
1. Lockheed Martin Presents to PEB	Not later than 5 days after end of period
2. TMs submit reports to PEB Chairperson	15 days after end of period
3. PEB meets and summarizes preliminary findings and its position in the PEER	Not later than 25 days after end of period
4. PEB Chairperson submits PEER to CO	Not later than 35 days after end of period
5. CO sends the Award Fee Determination Report (AFDR) and signed contract modification to Lockheed Martin	No later than 45 days after end of period

- a. The CO will determine the award fee earned for each evaluation period within 45 calendar days after the end of the 6-month review period for the recurring evaluation and six months after the Increment's final system delivery for the system performance evaluation. The method to be followed in monitoring, evaluating, and assessing Lockheed Martin's performance during the period, as well as for determining the award fee earned or paid, is described in the following steps.
- b. The PEB Chairperson will ensure that a TM is assigned for each Performance Area to be evaluated under the contract. TMs will be selected on the basis of their expertise relative to prescribed performance area emphasis. The PEB Chairperson may change TM assignments at any time without advance notice to Lockheed Martin.
- c. The PEB Chairperson will ensure that each TM receives the following:
 1. A copy of this Award Fee plan along with any changes, and
 2. Appropriate orientation and guidance.
- a. TMs will evaluate and assess Lockheed Martin's performance and discuss the results with Lockheed Martin personnel, as appropriate.
- b. TMs will submit their TMRs prior to program reviews, and, if required, make verbal presentations to the PEB.
- c. Lockheed Martin may request to meet with the PEB to discuss overall performance not later than five (5) working days after the end of the evaluation period. The COR, TMs, and other personnel involved in the performance evaluations may attend the meeting and participate in discussions at the request of the PEB Chairperson. After meeting with Lockheed Martin, the PEB will consider matters presented by Lockheed Martin and finalize its findings and recommendations.
- d. The PEB will consider TMRs within 15 days of the end of the award fee period. The PEB Chairperson will request and obtain performance information from the personnel normally involved

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in observing Lockheed Martin performance, as appropriate. After the end of each evaluation period, the PEB will meet to consider all the performance information available. At the meeting, the PEB will summarize its findings and recommendations for coverage in the preliminary PEBR.

- e. The PEB Chairperson will prepare the PEBR for the period and submit it to the ERA PD and CO for use in making the formal determination of the award fee earned. The report will include an adjectival rating and a recommended performance score with supporting documentation. Lockheed Martin will be notified of the PEB evaluation and recommended rating and score.
- f. The ERA PD will consider the recommendations of the PEB, information provided by Lockheed Martin, and any other pertinent information in determining the amount of award fee earned to be provided in the formal determination issued by the CO. The government may, at its sole discretion (but is not obligated to), roll over Award Fee from one period to the next depending upon funding type and how funding is obligated. In addition to the normal award fee determination, the CO may, with the approval of the ERA PD, additionally award an unearned award fee from the past period, up to a maximum amount equal to any unearned award fee from the past period, to reward Lockheed Martin for rectifying past performance problems. The determination of the amount of award fee earned and the basis for this determination will be stated in the Award Fee Determination Report (AFDR).
- g. The CO will notify Lockheed Martin and the PEB Chairperson of the determination.

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CHANGES IN PLAN COVERAGE

- a. **Right to Make Unilateral Changes.** Any matters covered in this plan may be changed unilaterally by the CO 30 calendar days prior to the beginning of an evaluation period by written notice to Lockheed Martin. The changes will be made in writing from the CO to Lockheed Martin, but without formal modification of the contract.
- b. **Steps to Change Award Fee Plan Coverage.** The method to be followed for changing the Award Fee plan coverage is described below and in Table 1G-2, Award Fee Plan Change Steps:
 1. Personnel involved in the administration of the award fee provisions of the contract shall recommend plan changes with a view toward changing management emphasis, motivating higher performance levels, or improving the award fee determination process. Recommended changes should be sent to the PEB for consideration and drafting.
 2. Normally, 45 to 60 days prior to the end of each evaluation period, the PEB will submit the recommended changes applicable to the next evaluation period for approval by the CO.

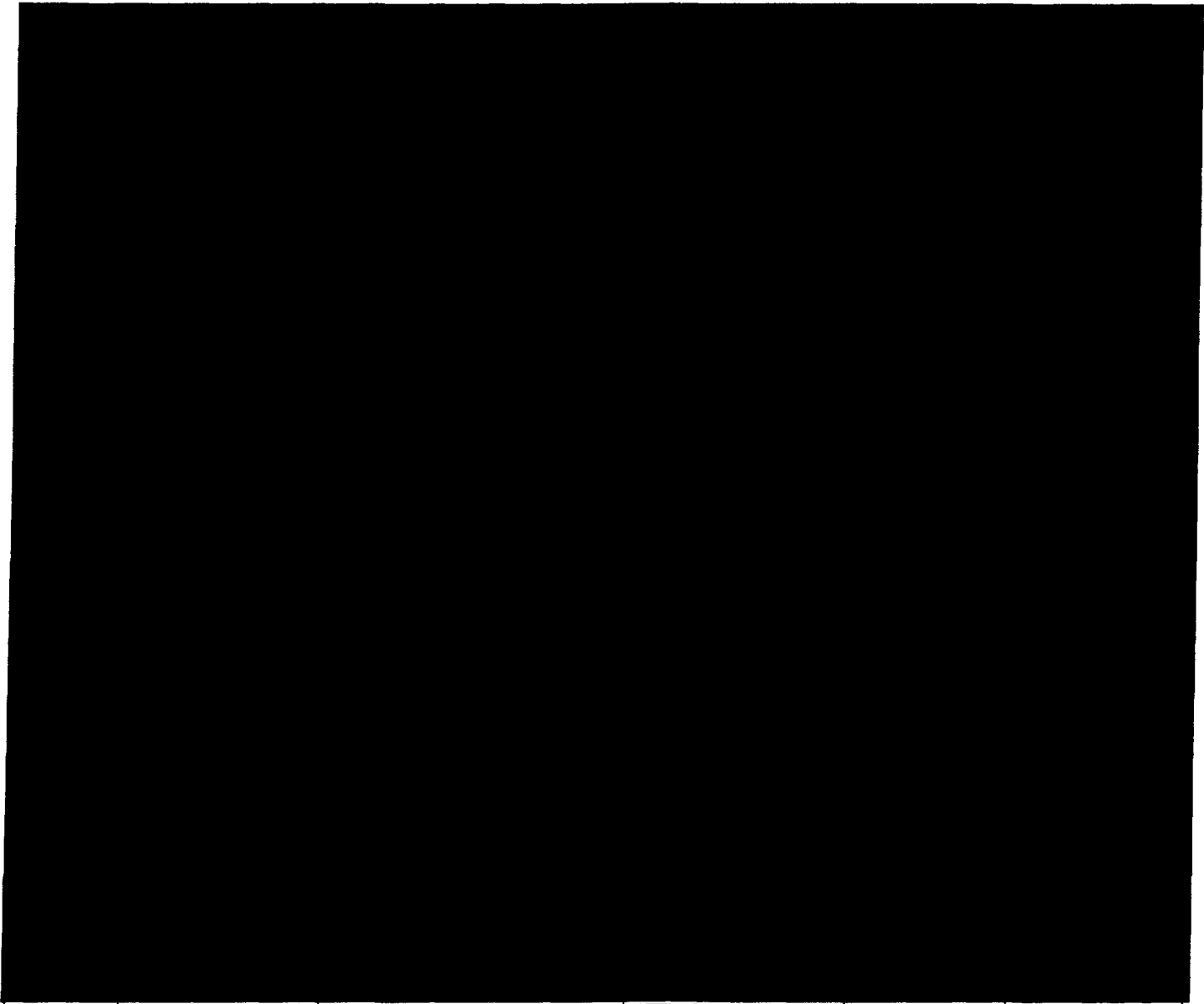
Table 1G-2. Award Fee Plan Change Steps

Action	Schedule
1. Lockheed Martin submits recommended changes to PEB (via the CO) for the next Award Fee Period	No later than 60 days before the end of the current period.
2. PEB submits to the CO approved Lockheed Martin changes and any additional changes for the next Award Fee Period.	No later than 45 days before the end of the current period.
3. CO notifies Lockheed Martin of changes for the next Award Fee Period.	No later than 30 days before the end of the current period.

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AVAILABLE AWARD FEE POOL

The award fee portion of this contract provides for 14 recurring award fee periods and five system performance award fee periods (one after the delivery of each development option). The award fee pool allocated to each period is summarized in Table 1G-3, Available Award Fee Pool by Period. The Baseline Pool column reflects the award fee pool allocated as part of the award of the option; the Pool Change column reflects increases or decreases to the baseline as a result of changes in work scope or rollover of previously unearned fee; and the Available Pool column reflects the pool that is available for award within that evaluation period. Within each Increment, approximately 30% of the total available award fee pool will be retained to establish the System Performance Award Fee Pool that is available for award based on the assessment of system performance six months after the end of the respective Increment's delivery.



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PERFORMANCE EVALUATION FACTORS AND RATINGS

Lockheed Martin's performance during the first six months of Increment 1 will be evaluated in three performance factors shown in Table 1G-4, Factor Weights. The weightings of the three performance factors, applied to the period's available award fee pool as shown in Table 1G-4, determine the allocation of the available fee pool.

Table 1G-4. Factor Weights

Area No.	Factor	Factor Weight	Dollars Available
1	Performance	70%	Contractor fills in
2	Schedule	20%	Contractor fills in
3	Cost	10%	Contractor fills in

These factors will be evaluated relative to the following general criteria and as specified in Appendix A, Technical Performance Criteria Tables:

Contract/Technical Performance (Area 1)

- Technical achievement of milestones and objectives for the period.
- Quality and completeness of the product and deliverables due for the period.
- Conformance with the PWS and associated performance measurements.
- Responsiveness to technical changes and issues that arise.
- Identification and management of cost, schedule, and staffing issues.
- Quality and timeliness of program/project plans and deliverables.
- Effectiveness and timeliness of communications with the Government.
- Effectiveness and timeliness of taking corrective actions, as needed.

Schedule Performance (Area 2)

- Ability to complete work and milestones early in the schedule.
- Effectiveness and timeliness of schedule status and notification of potential schedule issues.

Cost Performance (Area 3)

- Overall effectiveness in utilizing financial resources.
- Planning and control of program costs to established budget levels to achieve cost under-runs and prevent cost over-runs.
- Adequacy and timeliness of financial reports, including estimate to complete (ETC).
- Quality and thoroughness of variance reporting.
- Quality and thoroughness of proposals in response to Engineering Change Proposals (ECPs) and BOEs.

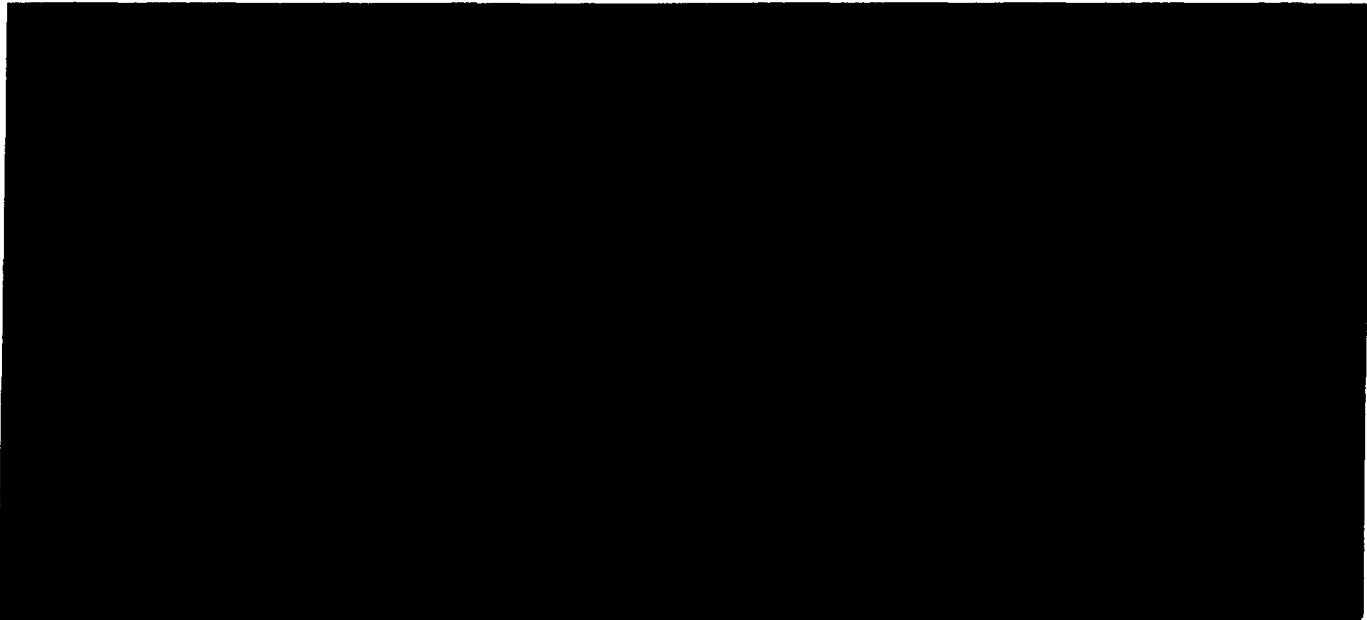
System Performance Award Fee Pool (post delivery of each development increment)

- Performance of the system as assessed against the system performance measures in Attachment D
- Subjective assessment of the system performance projections based on the actual performance at the six month point, system performance trends, the NARA and originating agency ramp-up in

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capitalizing on the system capabilities; the assessment of the projected performance is based on the indications of the system's capability to meet the objective thresholds in Appendix D

- NARA subjective assessment of the effects of external elements beyond Lockheed Martin's controls, e.g., availability of trained archivists to perform NARA's operations and originating agency actual usage and how these external elements affect the actual usage and performance as compared to the empirical and analytical indications of potential usage
- Resolution plans and effects of resolutions to items identified in acceptance test
- In determining the fee, the TMs and the PEB will assess Lockheed Martin's performance using the performance rating system shown in Table 1G-5, Contractor Performance Ratings. The percentages shown in the table represent the portion of the maximum award fee amount that is available for award for each performance level.



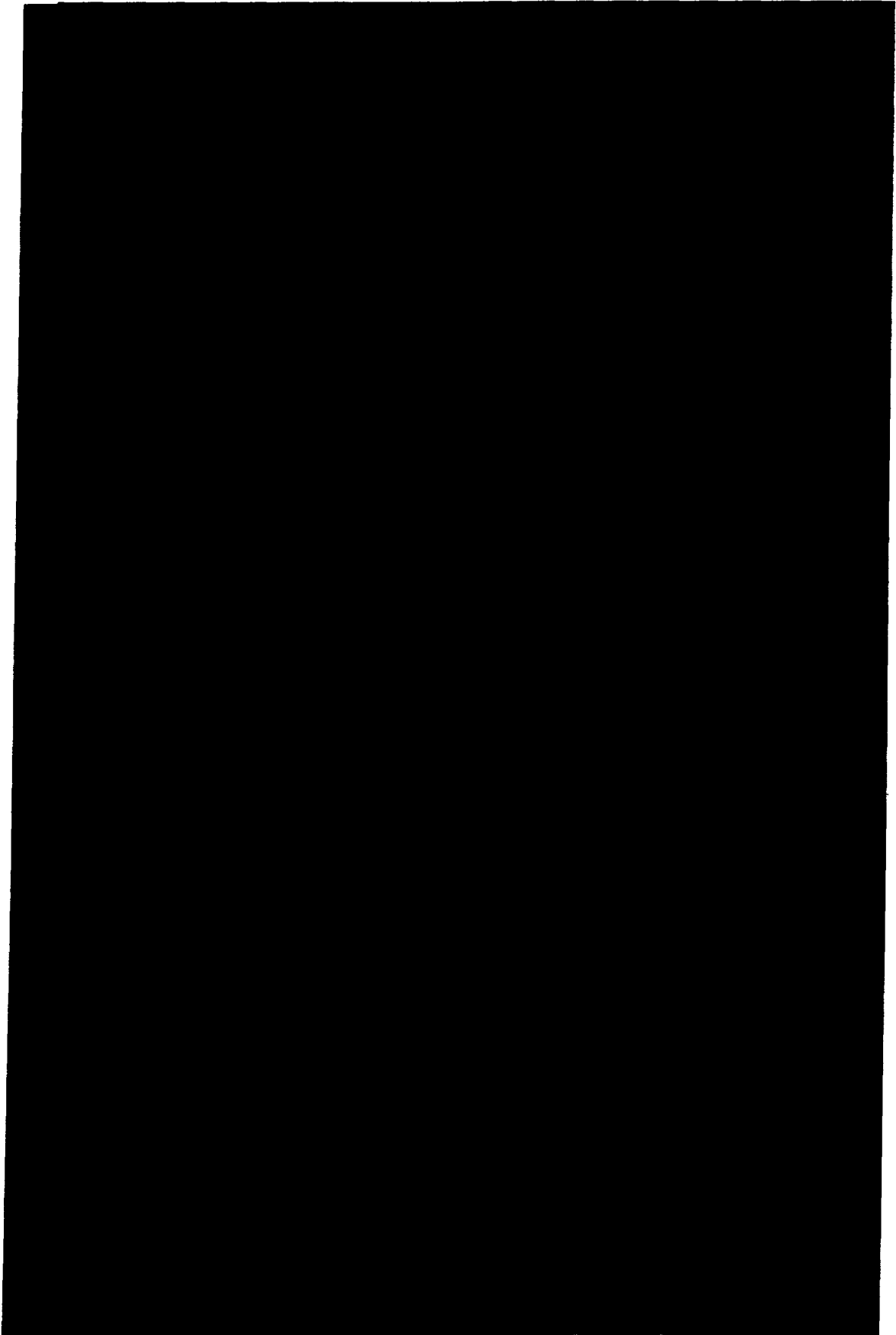
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ERA

LOCKHEED MARTIN 

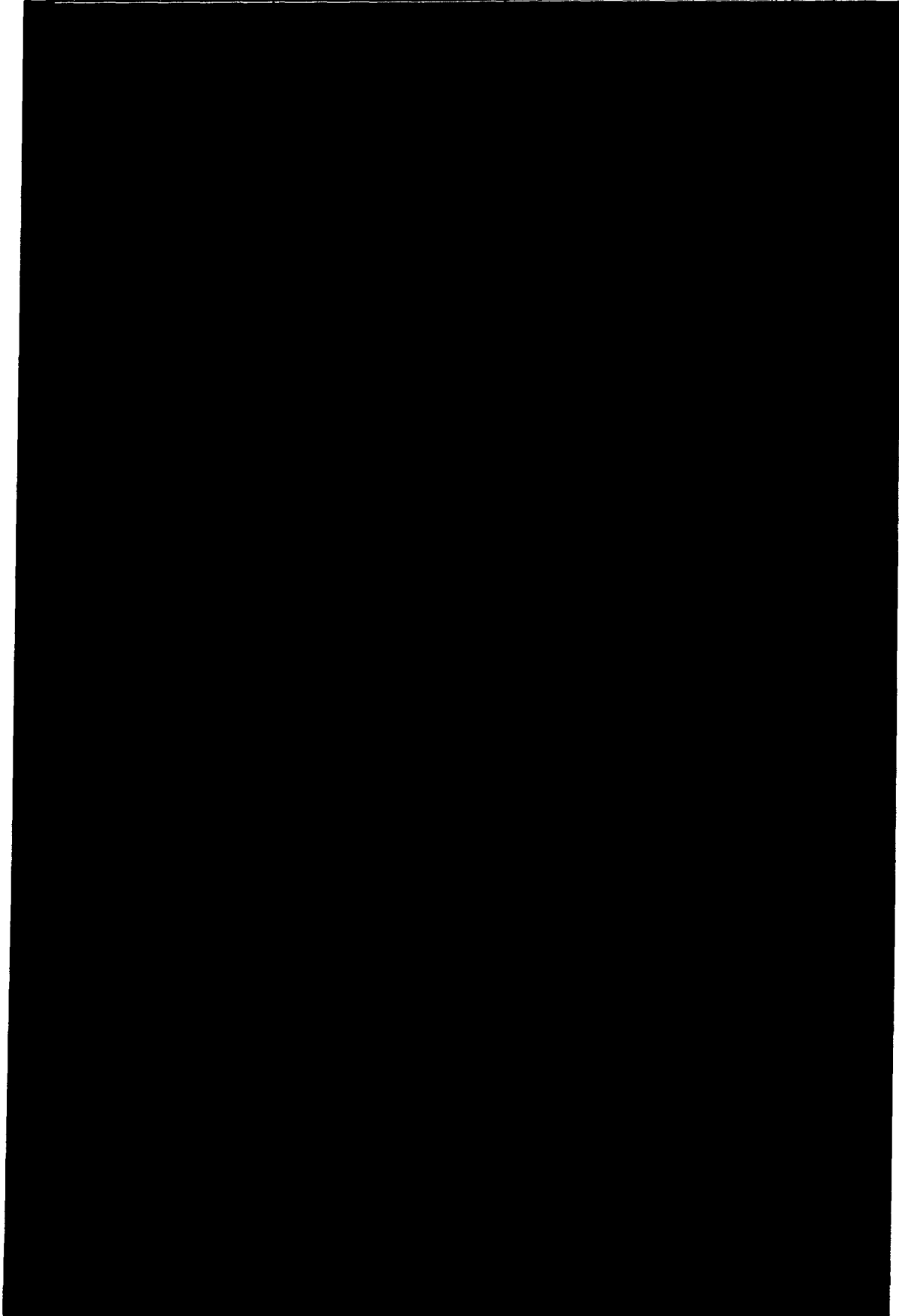


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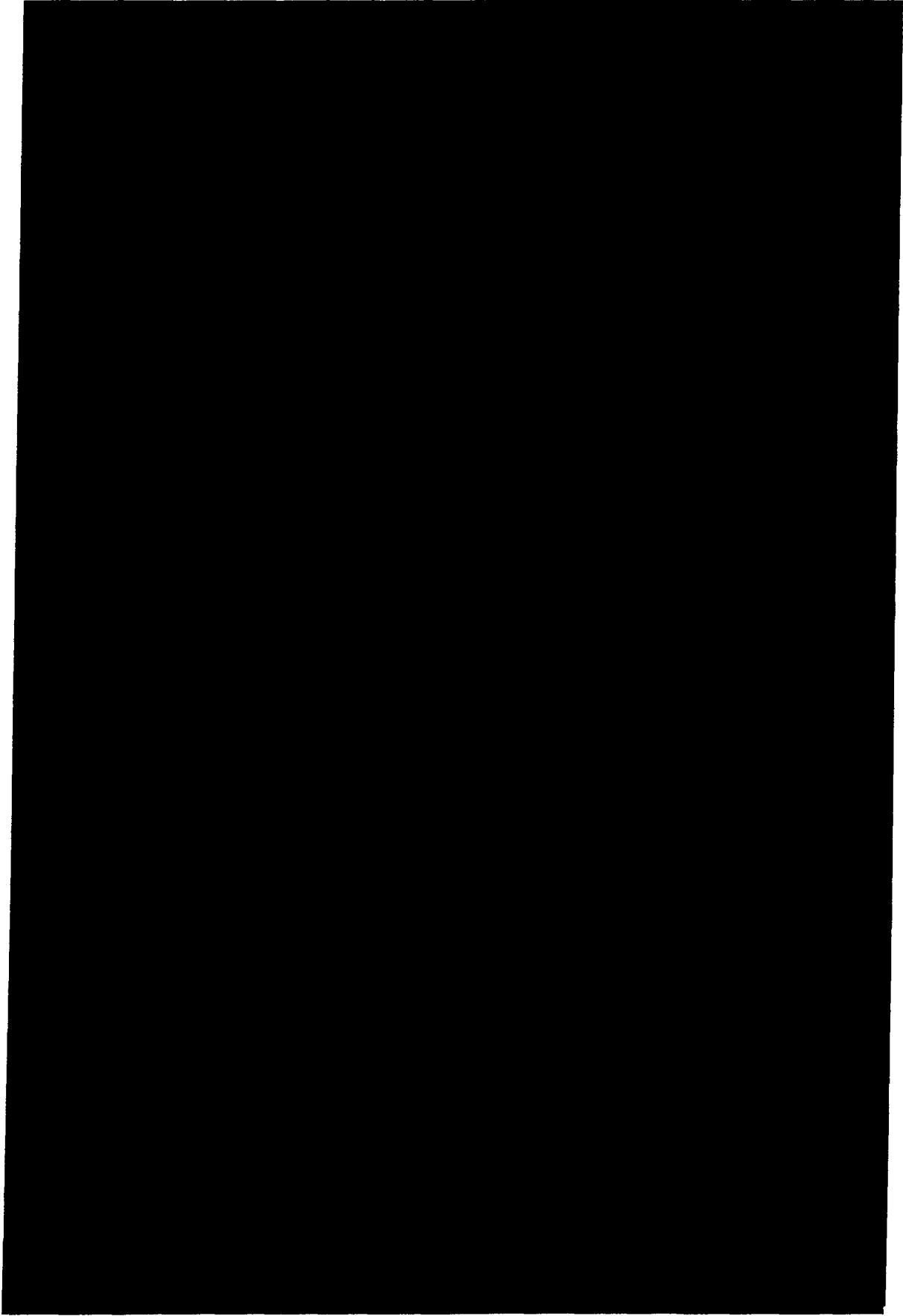
Appendix 1G
Performance Based Contract Award Fee Plan

