

ELECTRONIC RECORDS ARCHIVES



Performance Based Contract Award Fee Plan For Increment 3 Of Contract No. NAMA-04-C-0007

for

**NATIONAL ARCHIVES and
RECORDS ADMINISTRATION**

**ELECTRONIC RECORDS ARCHIVES
PROGRAM MANAGEMENT OFFICE
(NARA ERA PMO)**

Final
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Glossary of Abbreviations and Acronyms

Acronym	Description
ATC	Acceptance Test Process and Acceptance Criteria
AFDO	Award Fee Determination Official
AFP	Award Fee Plan
CDRL	Contract Data Requirements List
CFSR	Contract Funds Status Report
CM	Configuration Management
CMS	Configuration Management System
CO	Contracting Officer
COR	Contracting Officer’s Representative
CPI	Cost Performance Index

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CPR	Contract Performance Report
CSAR	Contractor Self Assessment Report
CWBS	Contractor Work Breakdown Structure
DID	Data Item Description
ERA	Electronic Records Archives
EVM	Earned Value Management
FAR	Federal Acquisition Regulation
FFV	Find Fix Verify
FPRA	Forward Pricing Rate Agreement
FWG	Financial Working Group
LMC	Lockheed Martin Corporation
LOE	Level Of Effort
NARA	National Archives Records Administration
O&S	Operations and Support
PD	Program Director
PEB	Performance Evaluation Board
PEBR	Performance Evaluation Board Report
PMO	Program Management Office
PTR	Problem Trouble Report
QA	Quality Assurance
QM	Quality Management
SASS	Search and Access Support Staff
SLA	Service Level Agreement
SOO	Statement of Objectives
SOW	Statement of Work
SPI	Schedule Performance Index
SwRS	Software Requirements Specification
TM	Technical Monitor
TMR	Technical Monitor Report
VCRM	Verification Cross Reference Matrix
VDD	Version Description Document

*ERA Program Management Office (ERA PMO)***1.0 OVERVIEW**

This Award Fee Plan (“the Plan”) addresses the National Archives and Records Administration (NARA or “the Government”) management of the award fee provisions of contract number NAMA-04-C-0007 (“the Contract”), awarded to Lockheed Martin Transportation and Security Solutions (“the Contractor”) under Option 4 - period of performance 01 April 2010 through 30 September 2010—of the Electronic Records Archive (ERA) program. At its sole discretion, the Government reserves the right to extend the effectivity of the Plan to follow-on Contract Options 5 through 6, if exercised, or to modify the Plan to reflect the evolutionary objectives of the ERA mission as necessary, provided that such modification will occur after authorization of any award fee applicable to the previous six (6) -month award fee period.

Overall responsibility for ensuring the Contractor’s compliance with the technical, cost, schedule, and administrative requirements of the Contract is the responsibility of the Contracting Officer (CO). Consistent monitoring, evaluation, and reporting of Lockheed Martin’s technical, cost, and schedule performance under the Contract is the Contracting Officer’s Representative’s (COR’s) primary responsibility. The responsibilities of both the CO and COR are intended to ensure the Contractor’s optimal compliance with the requirements of the Statement of Objectives (SOO) and the technical specifications, as well as the managerial and administrative performance, of the Contract. The NARA Technical Monitors (TMs) will oversee, evaluate, and assess Lockheed Martin’s performance throughout the life of the Contract, focusing on the quality, cost-effectiveness, and timeliness of the work actually performed against the measurable elements of these requirements. To ensure a fair and objective evaluation of Lockheed Martin’s performance, and to ensure Lockheed’s continual awareness of NARA’s perception of the quality of that performance, Performance Evaluation Board (PEB) members will review the TMs’ reports and make their collective recommendations to the Award Fee Determination Official (AFDO). It is a mission of NARA to obtain the best value ERA system available for the taxpayer’s dollar within the timeframe and budget approved by the Congress of the United States for this program. It is therefore in the Agency’s best interests to provide regular substantive feedback to Lockheed Martin, to ensure that the Contractor has ample opportunity to take corrective and proactive action to achieve optimal performance under the Contract, and thereby to earn the highest award fee potentially available for each semi-annual evaluation period.