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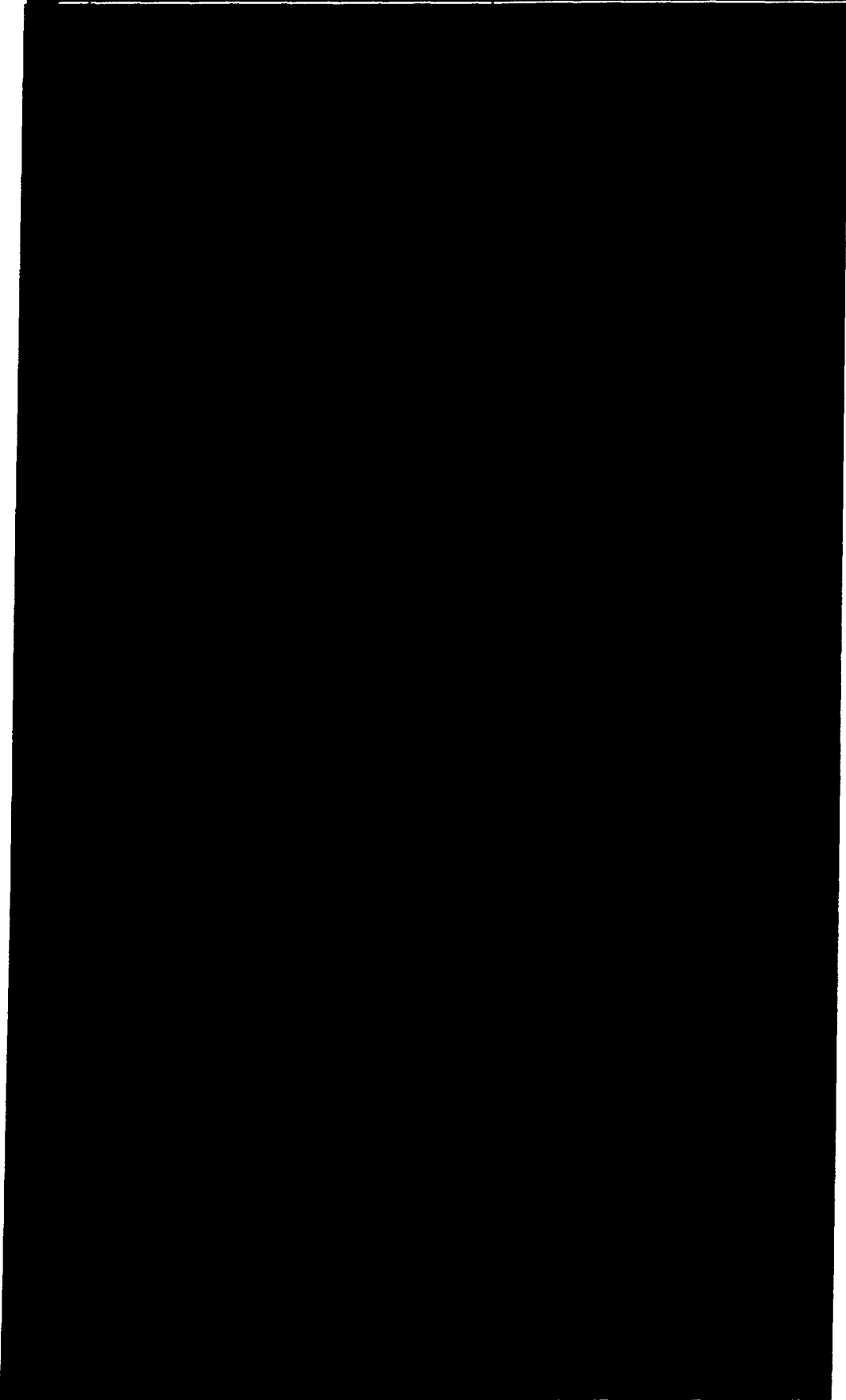
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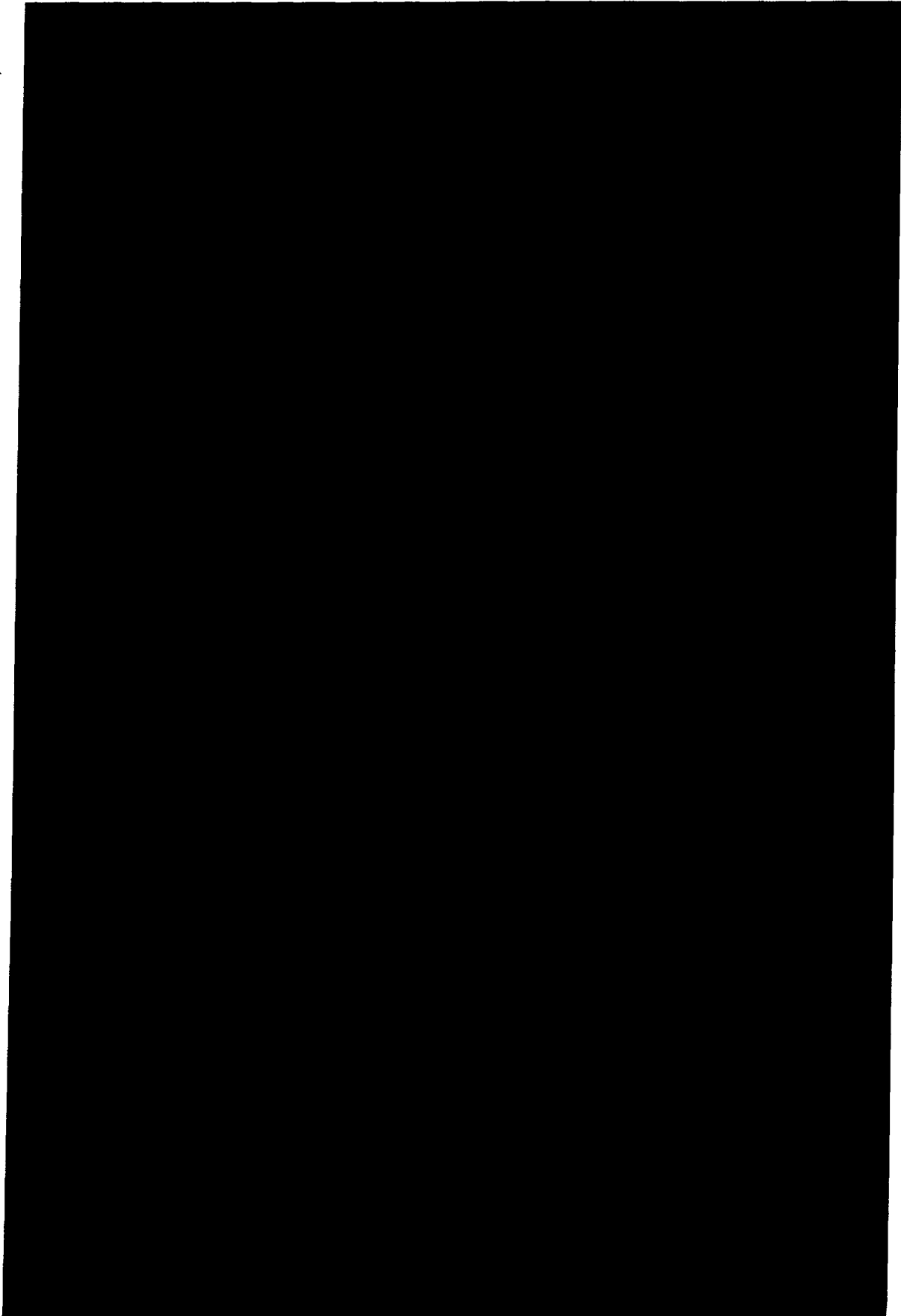
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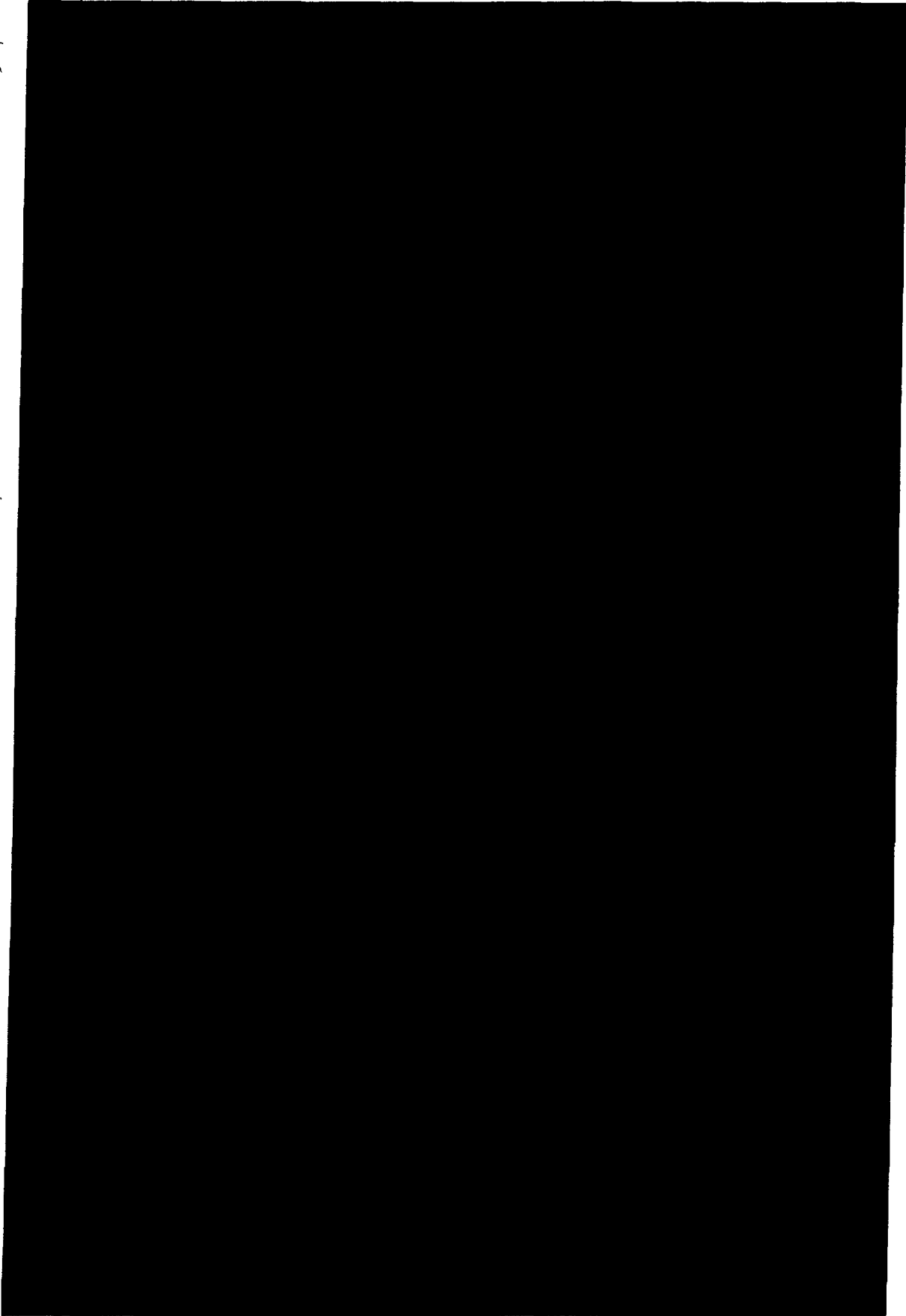
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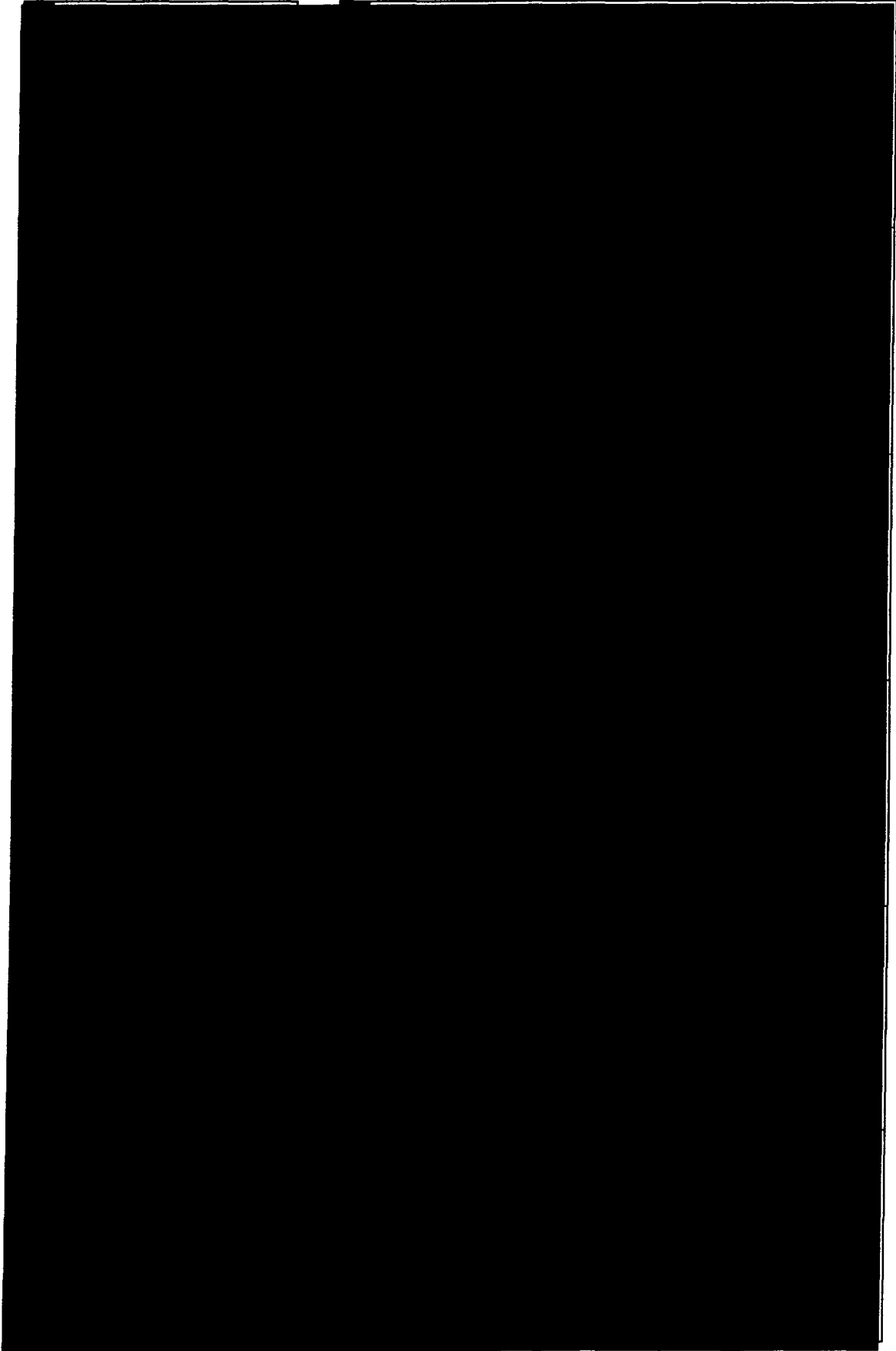
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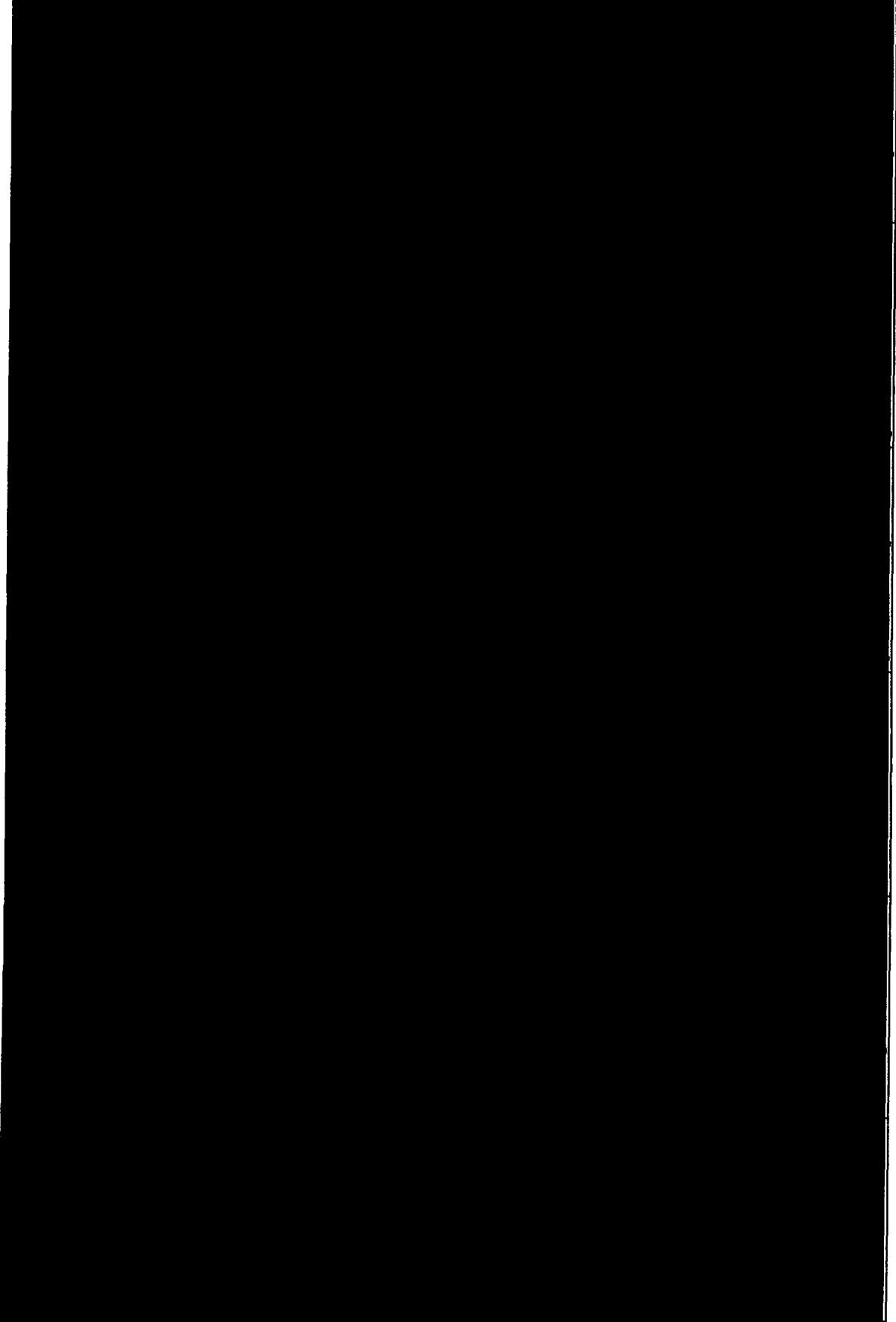
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Appendix 1G
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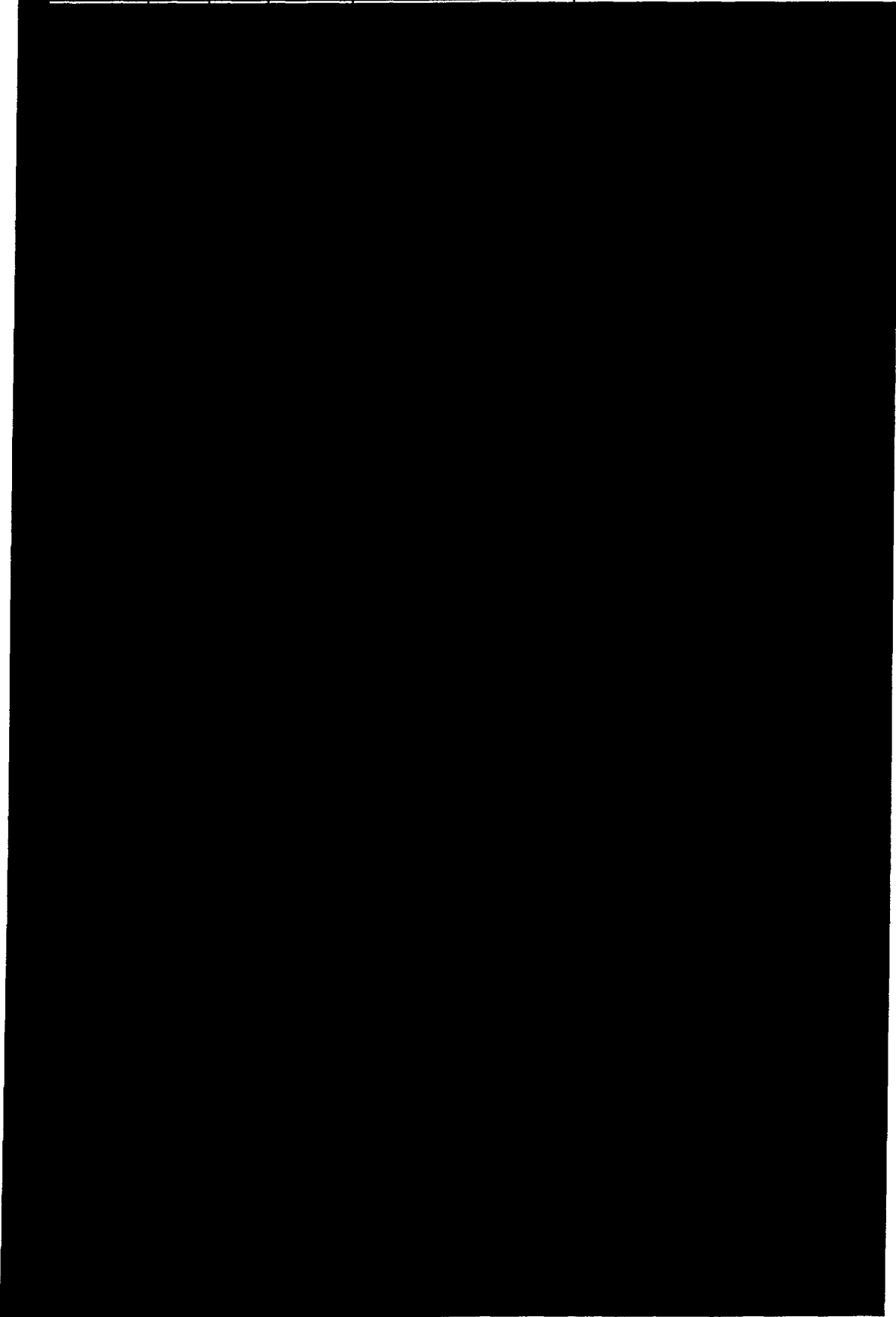


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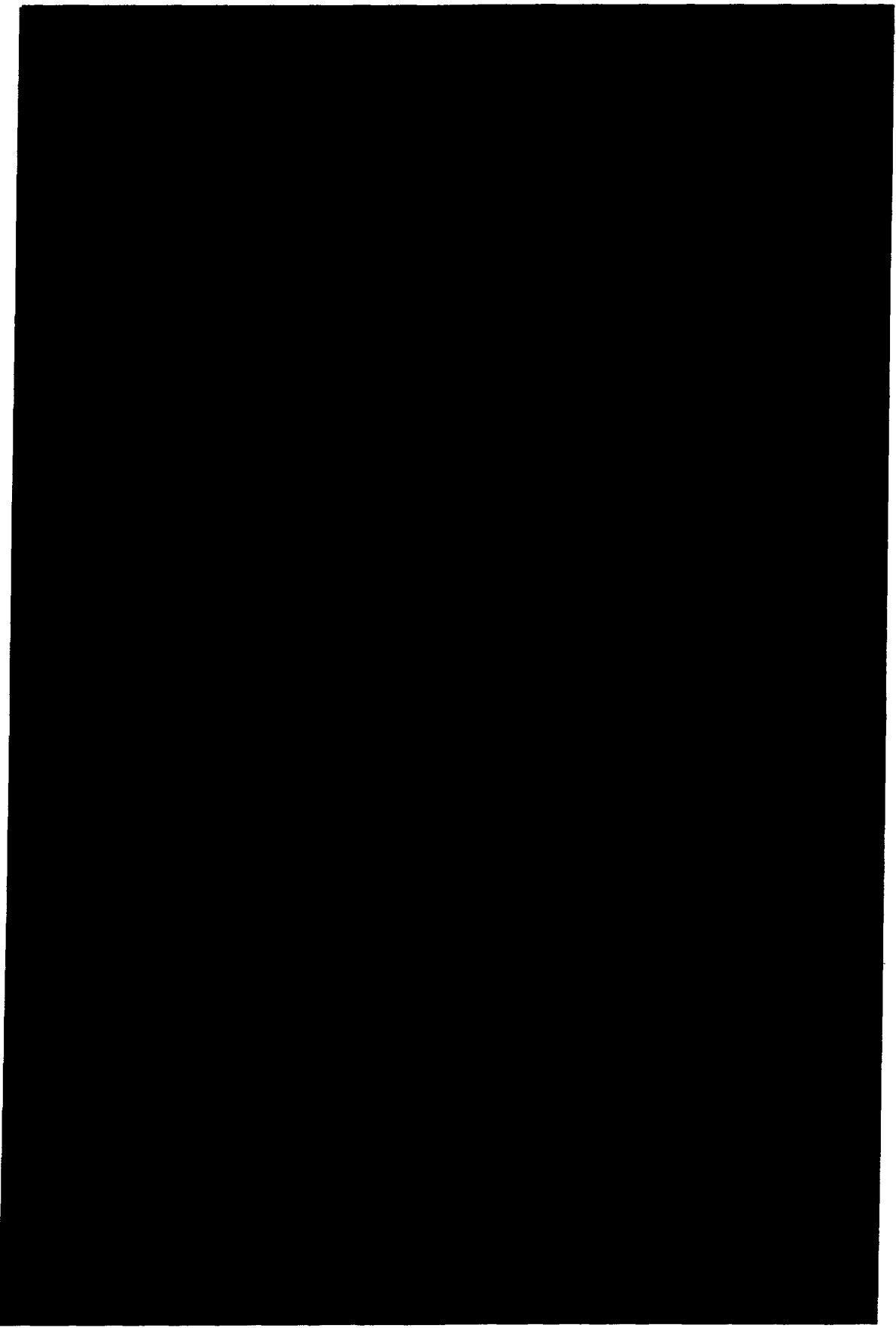
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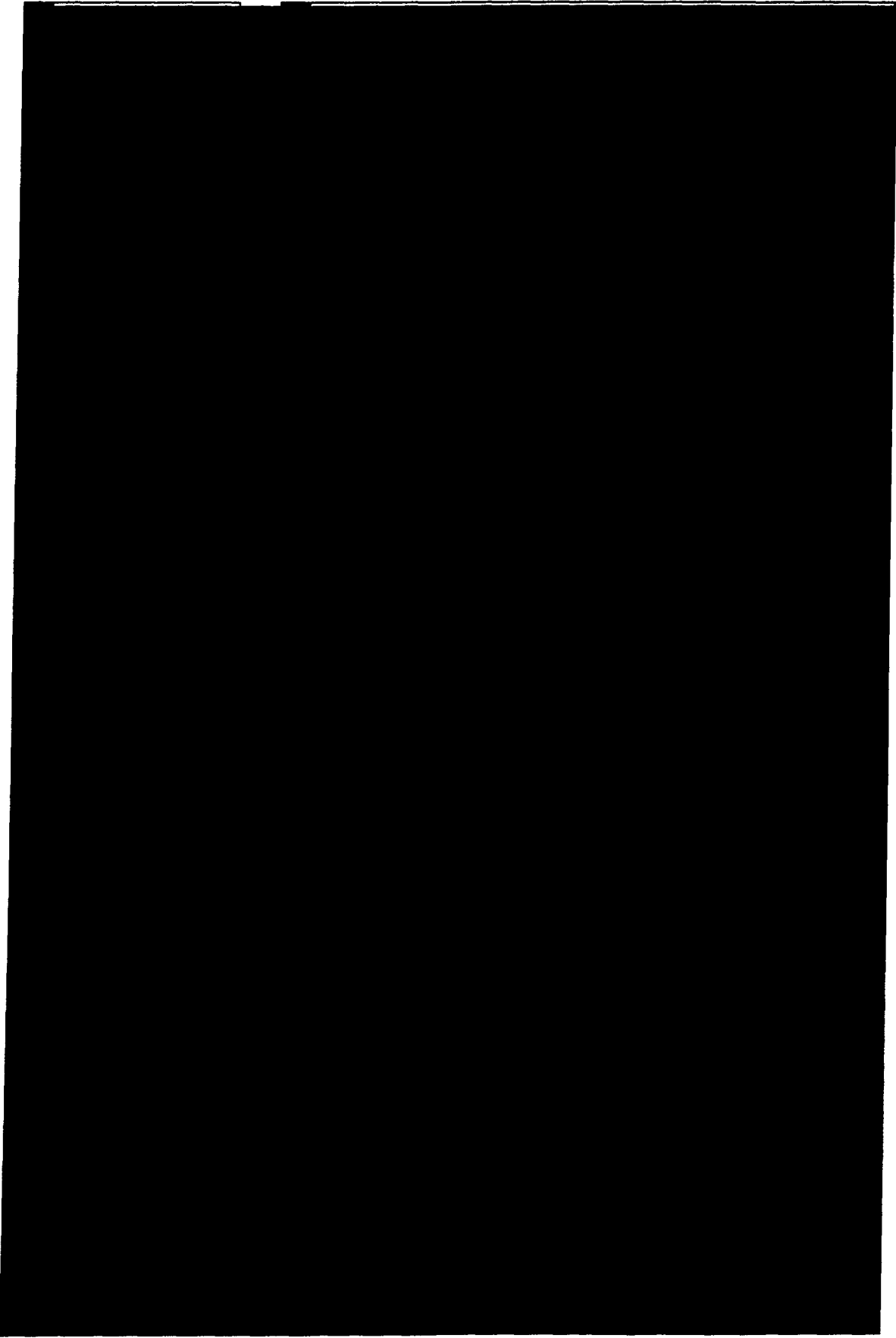
Performance Based Contract Award Fee Plan