To that end, this Plan describes the procedures and guidelines that NARA will use in evaluating the Contractor’s technical and administrative performance during the developmental and operational segments of the Option 4 Contract period, and the specific criteria and procedures that will be used to determine the corresponding amount of award fee earned for the previous six (6) -months of effort. Formal award-fee determinations, and the methodology by which they are derived, are unilateral decisions made solely at the discretion of the Government, and are not subject to dispute or protest under the “Disputes” provision of the Contract.

The Award Fee Plan also identifies the roles responsible for its administration; discusses, in general terms, the methodologies that will be employed by the Government in monitoring the Contractor’s performance; and sets forth the guidelines by which the Government’s PEB will conduct its semi-annual assessments. Primary responsibility for the fair and equitable administration of this Plan in consonance with the quality of the Contractor’s technical, cost,

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schedule, and administrative performance is shared by the CO and the PEB. Each party Contract to the Plan and all participants are further responsible for accomplishing their respective responsibilities in a fair and equitable manner.

2.0 AWARD FEE SCHEDULE

The schedule for applying award fee is discussed below.

- No base fee will be applied to the Contractor's total estimated or incurred costs under this Contract, and no rollover of unearned Award Fee funds from any current evaluation period to subsequent Award Fee evaluation periods is permissible.
- The Contractor will be rewarded for excellence in Contract performance against a combination of established critical program deliverables and milestone requirements (including its ability to meet the technical, cost, and schedule objectives of the ERA program while concurrently complying with the administrative requirements of the Contract). Measurable performance outcomes, as well as more subjective performance criteria as established by the PEB, will be evaluated every six (6) calendar months to determine the amount of Award Fee (if any) to be authorized for the evaluation period.
- Award fee will be provided to the Contractor through formal Contract modifications and, if merited, will be payable in addition to the cost-reimbursement provisions of the Contract.
- The amount of award fee earned and payable will be determined by the AFDO based upon NARA's review of the Contractor's performance against the criteria set forth in the Plan and the recommendations of the COR and TMs
- At the recommendation of the AFDO, the Government may unilaterally modify this Plan, provided that the Contractor receives notice of such change at least 30 calendar days prior to the beginning of the evaluation period to which the changes apply.
- The period of performance for this Award Fee plan applies to performance executed from 01 April 2010 through 30 September 2010. **Table 2-1, Award Fee Pool by Performance Period**, outlines the performance dates for each period, a brief description of work, and the baseline and available performance Award Fee Pool.

Period No.	Performance Period	Description	Baseline Pool	Pool Change	Available Pool
10	1 April 2010 -30 September 2010	Increment 4 OY4 O&M OY4 APEX	TBD	TBD	TBD
11	1 October 2010 – 30 September 2011	Option Year 5	TBD	TBD	TBD

Table 2-1: Award Fee Pool by Performance Period

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3.0 ORGANIZATION AND ADMINISTRATION

The following sections describe the roles and responsibilities of the participating government officials, performance evaluation reporting, and approach to award fee determination.

3.1 Roles and Responsibilities of Participating Government Officials

The following Government Officials and/or designated non-Government personnel will participate in assessing the quality of the Contractor's performance. The roles and responsibilities of the cognizant Government Officials and/or their designees are described as follows.

3.1.1 The Contracting Officer (CO)

The CO has overall responsibility for ensuring the Contractor's compliance with the technical, cost, schedule, and administrative requirements of the Contract. The CO is also responsible for ensuring that Award Fee performance evaluations are performed in accordance with the guidelines set forth in this Plan. Upon receipt of the AFDO's determination, the CO will make formal award fee notification to the Contractor authorizing invoicing of the approved Award Fee allocation, and will modify the Contract accordingly. The Award Fee allocation notifications will be issued within sixty (60) days following the end of any given evaluation period.

3.1.2 The Contracting Officer's Representative (COR)

The appointed COR has overall responsibility for oversight, monitoring, assessment, recording, and reporting of the Contractor's technical, cost, and schedule performance in accordance with the terms and conditions of the Contract, the SOO, and other technical specifications identified in the Contract.

- The COR, along with the PEB chair, is responsible for ensuring that each TM member receives proper guidance and orientation to the Award Fee Plan and for the conduct of their roles and responsibilities as defined within the Plan
- The COR receives and consolidates the Technical Monitor Reports (TMRs) submitted by the TMs and provides the consolidated report to the PEB chair
- The COR will transmit the monthly performance evaluations, submitted by the TMs, to the CO and the PEB.