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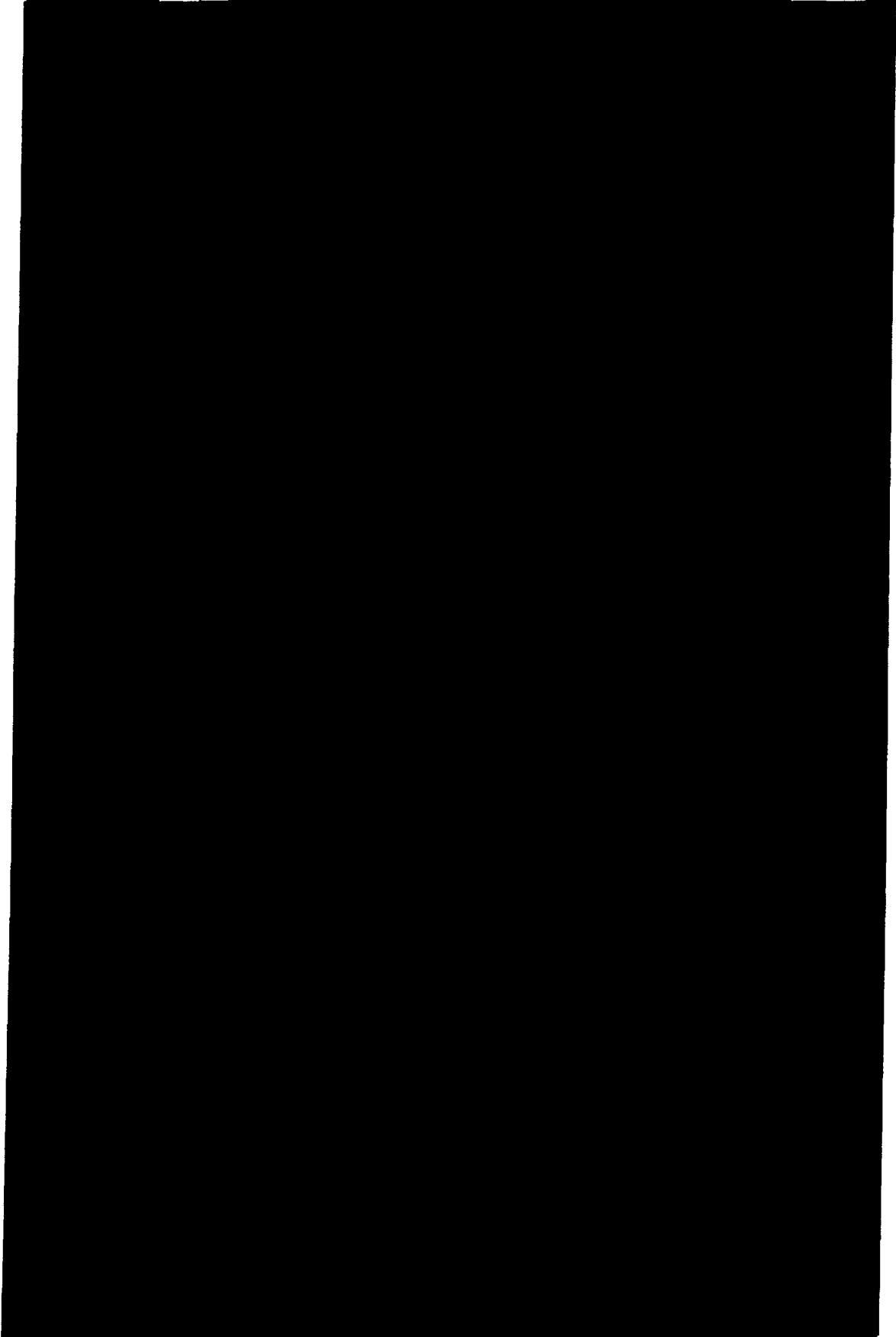
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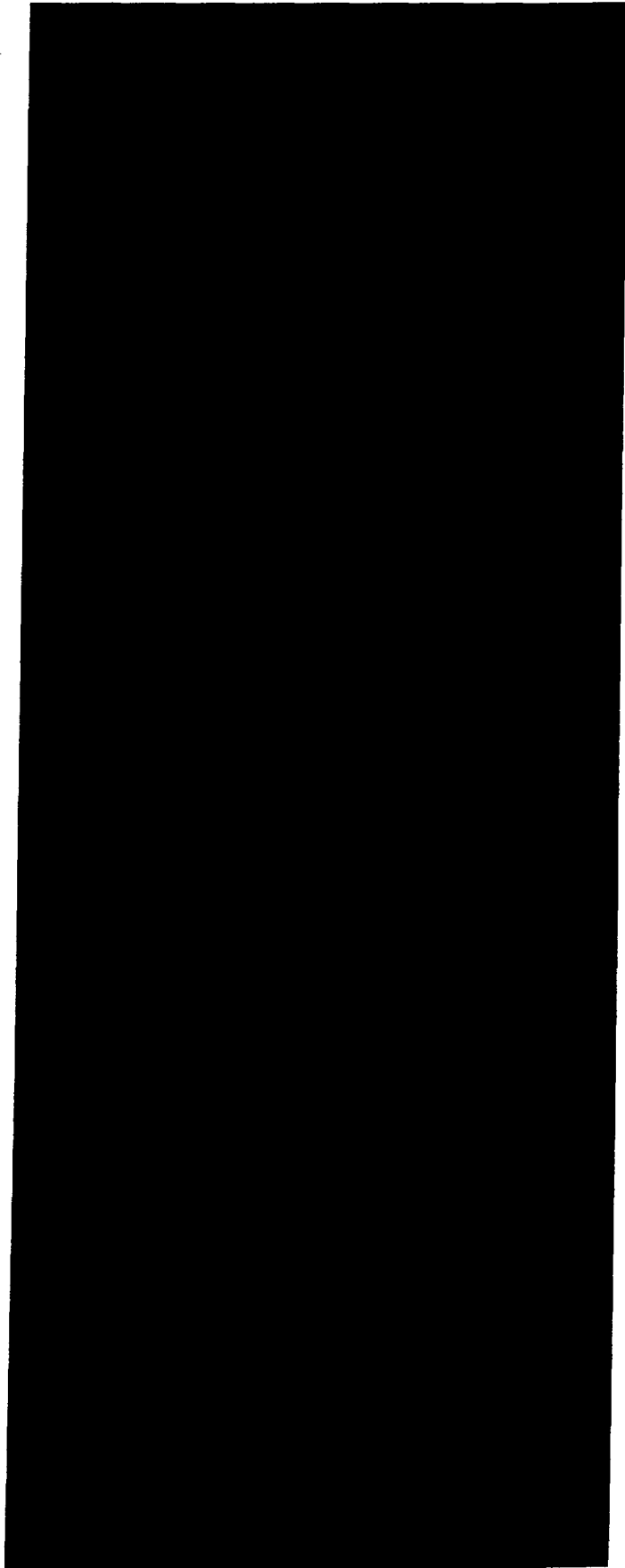
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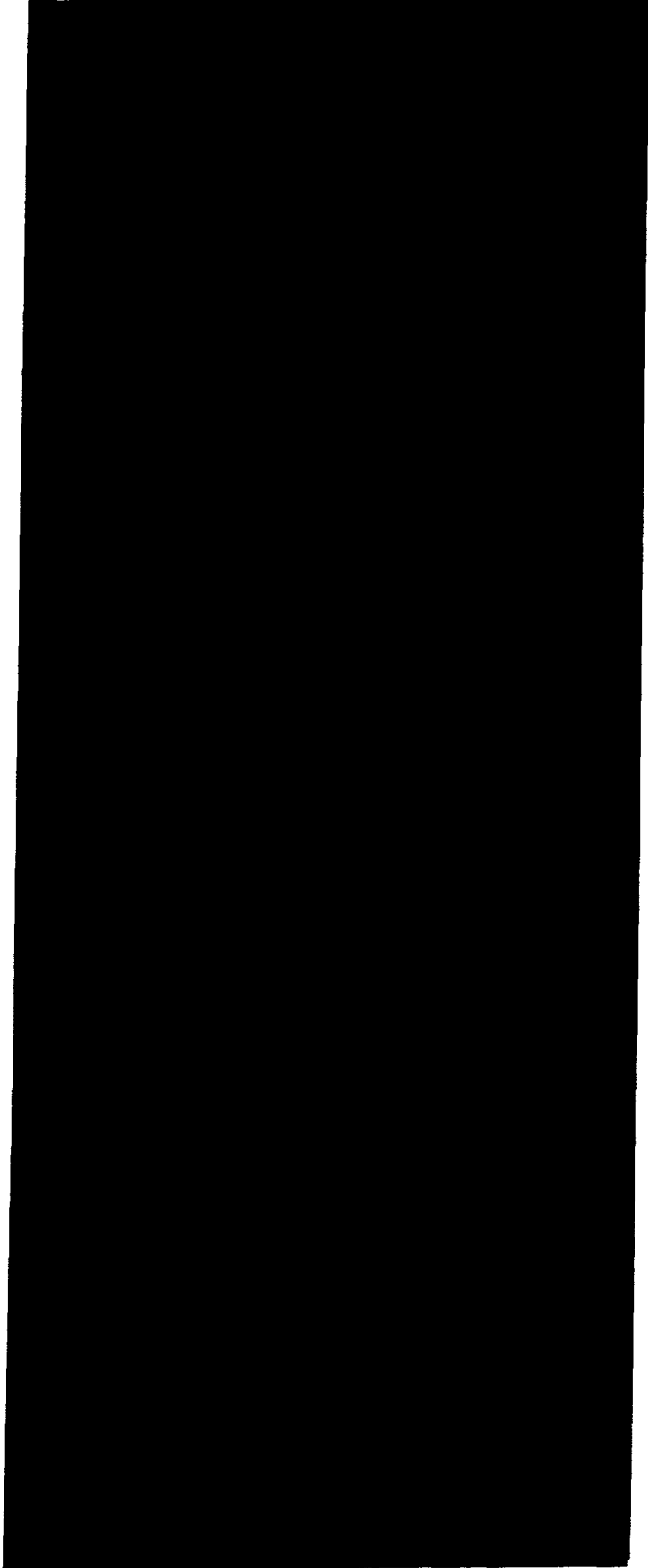
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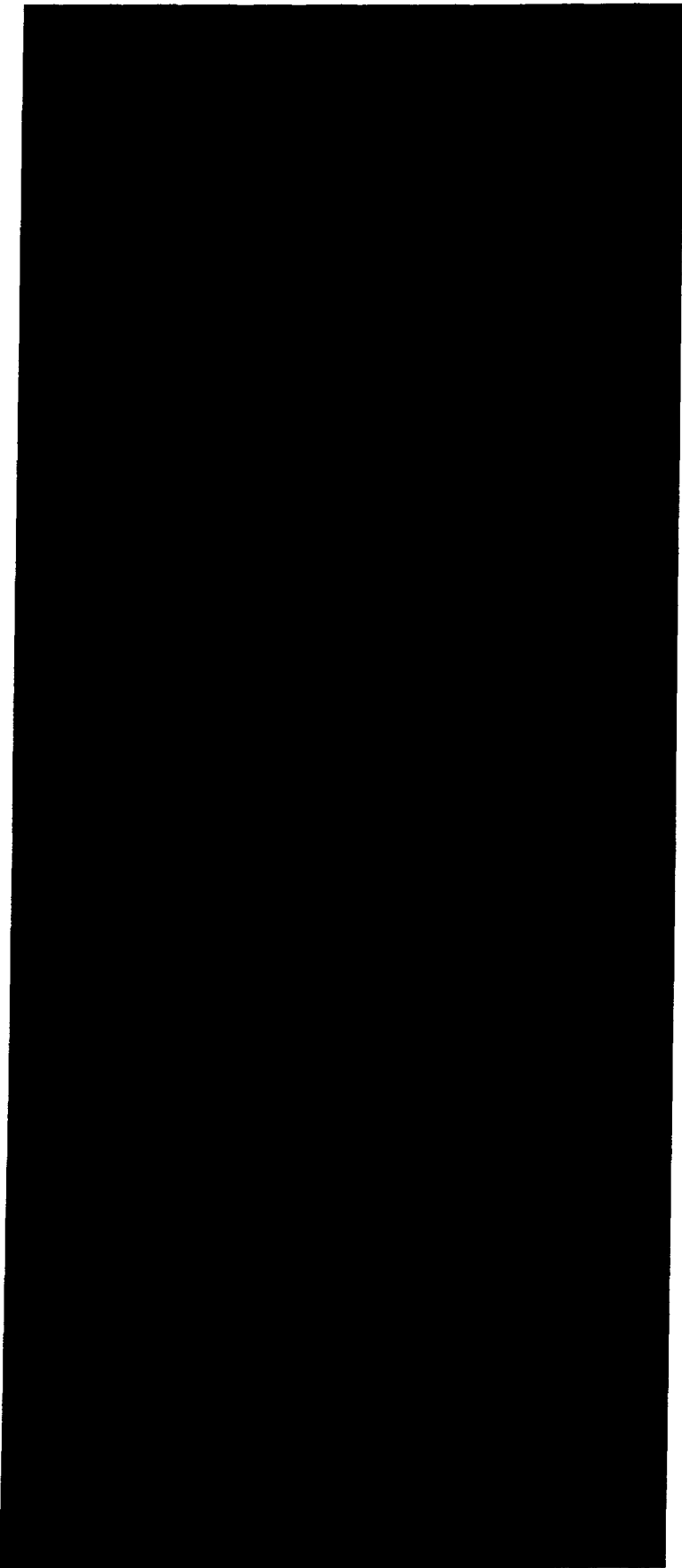
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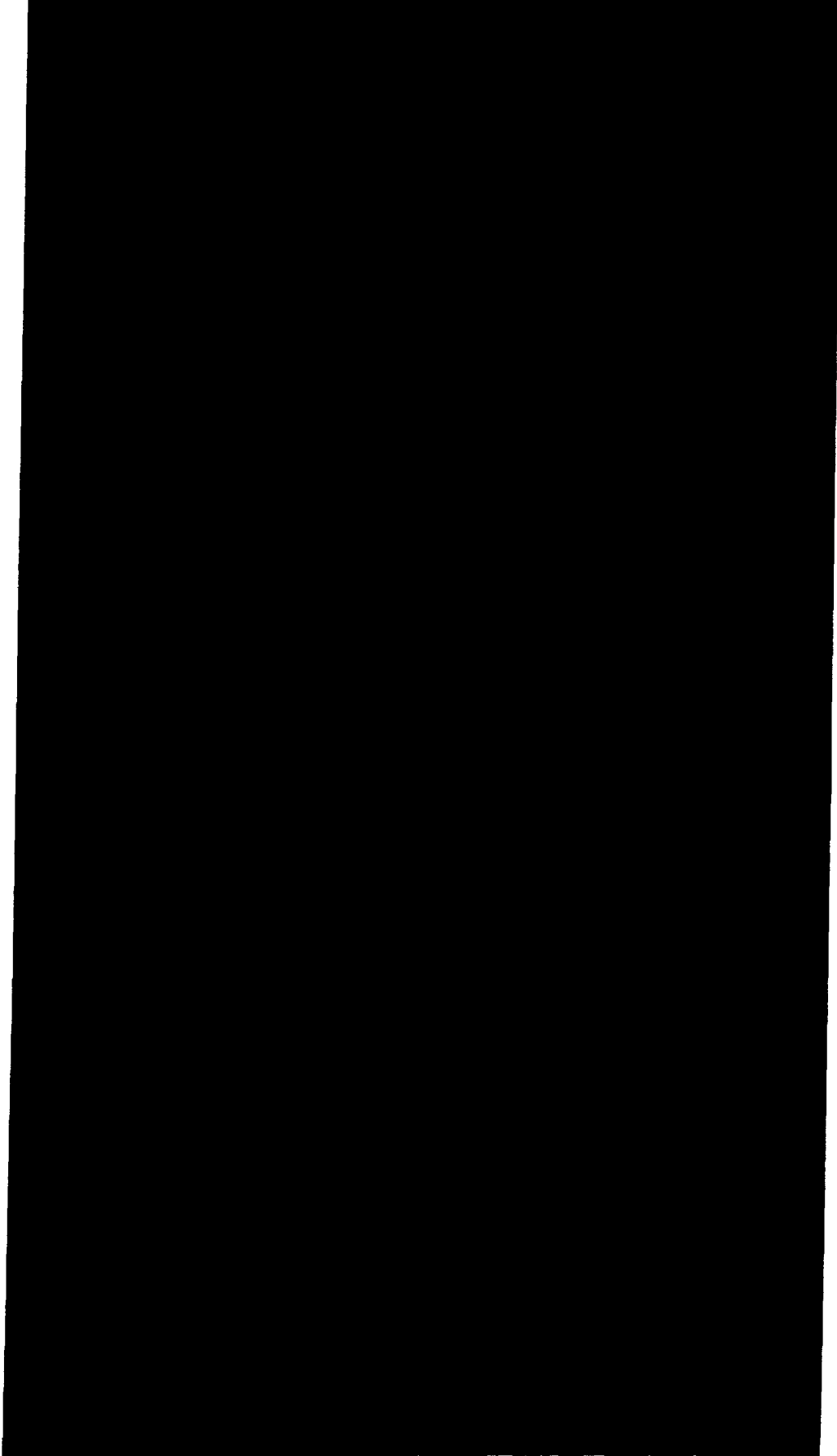
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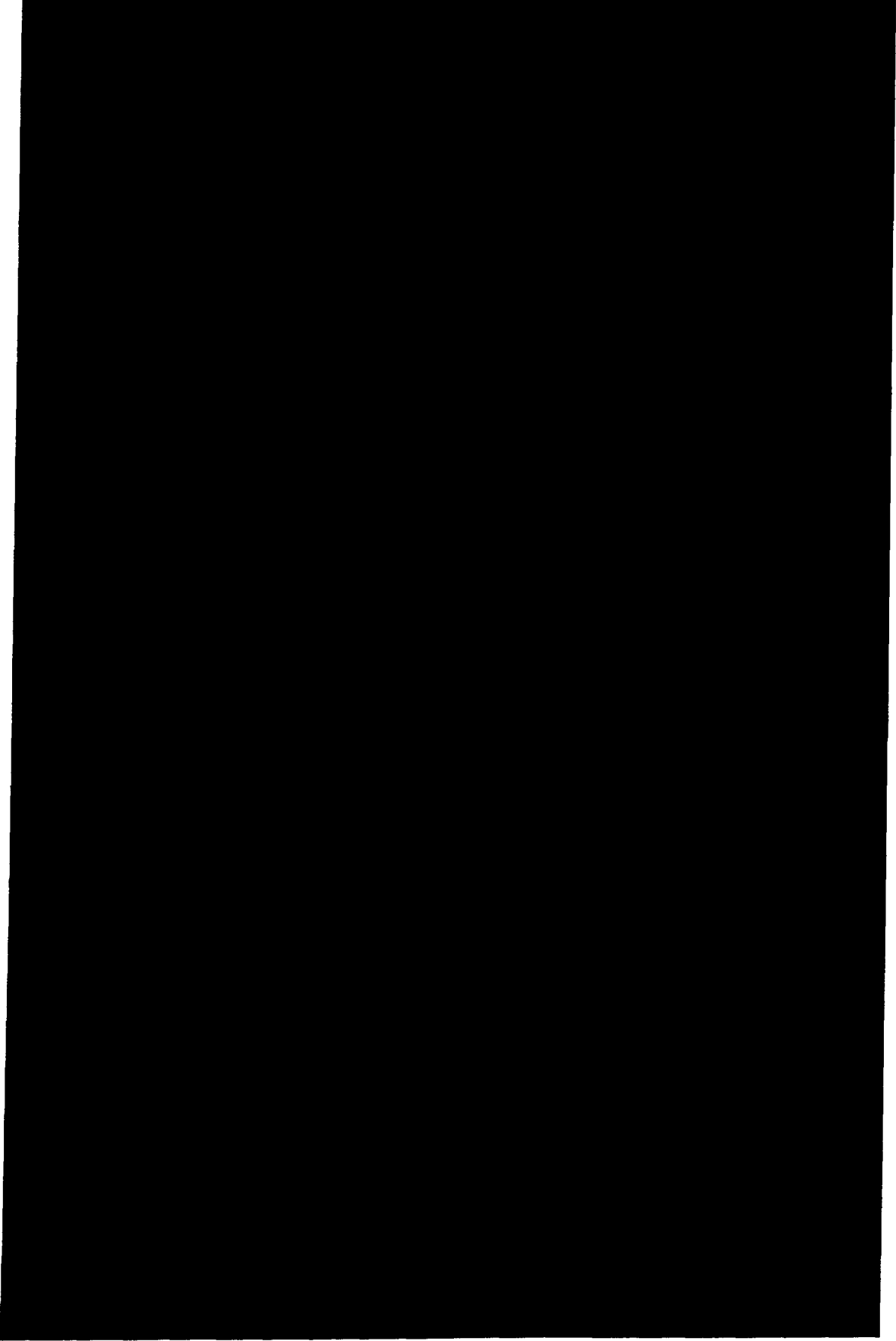
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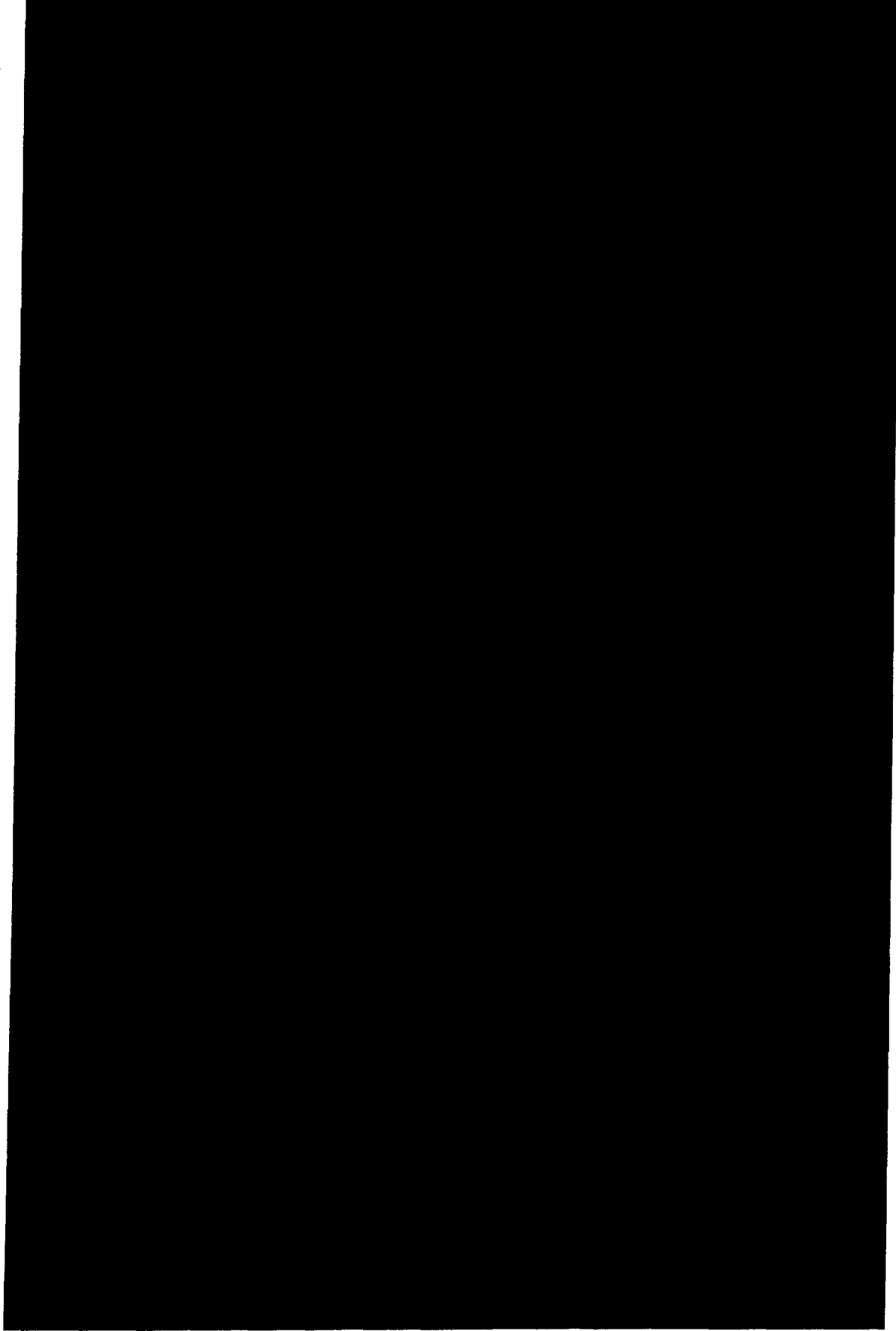
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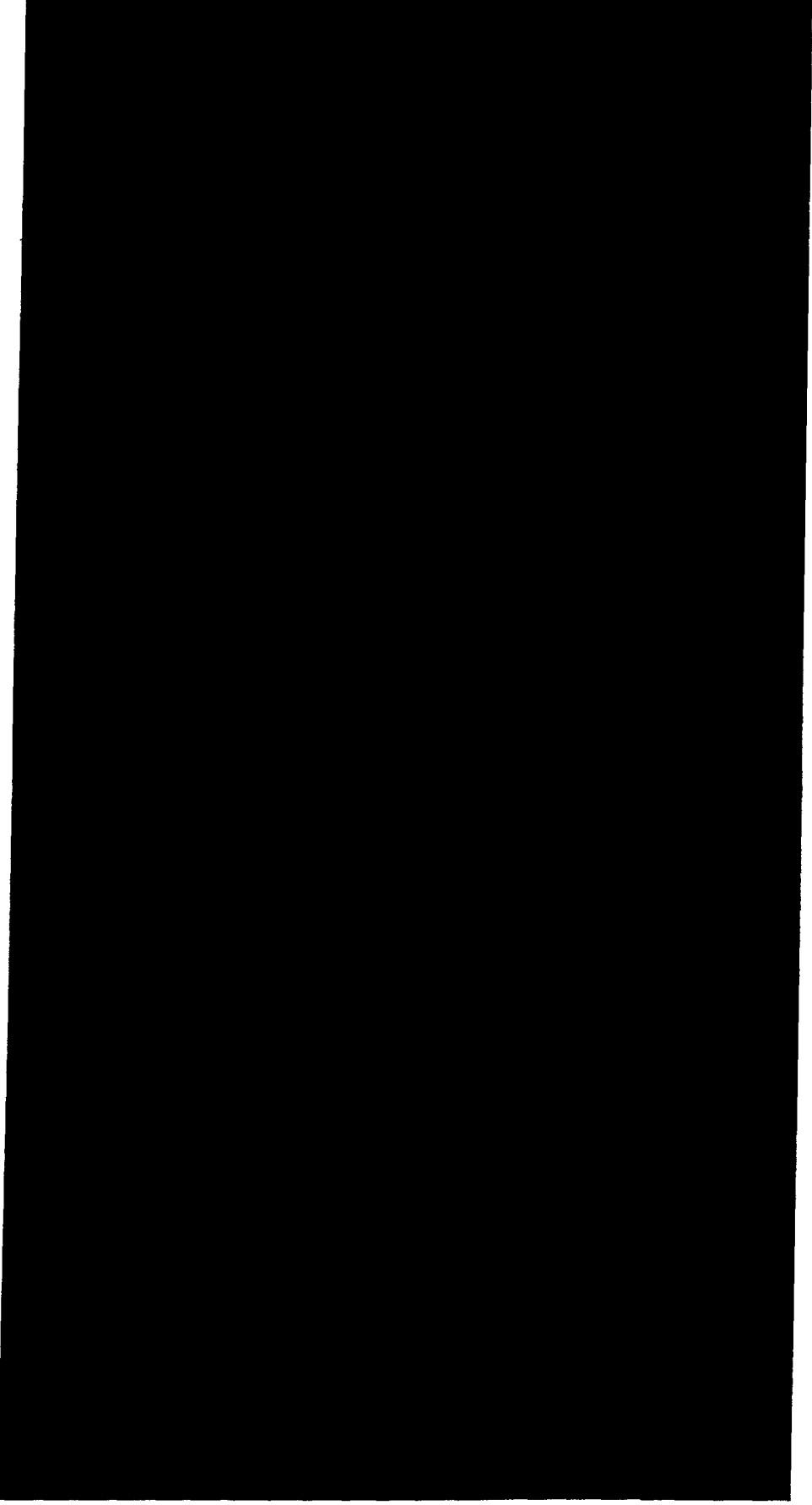
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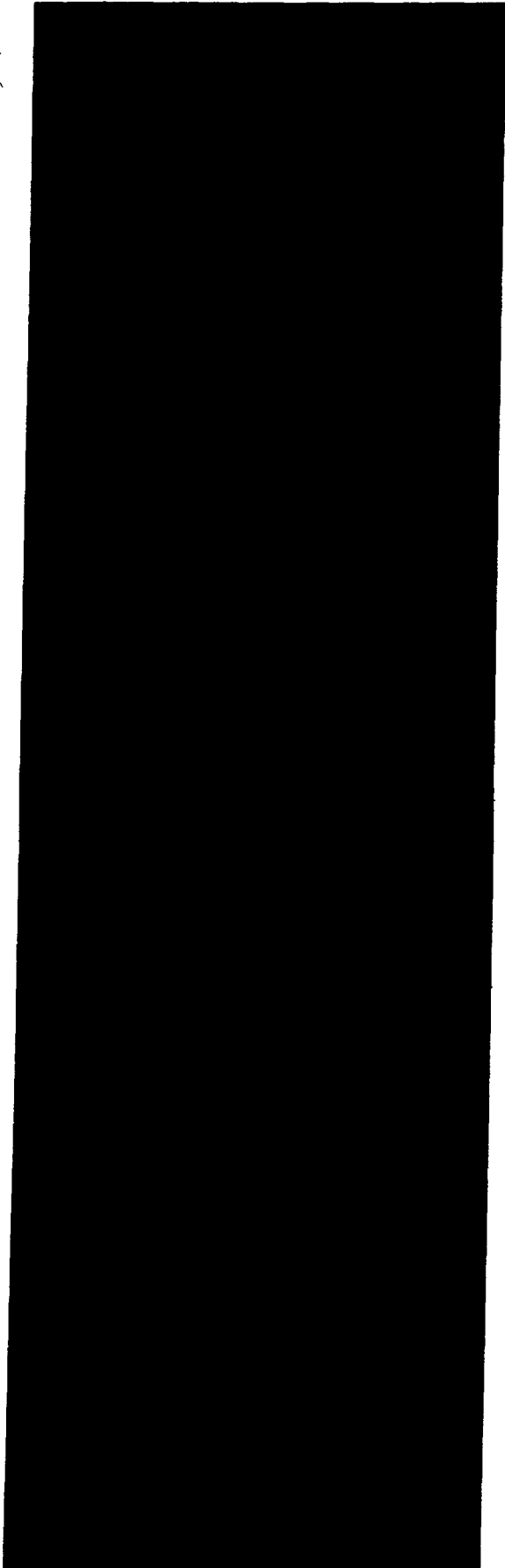
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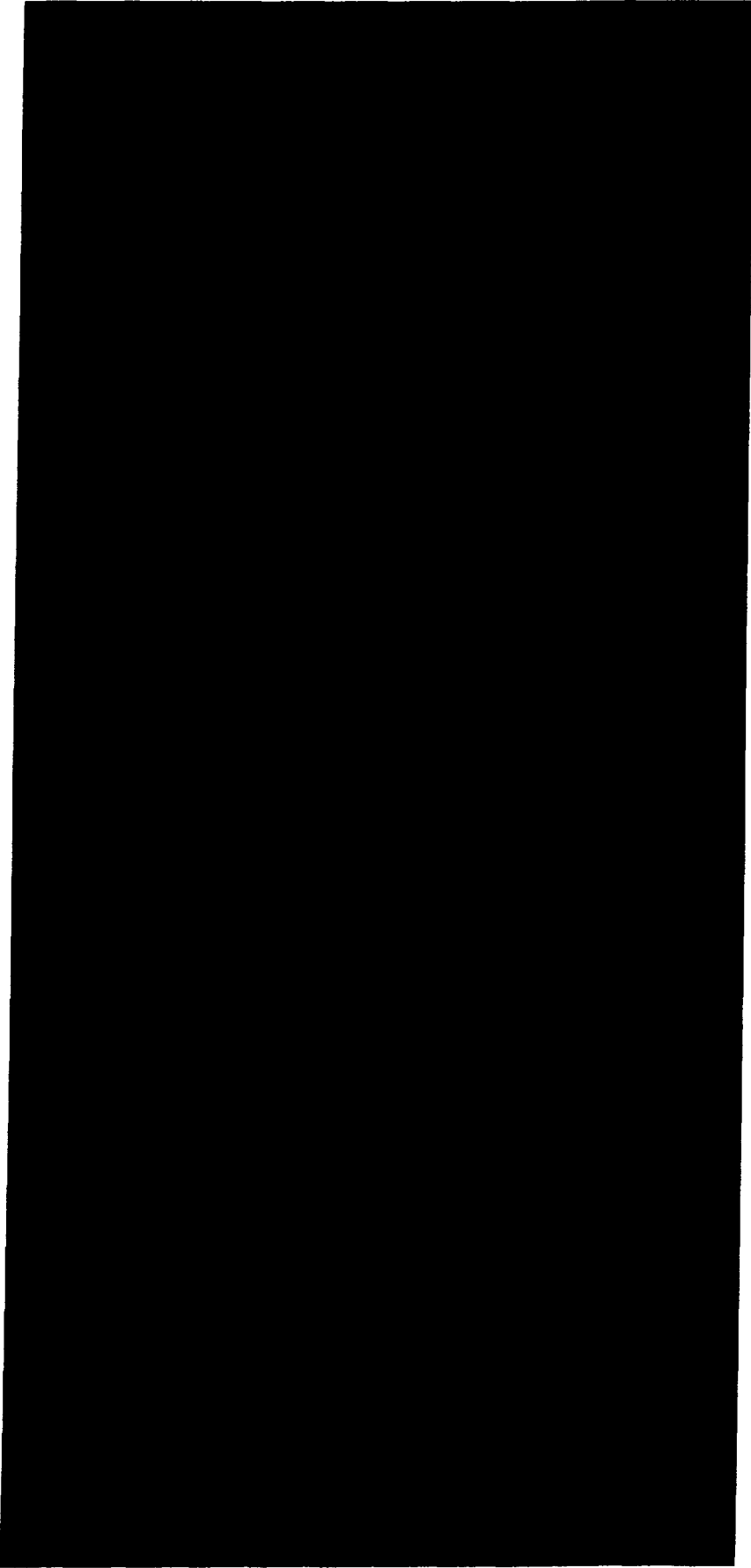


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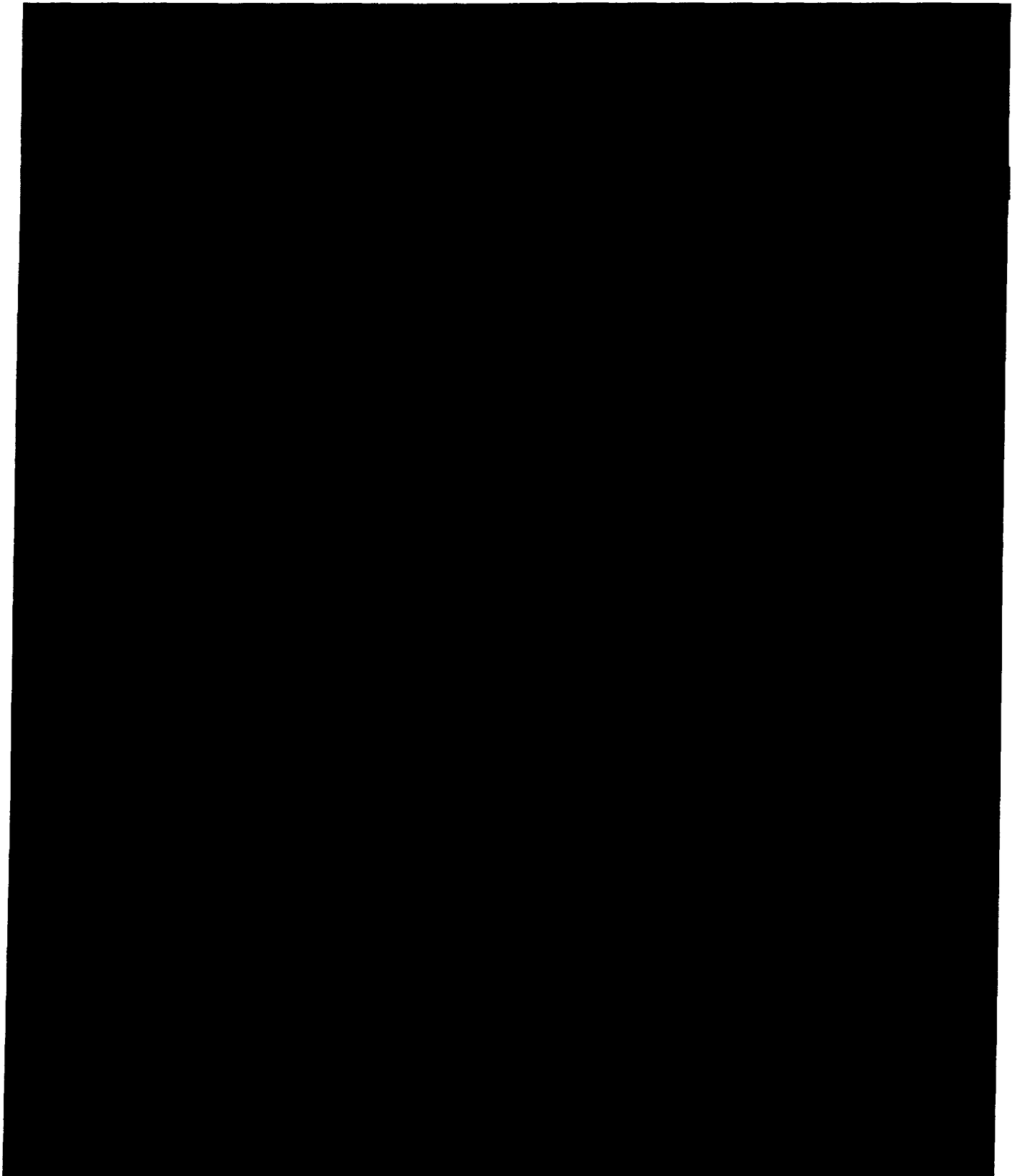
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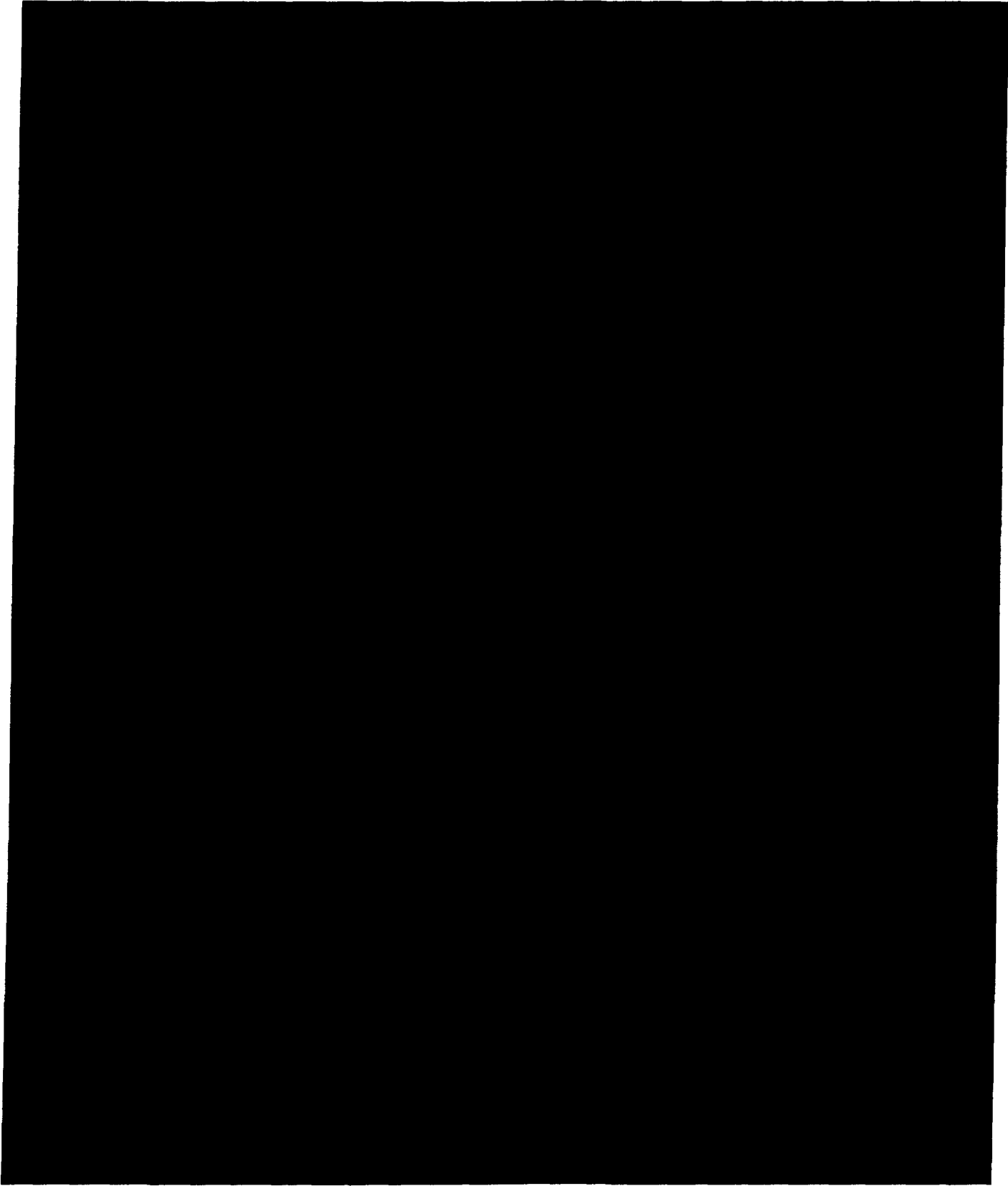
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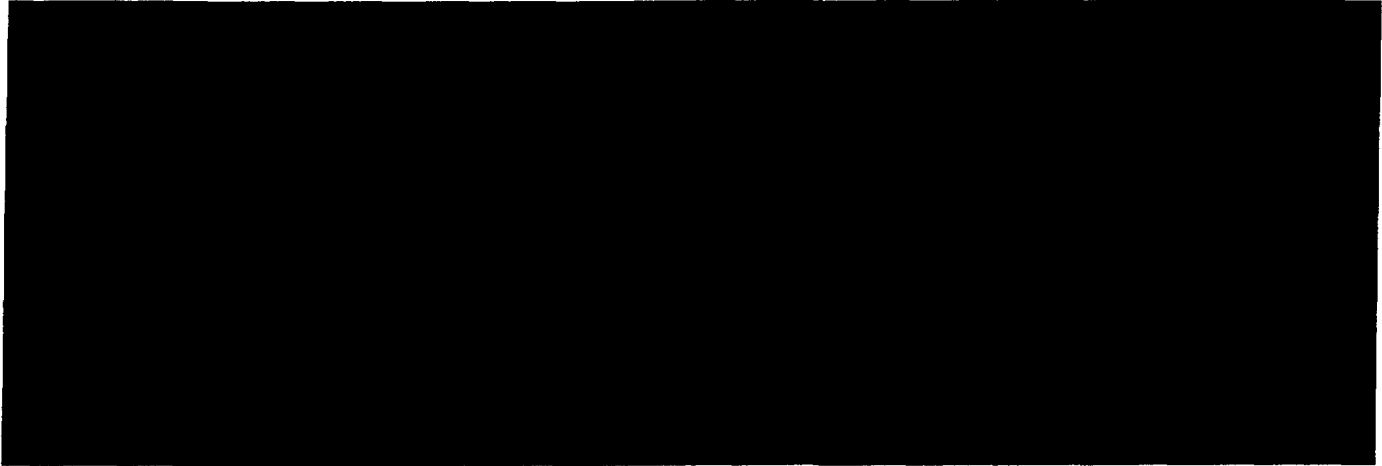
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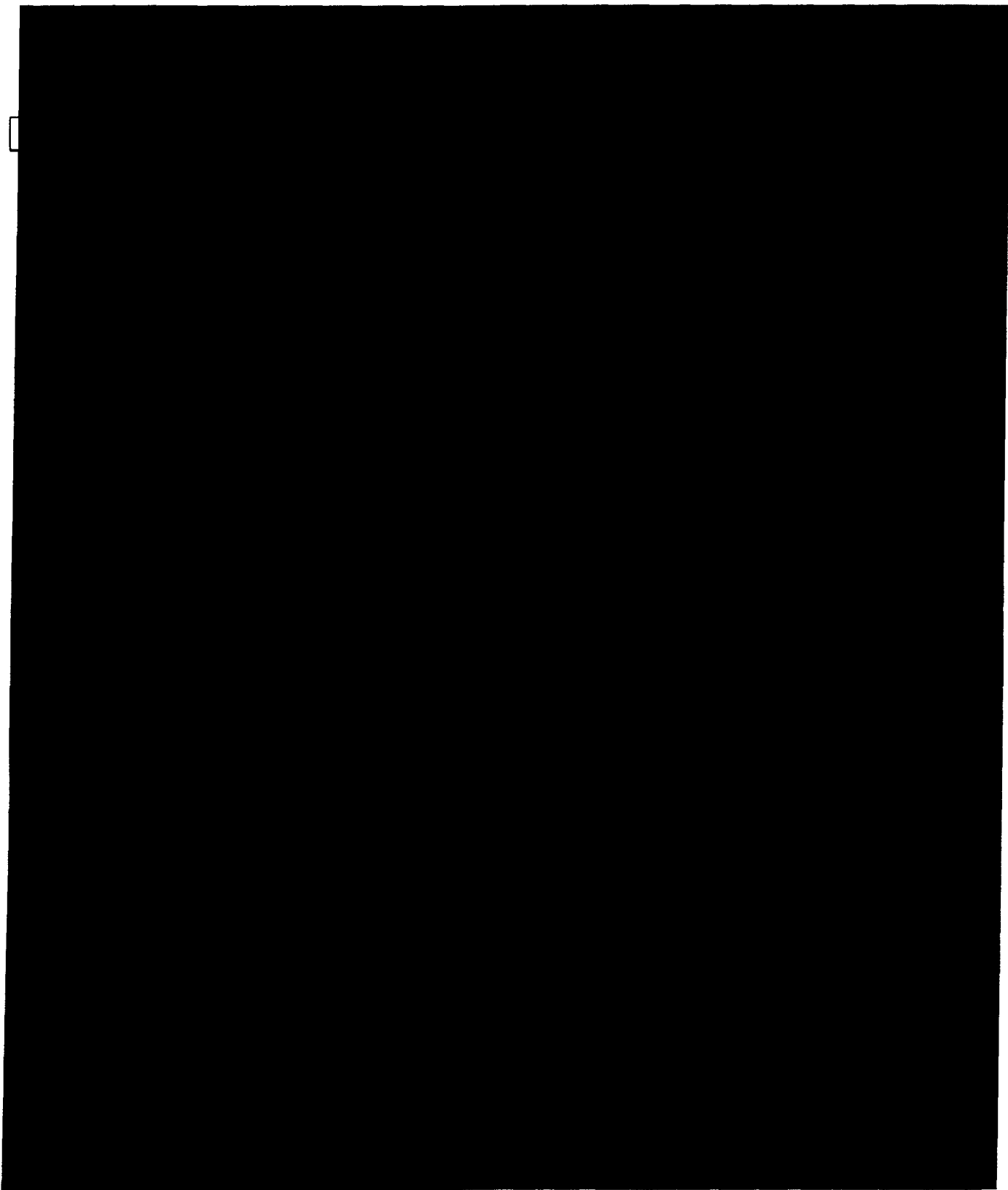
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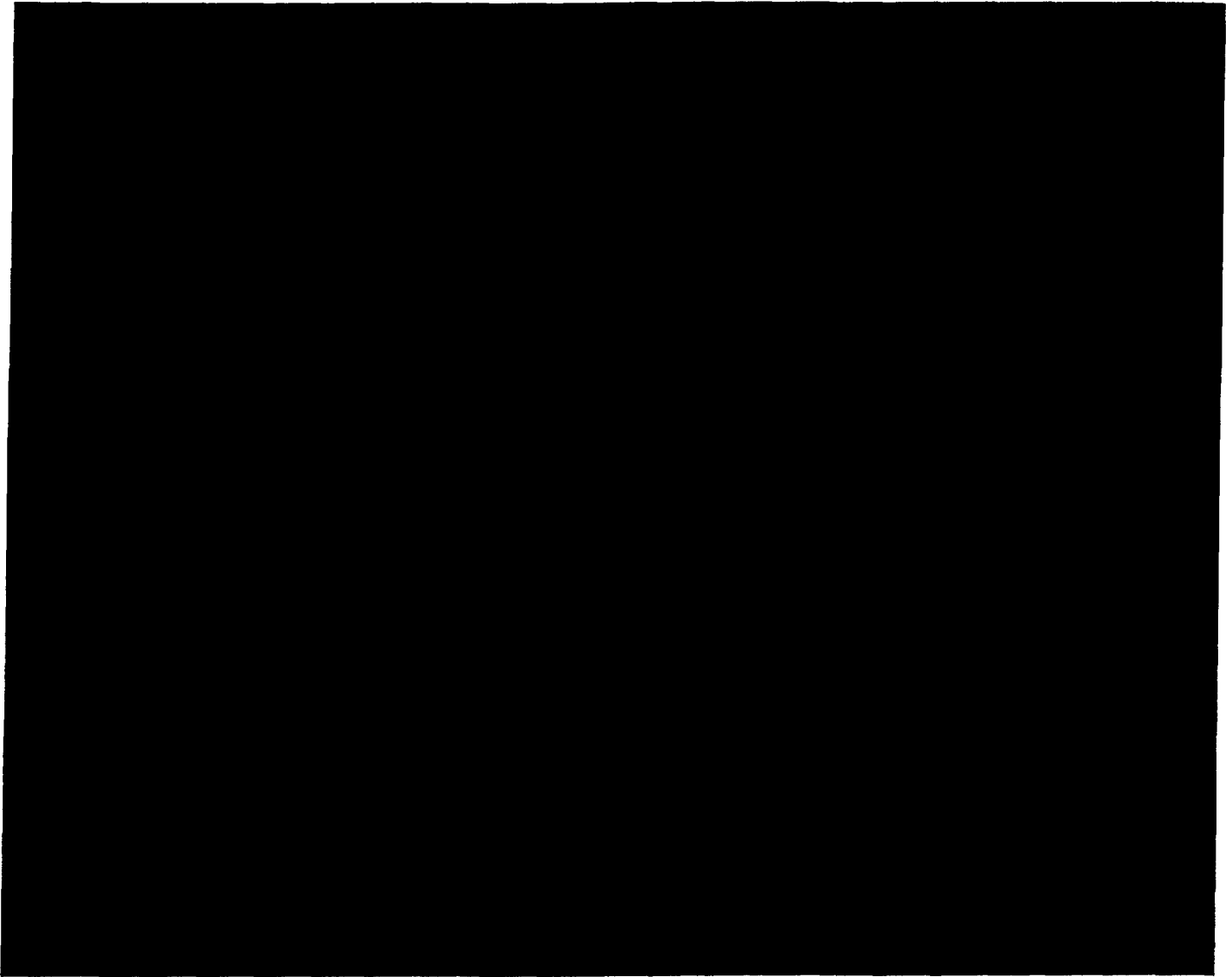
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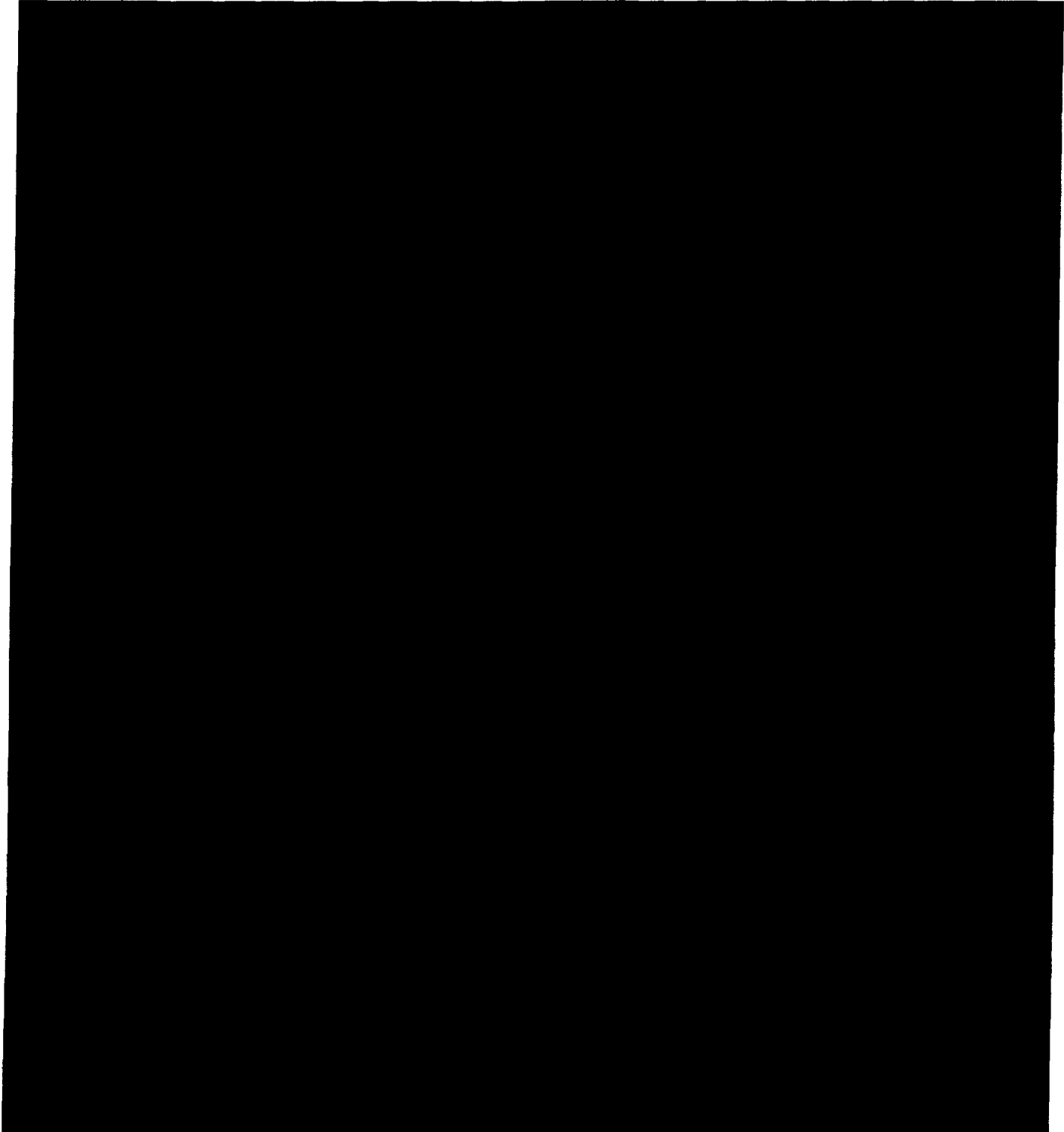
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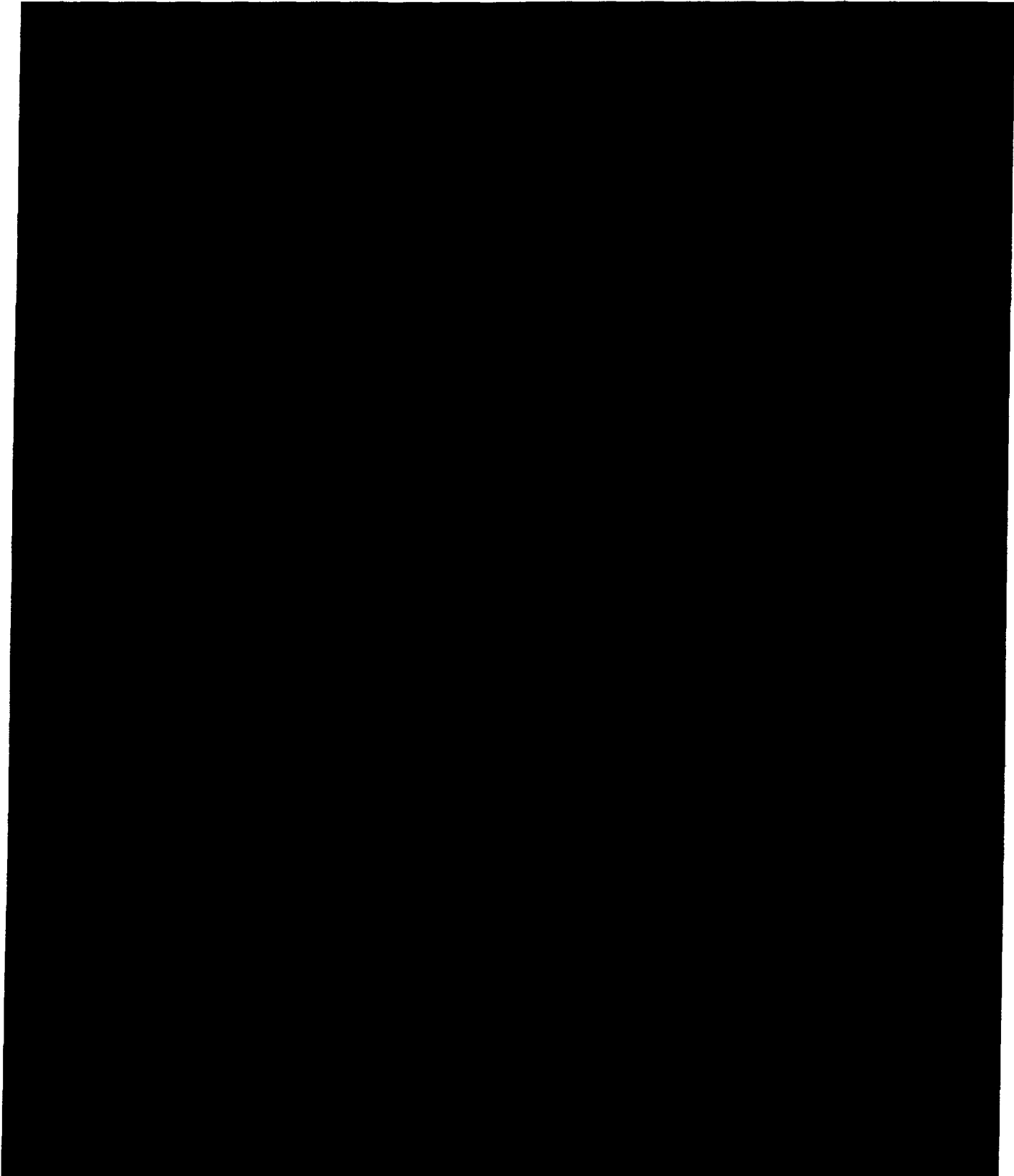
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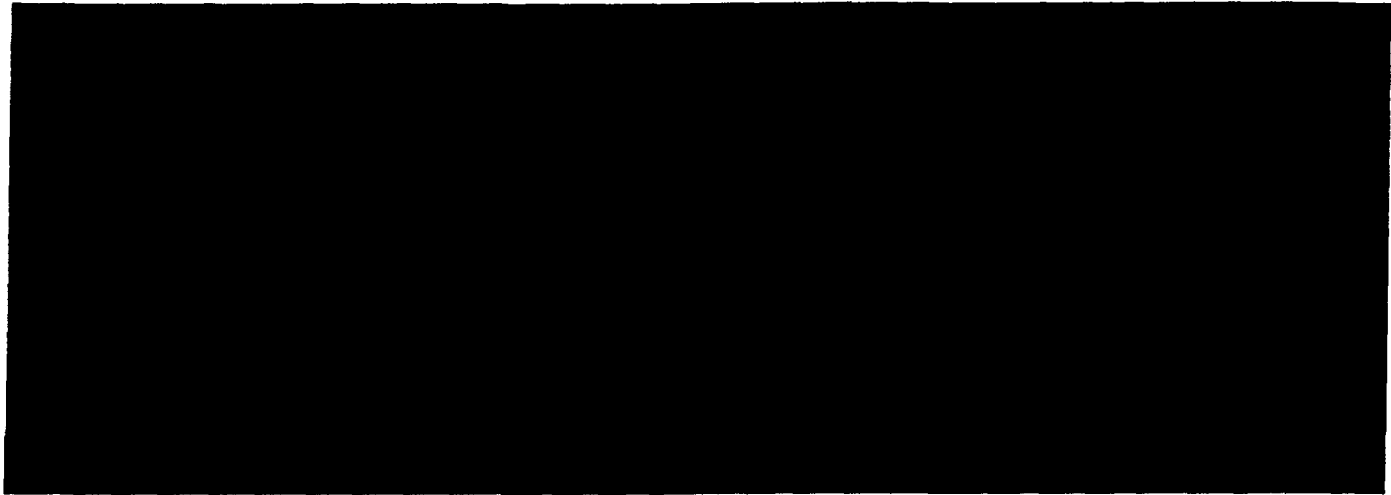
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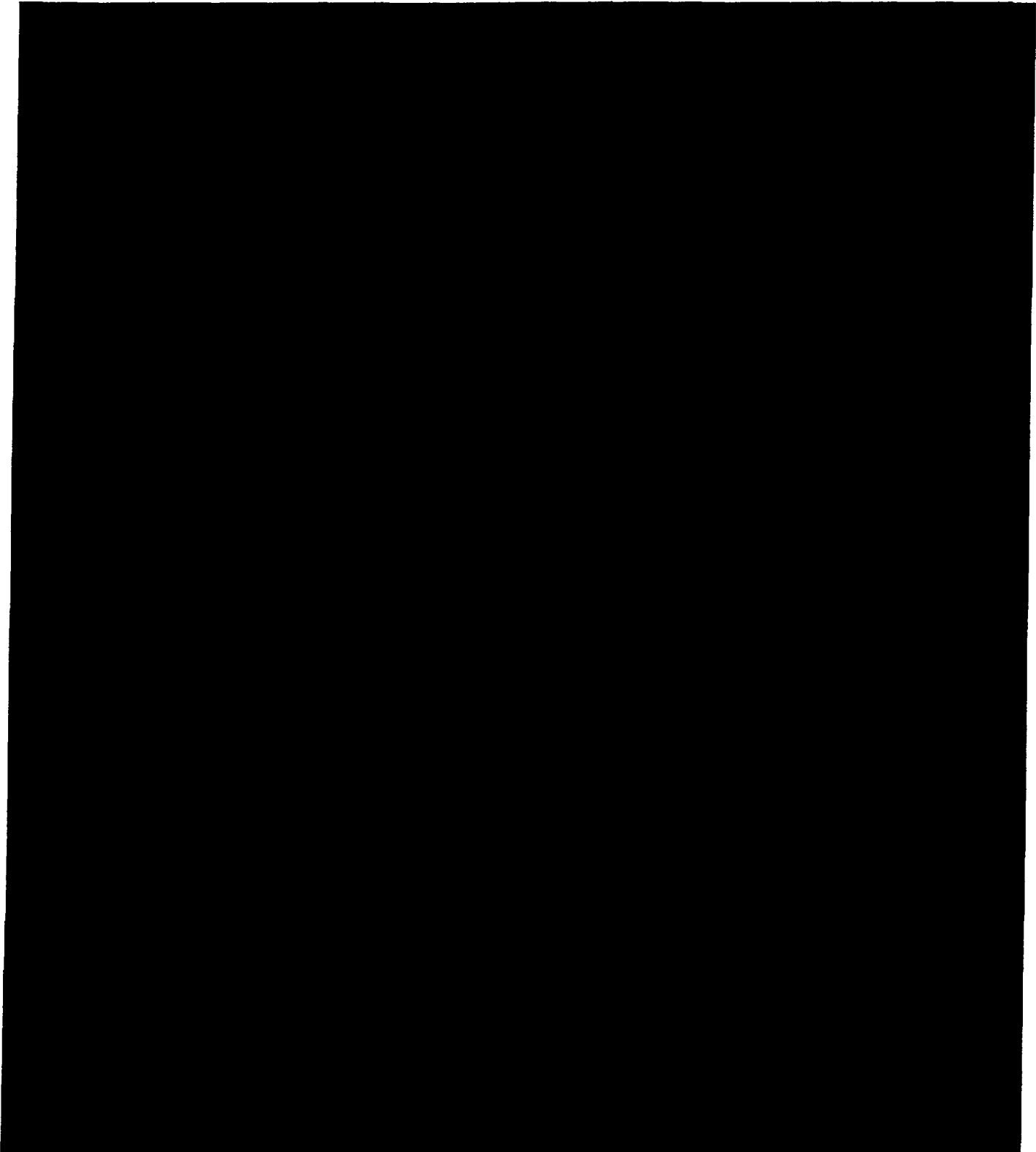
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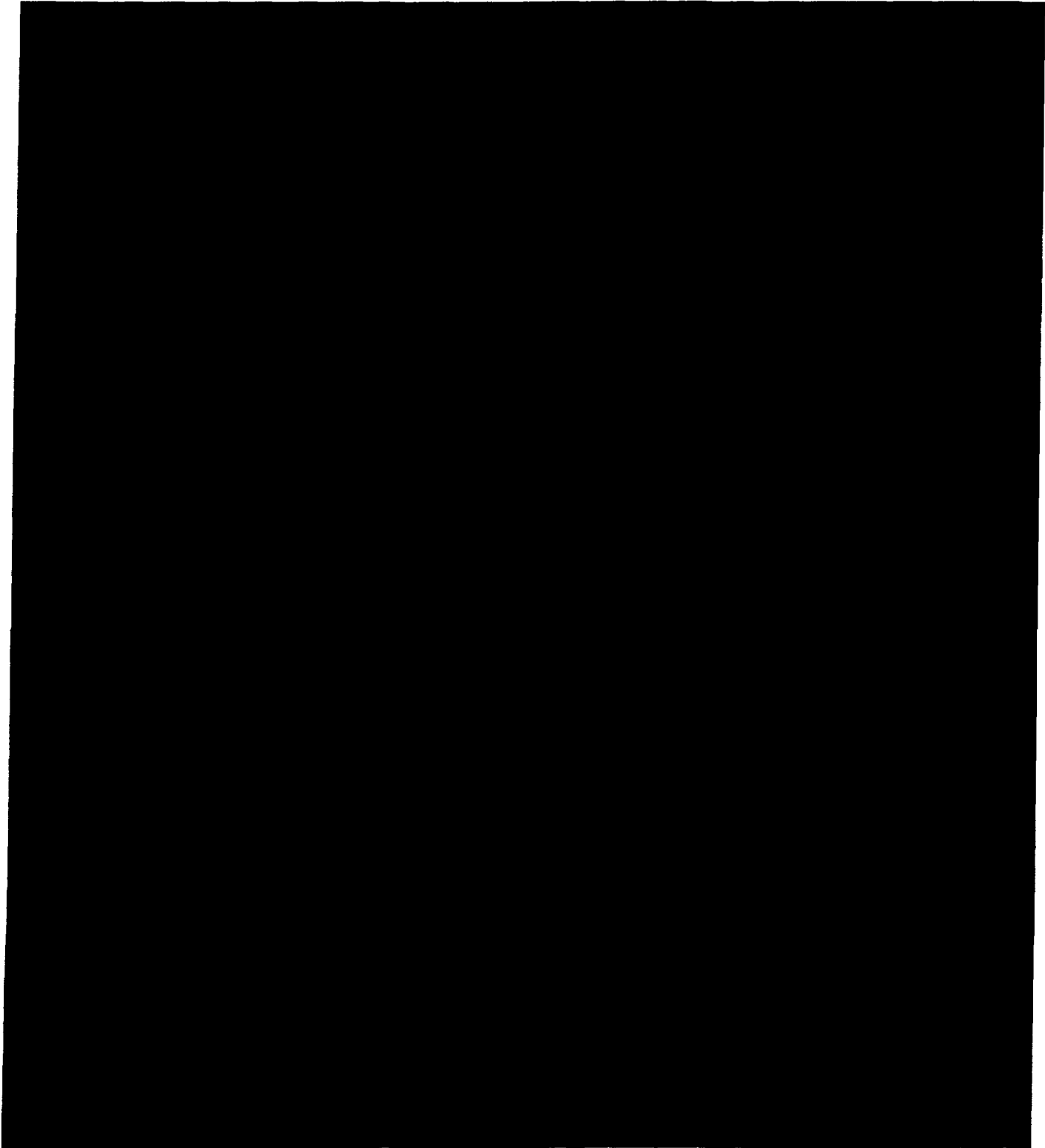
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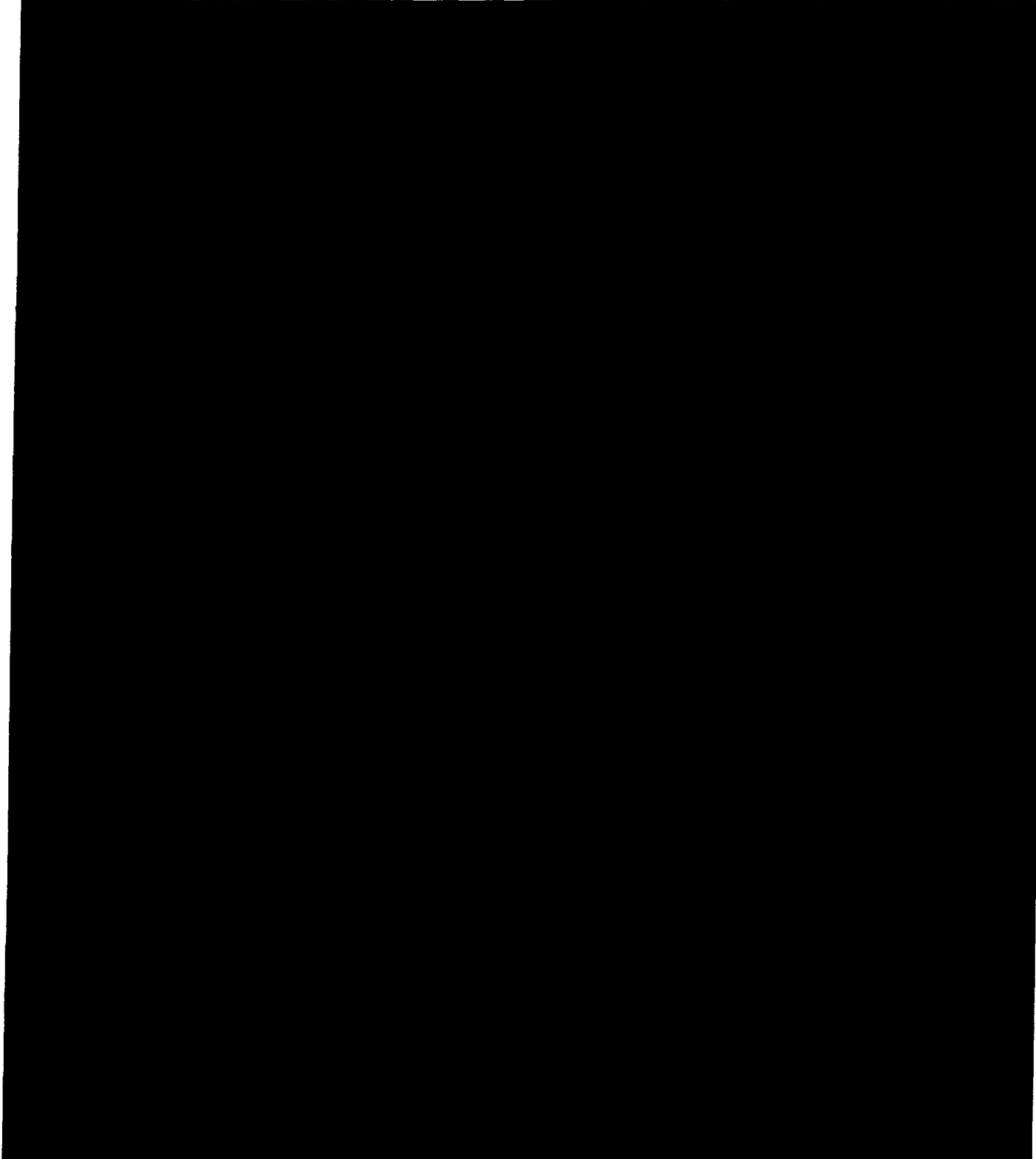
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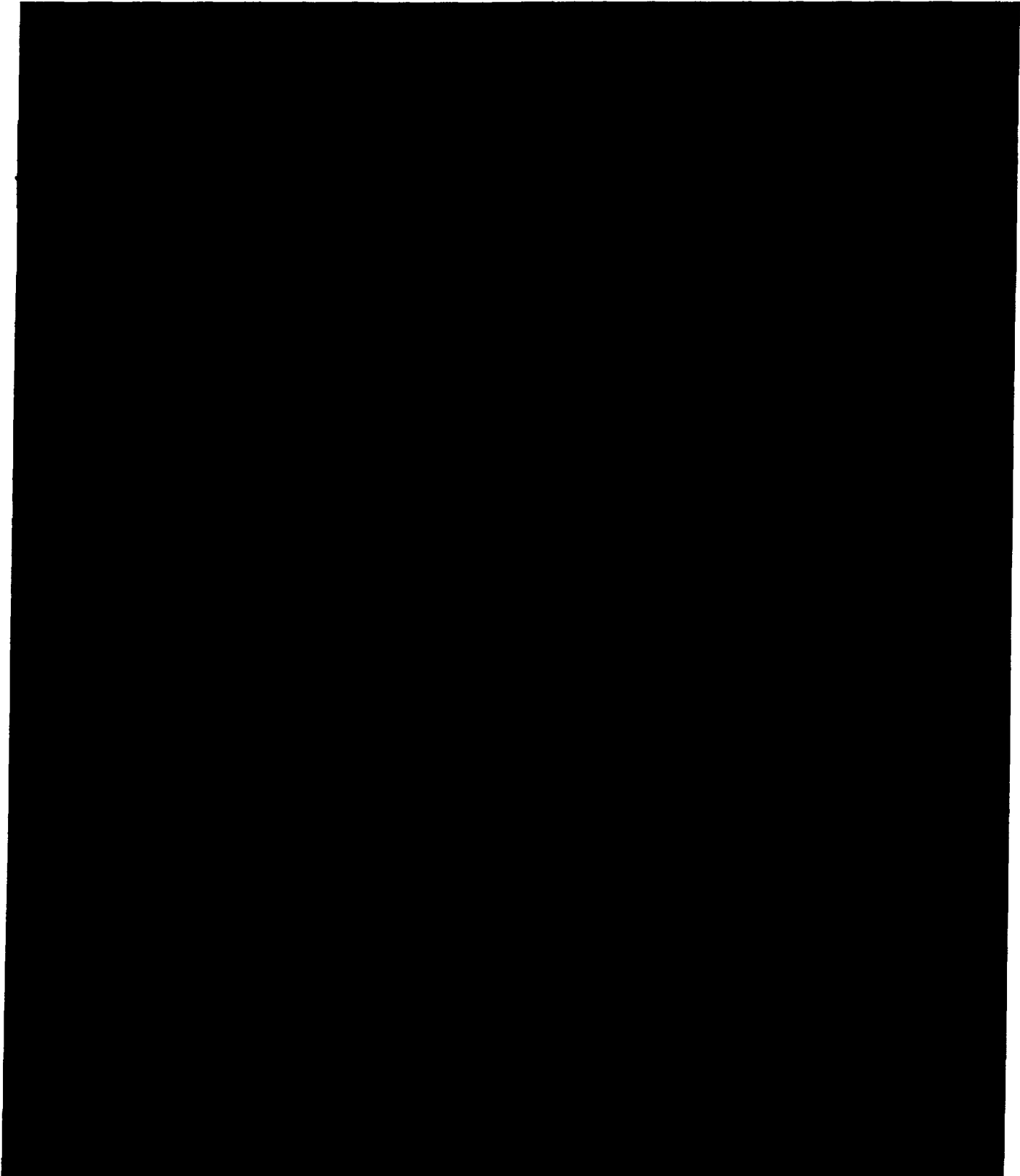
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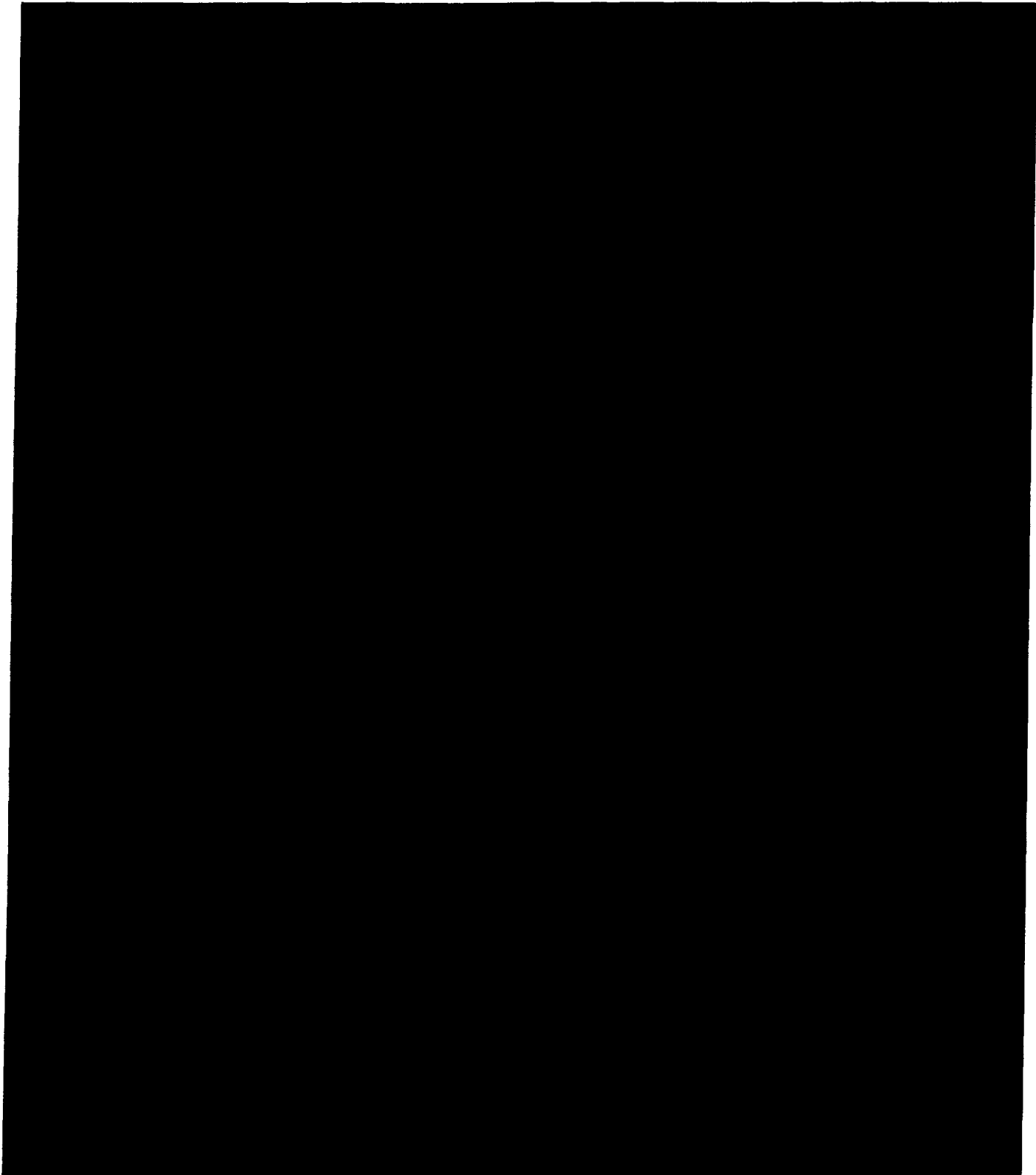
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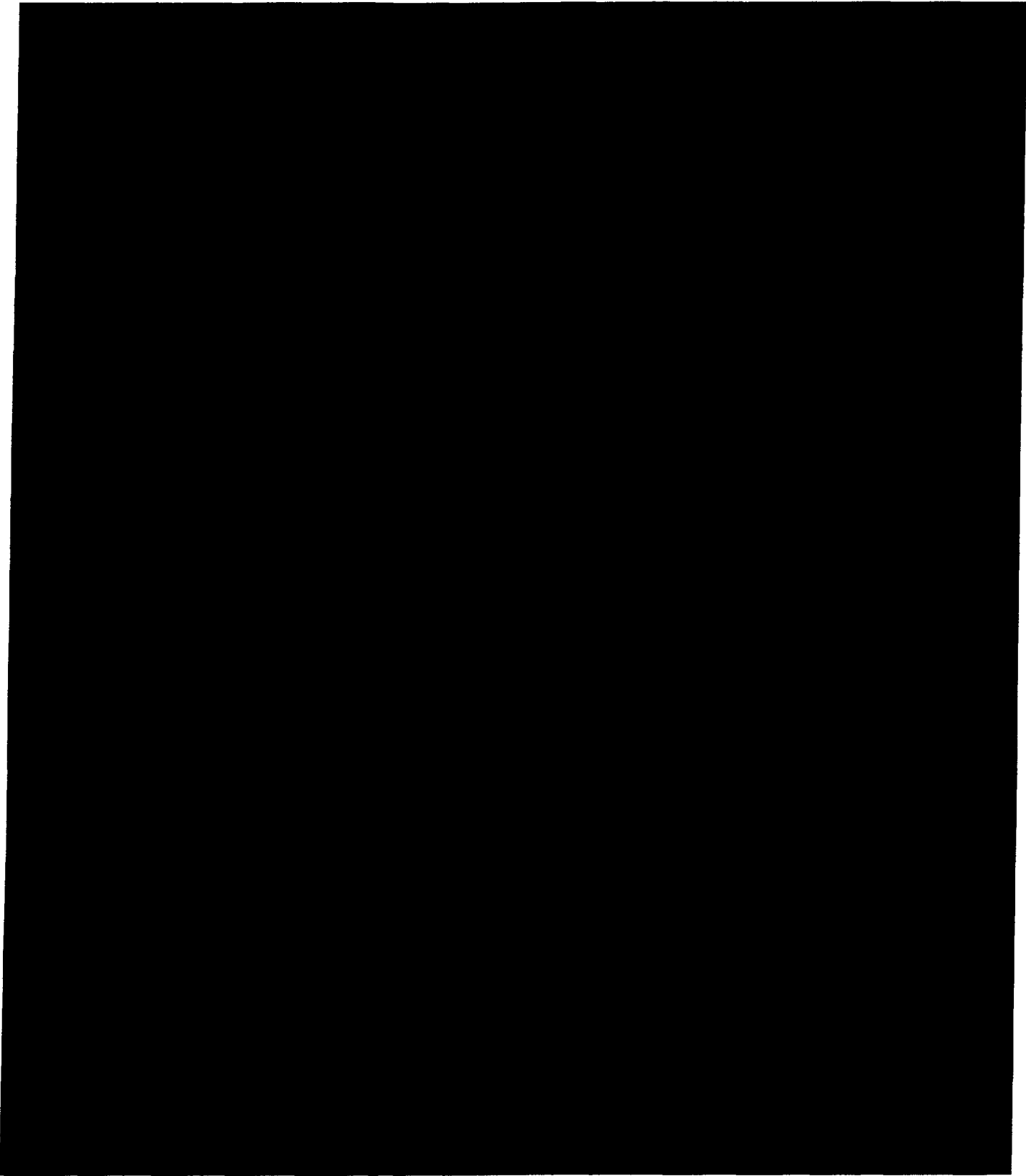
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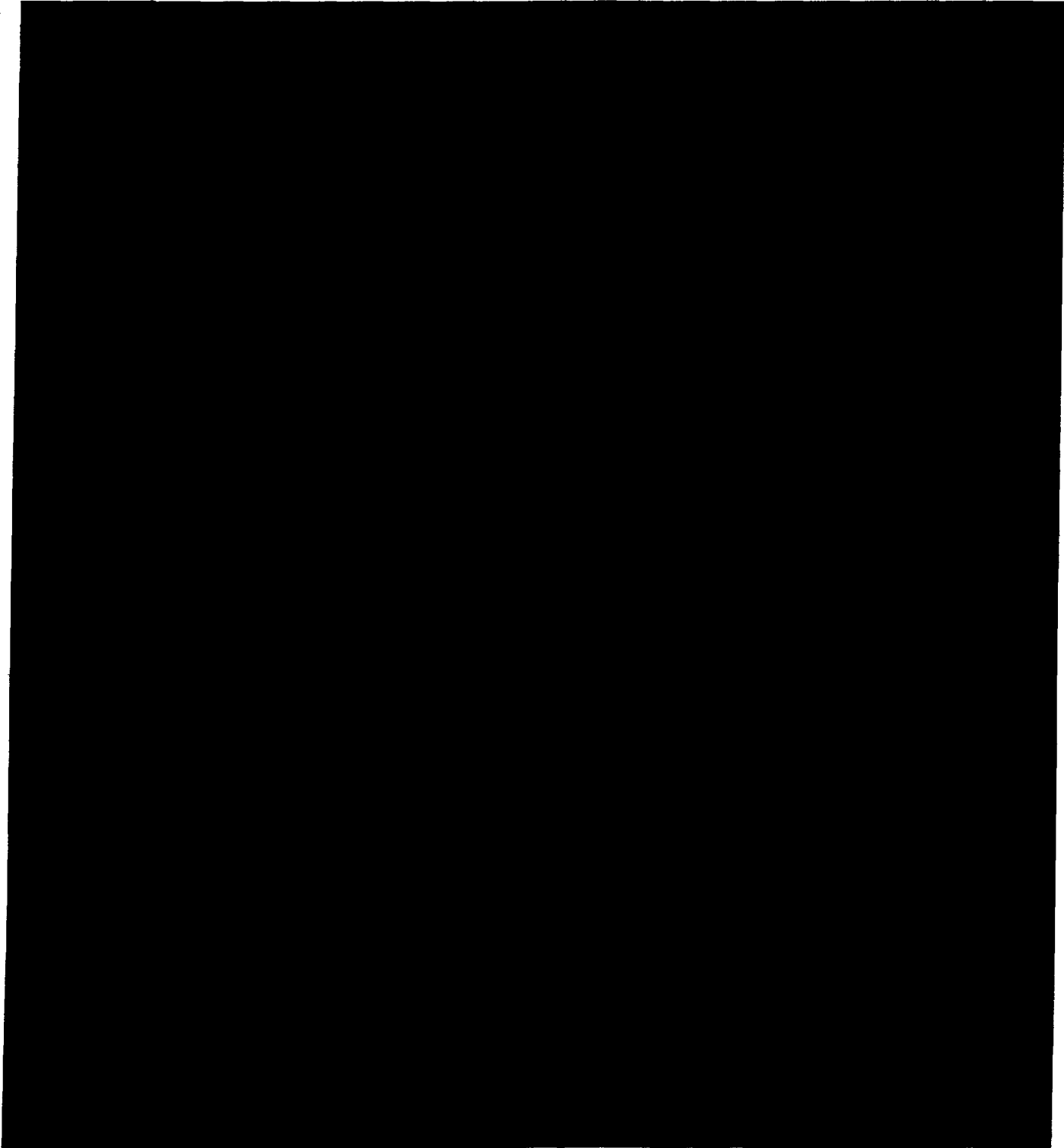
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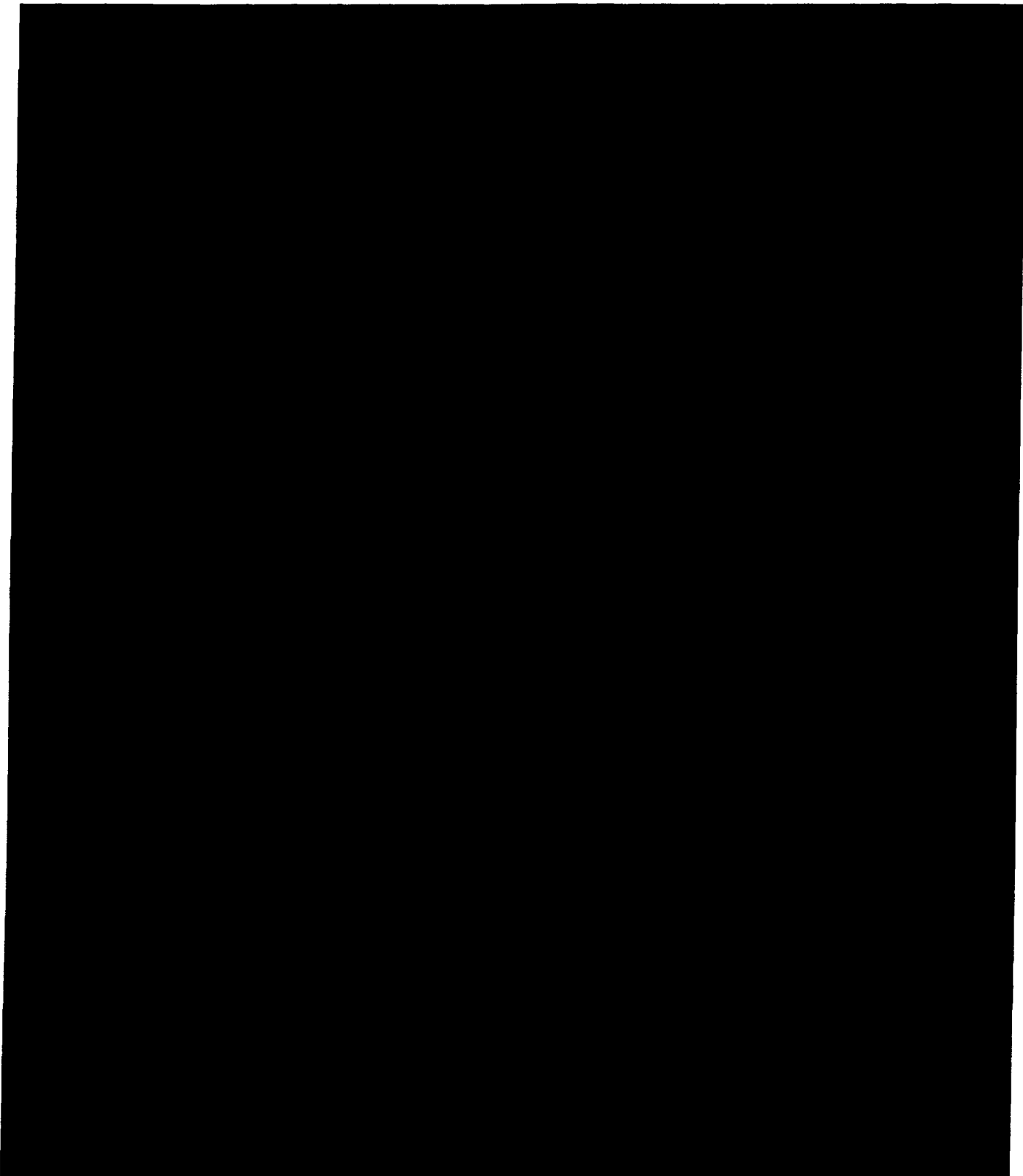
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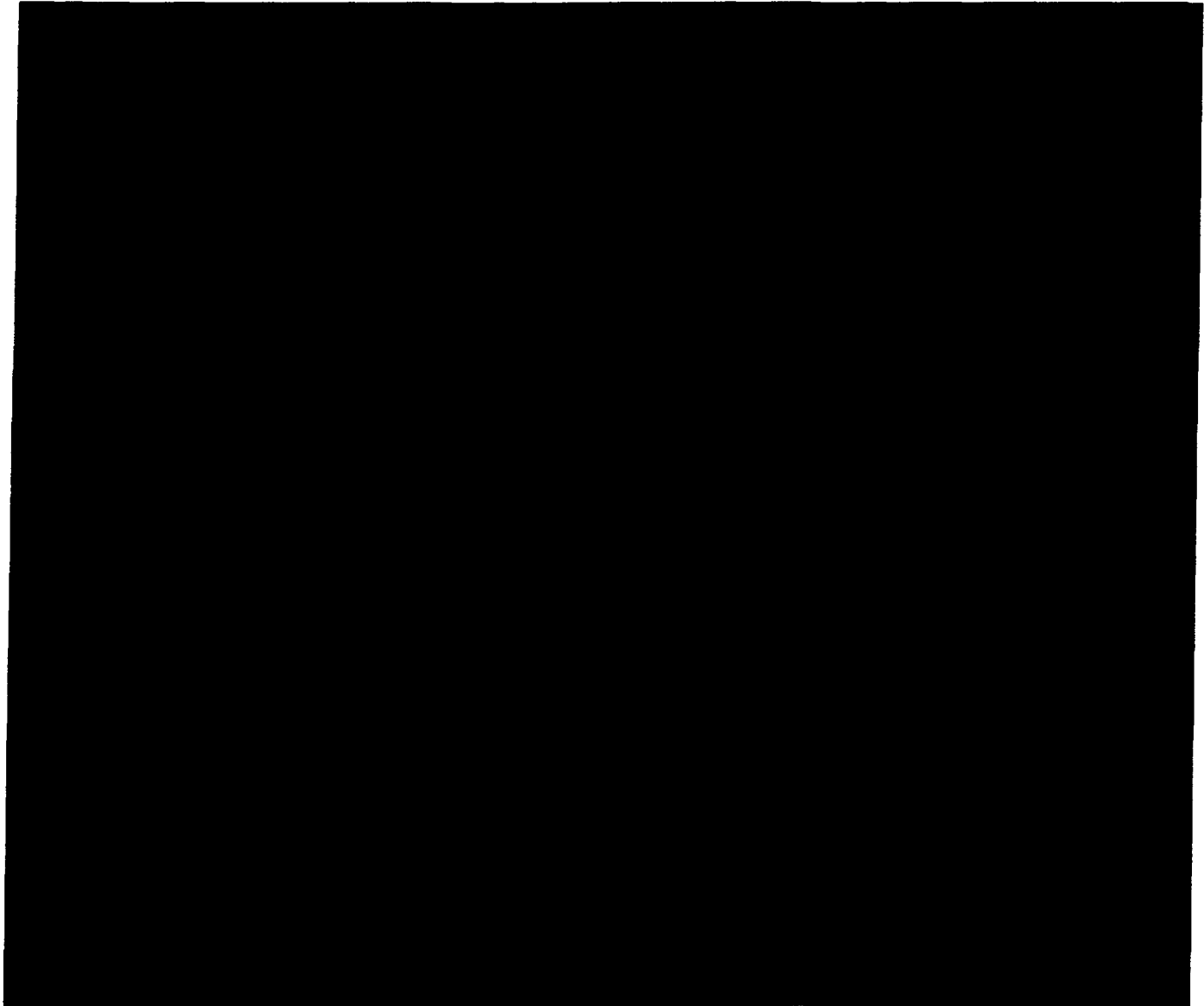
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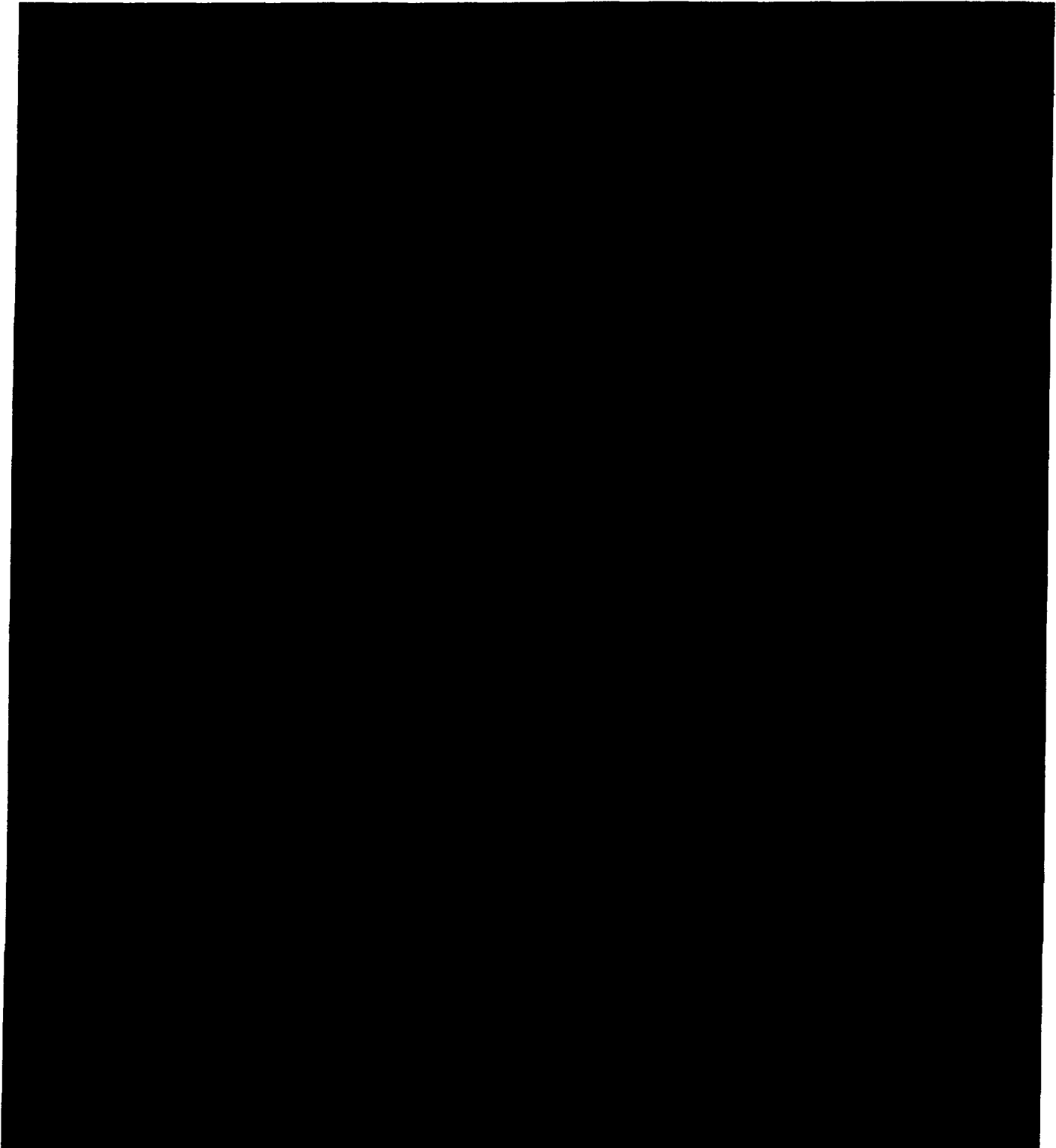
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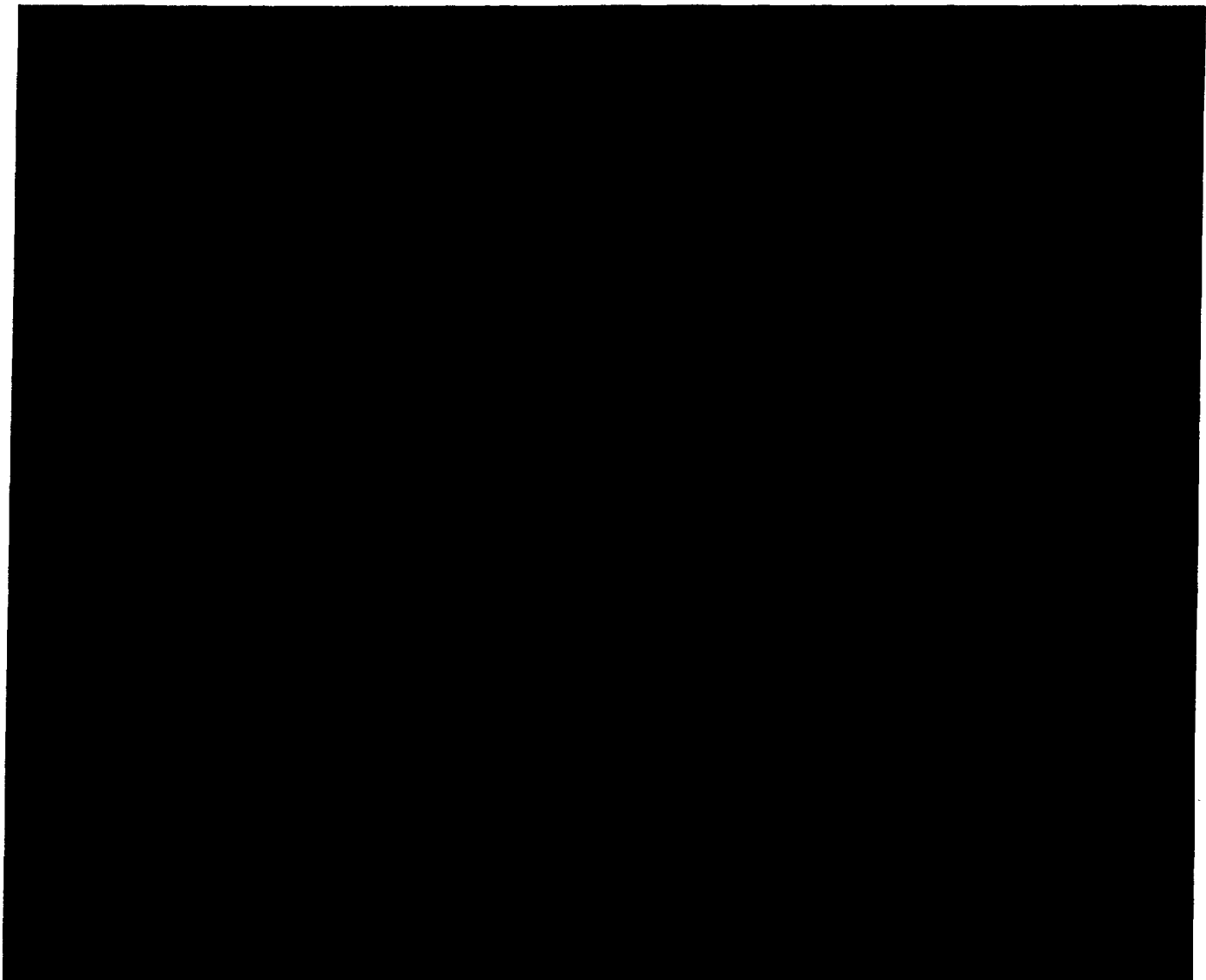
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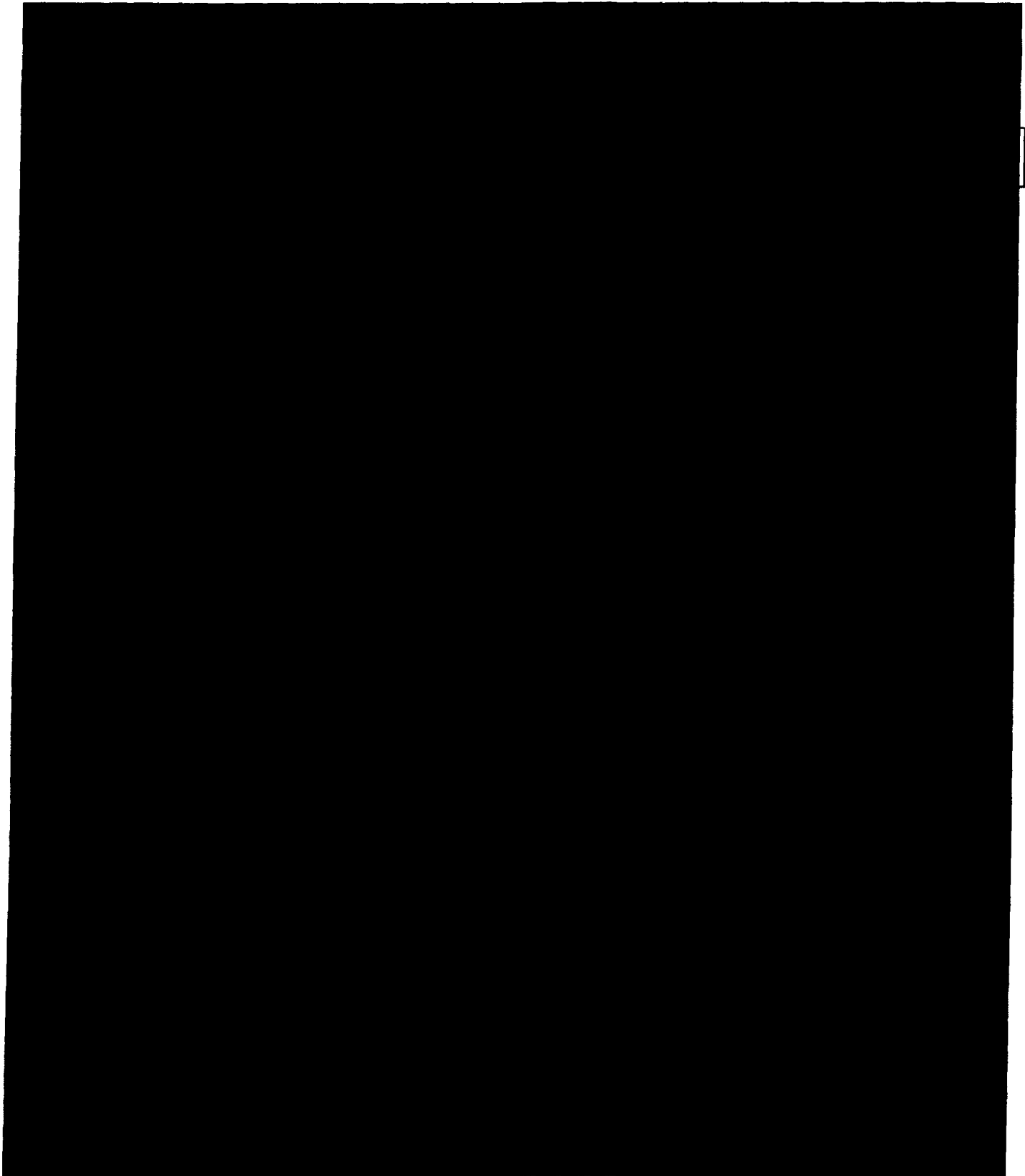
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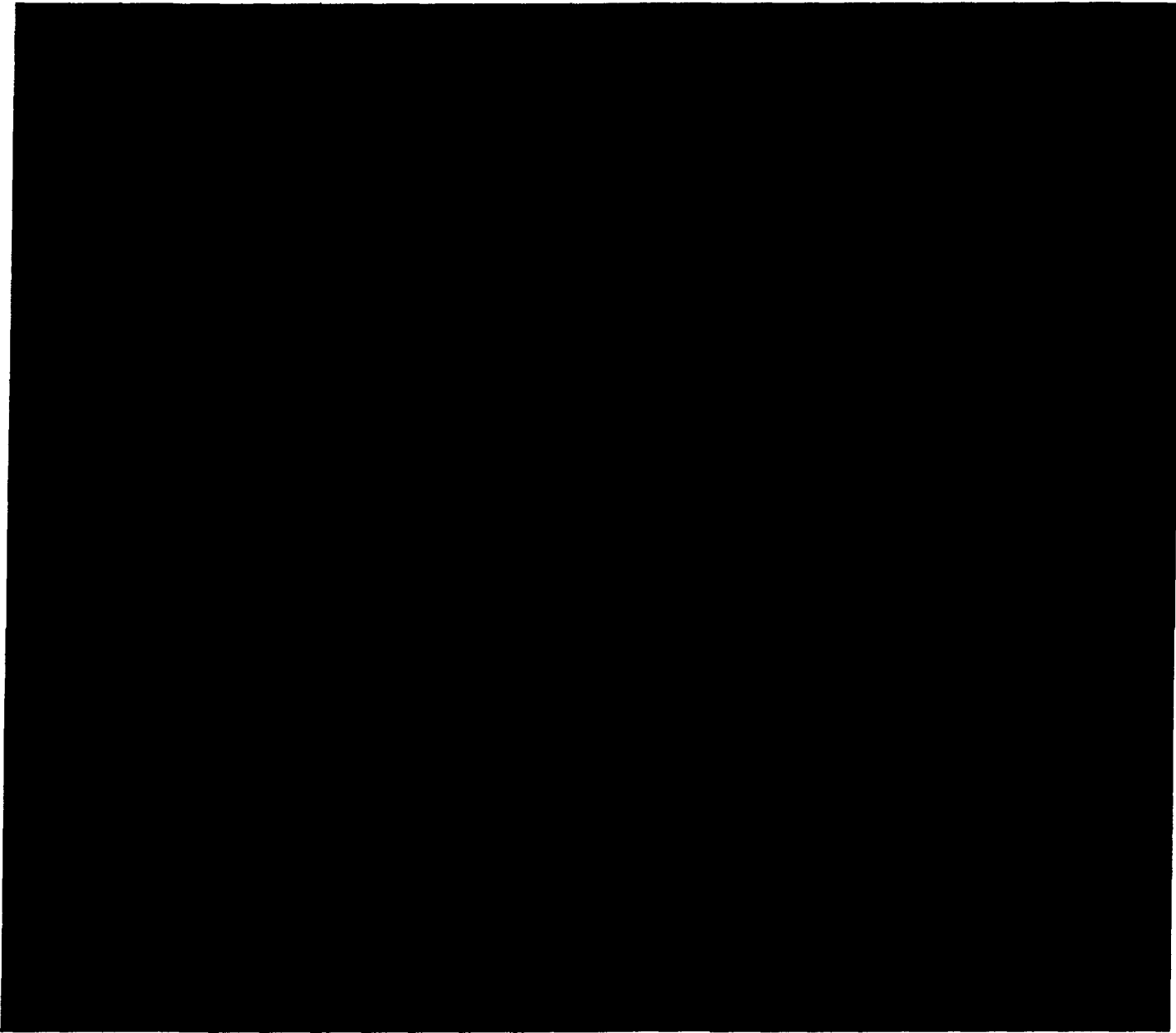
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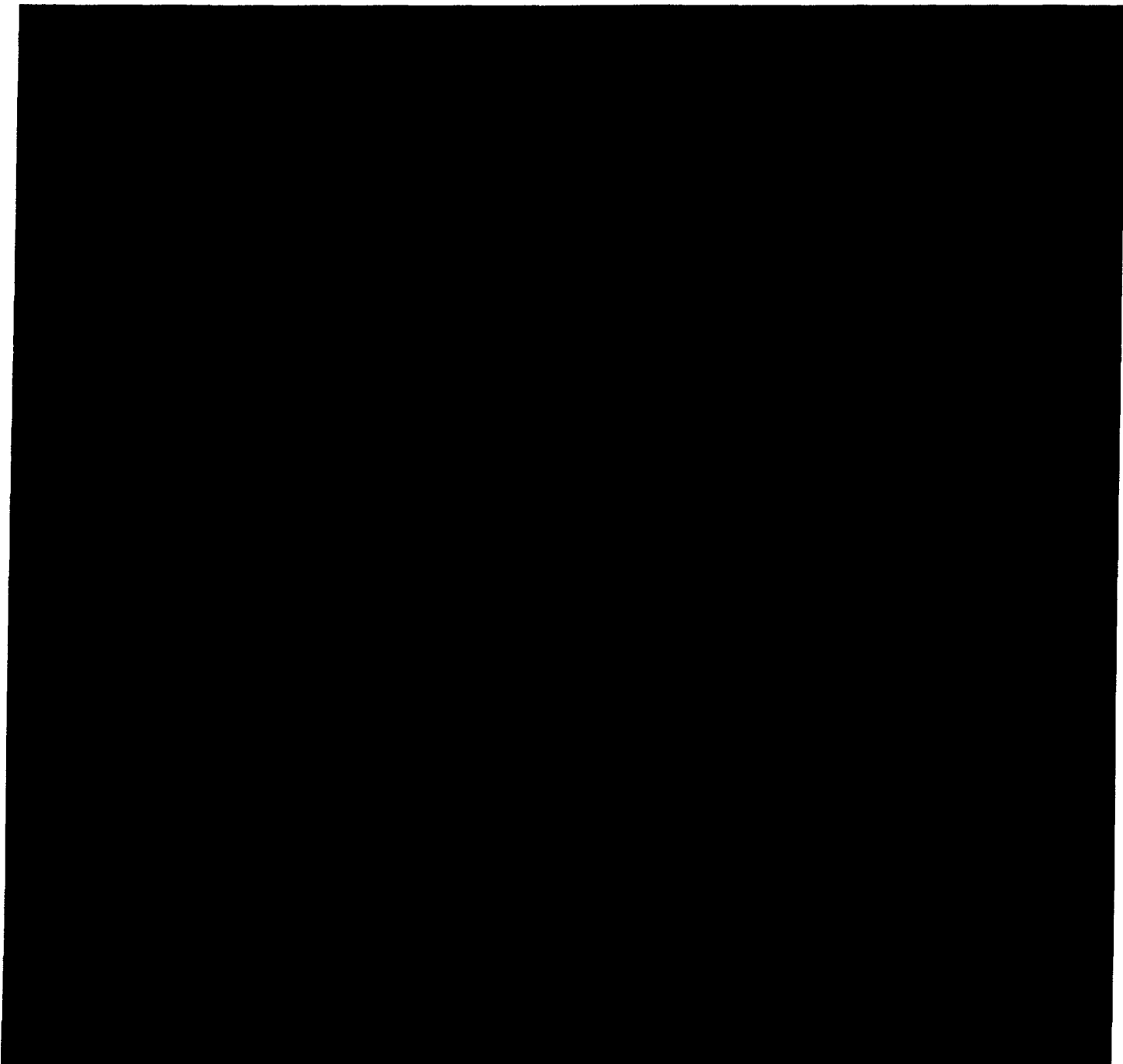
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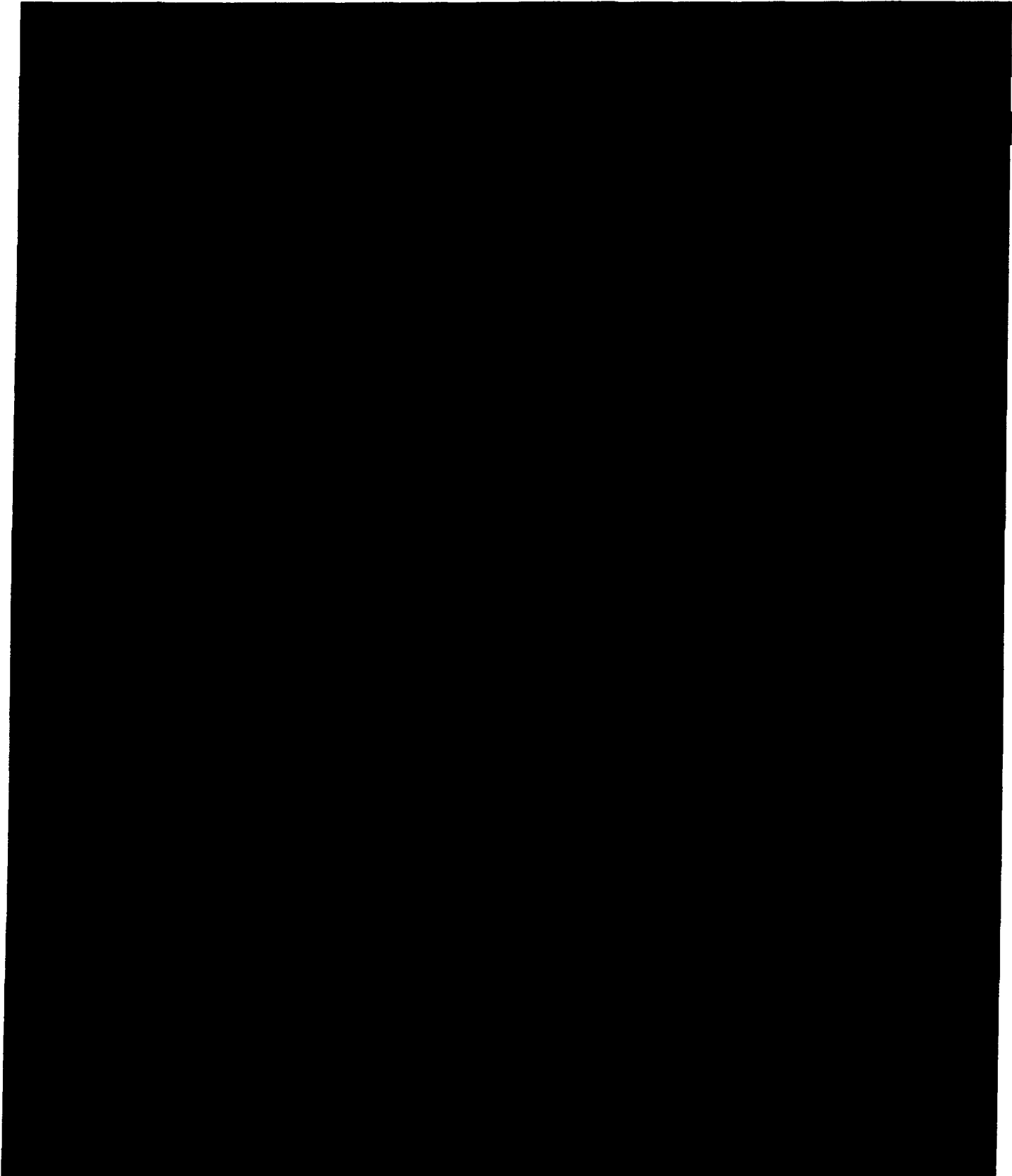
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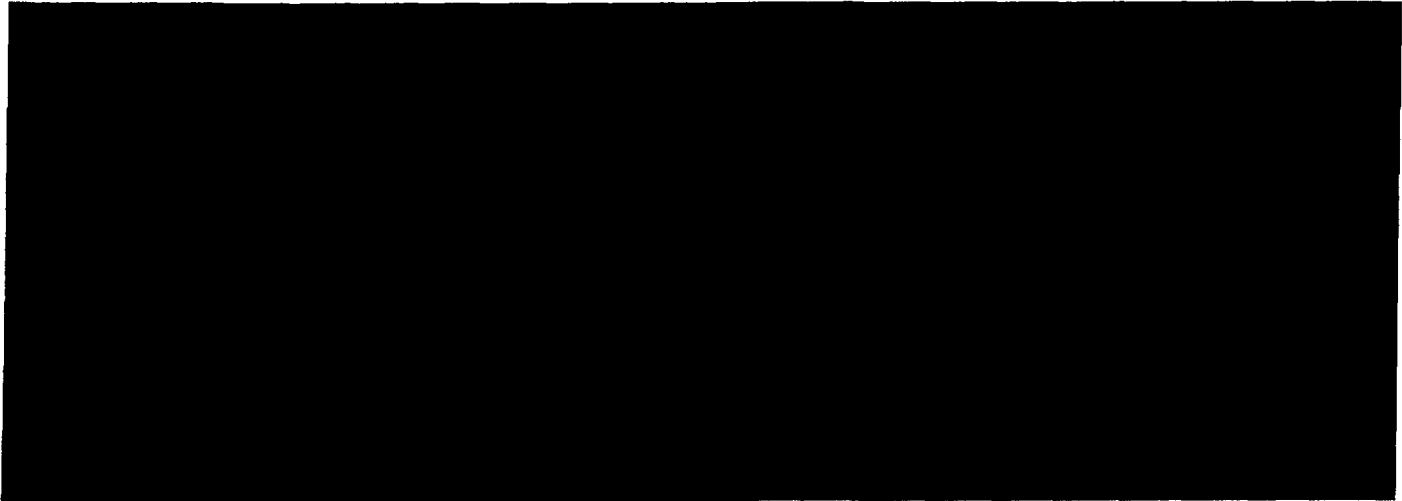
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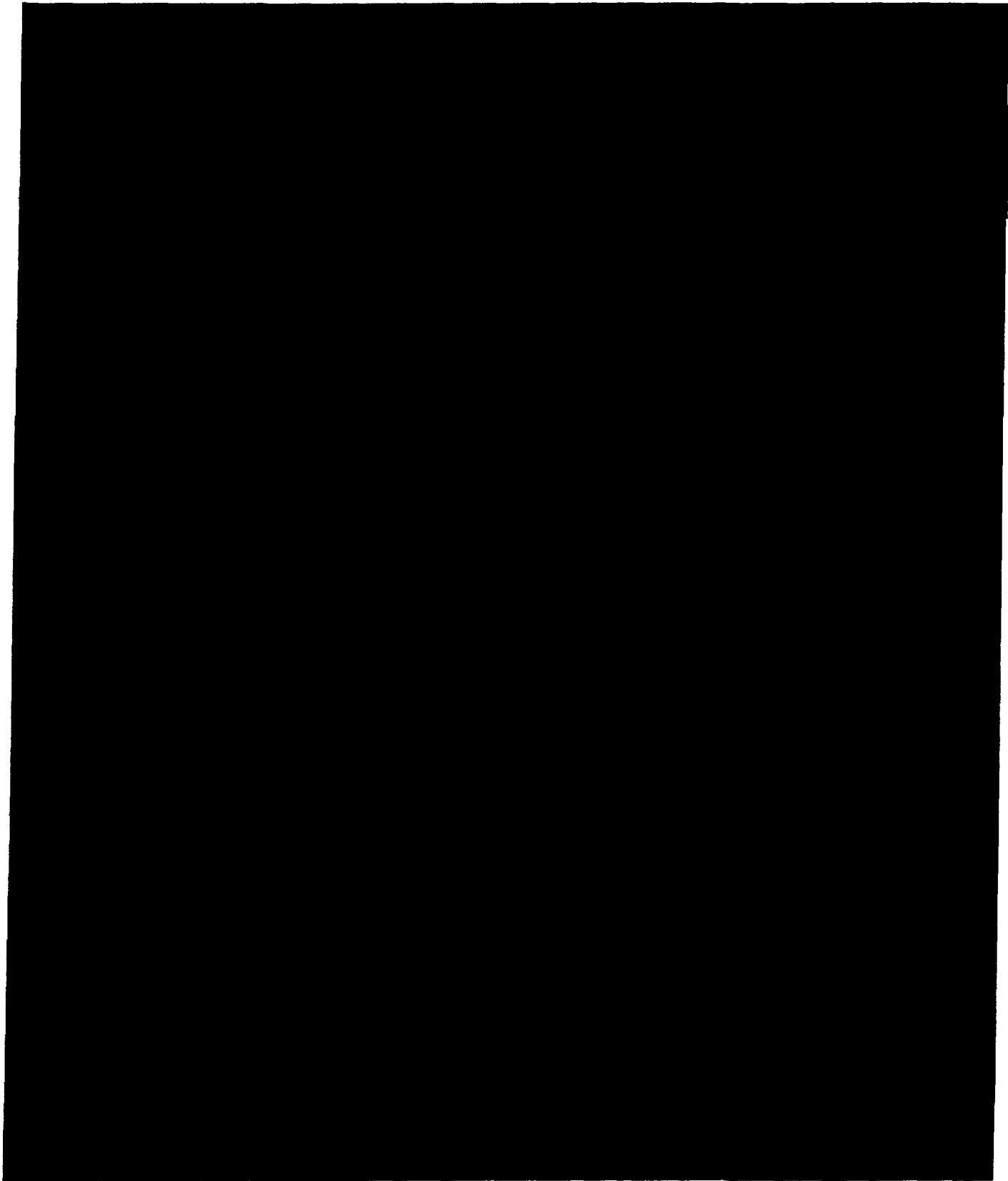
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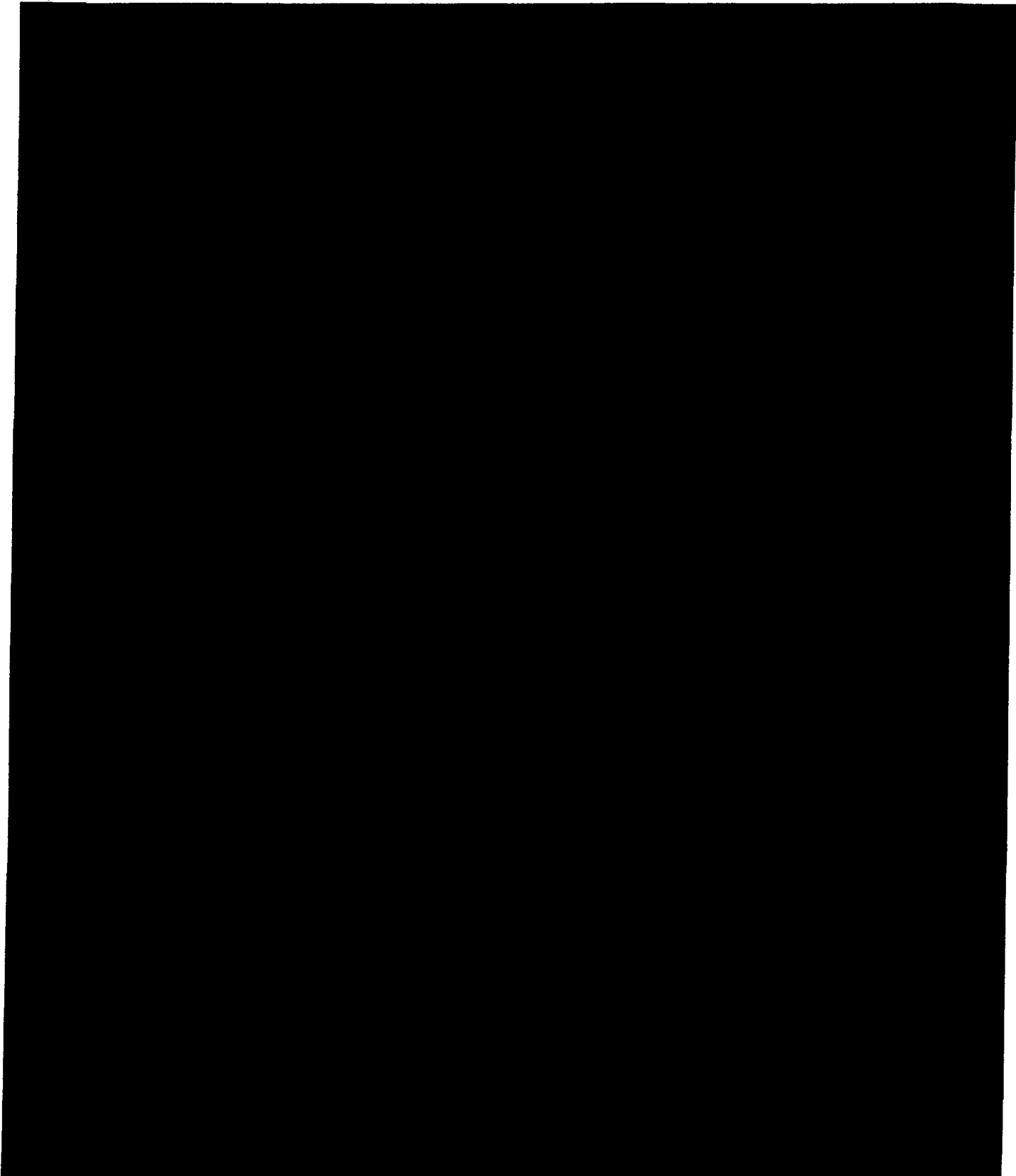
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