3.1.3 Award Fee Determination Official (AFDO)

The AFDO is organizationally senior to the PEB membership. The AFDO is responsible for the determination of the amount of Award Fee earned and payable to the Contractor for each evaluation period.

- The AFDO establishes the PEB, and approves and designates its membership
- The AFDO reviews the PEB Report (PEBR) for each evaluation period and may at his/her discretion discuss findings with the PEB Chair and others as appropriate, such as the Contractor, for additional information or clarification

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- The AFDO ensures that the amount and percentages of award fee earned is commensurate with the contractor's performance. Variances between the PEB recommendation and the AFDO determination must be justified and documented
- The AFDO issues and signs an award fee determination report or letter, which specifies the award fee evaluation period, amount of award fee determined, and the basis for determination
- The AFDO approves the Award Fee Plan and any changes to this plan, unless such responsibilities are delegated to the PEB

3.1.4 Performance Evaluation Board (PEB)

The PEB is responsible for evaluating the Contractor's performance for each award fee period for the purpose of making a recommendation of the amount of Award Fee, earned by the Contractor for the period of performance, to the AFDO. The PEB is comprised of a Chair and membership as designated by the AFDO.

- The PEB is responsible for reviewing the TMRs submitted by the TMs in evaluation of the Contractor's performance at the end of each Award Fee performance period
- The PEB, in conducting its evaluation of contractor performance, may request and review additional performance information, such as information from the contractor and other sources
- The PEB will meet to reach a consensus on its recommendation concerning the total percentage of the available Award Fee pool to be awarded to the Contractor for the Award Fee evaluation period
- Each member of the Board is responsible for performing his/her duties in a manner that is fair, equitable, and objective, and in accordance with the guidance as established in the Award Fee Plan
- The PEB may recommend to the AFDO appropriate changes to the Award Fee Plan for approval

3.1.5 Performance Evaluation Board (PEB) Chair

The PEB Chair is responsible for conducting the meetings of the PEB, and for ensuring that the Award Fee evaluation process is conducted in a fair, equitable, and objective manner.

- The PEB chair is responsible for calling PEB meetings, controlling attendance, and chairing meetings
- The PEB Chair may appoint non-voting members to assist the Board in performing its functions, such as a recording secretary
- The PEB Chair appoints the TMs for the contract effort and ensures their expertise relative to their area of evaluation; additionally the chair ensures each TM is provided appropriate guidance and instruction of his/her role and responsibilities relative to the Award Fee Plan
- The PEB Chair prepares and submits a PEER to the AFDO, summarizing the results of the PEB findings and recommendations for each award period

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- The PEB Chair will brief the contractor on a summary of the findings for the award fee evaluation period
- The PEB Chair, will brief the contractor on a summary of the monthly findings as provided by the TMs

3.1.6 The Technical Monitors (TMs)

The TMs are specialists in their respective areas of expertise, and are appointed by the PEB Chair to conduct continuous monitoring of the Contractor's performance.

- The TMs are responsible for continuously monitoring, evaluating, and assessing contractor performance in their assigned areas according to contract requirements and the Award Fee Plan
- The TMs are responsible for ensuring that the contractor and COR is promptly notified of problems that require immediate contract attention, but are not authorized to provide technical direction to the contractor unless they are designated as the COR
- The TM may, at his/her discretion, assign subordinate TMs to support the functions assigned to him/her under this Award Fee Plan as required
- The TMs and their designated subordinates are responsible for providing a fair, equitable, and objective evaluation of the Contractor's performance in accordance with the guidance as provided in the Award Fee Plan
- Each TM 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. The TMs may make recommendations of any changes in the Award Fee Plan to the PEB chair

3.2 Performance Evaluation Reporting

The following paragraphs discuss the guidelines for reporting contractor performance.

3.2.1 Technical Monitor Report (TMR)

- The TMR identifies strengths and deficiencies in the Contractor's performance against the criteria established in the Award Fee Plan, and provides sufficient narrative to substantiate the respective assessments. The TMR will also specify exceptional achievements, ongoing issues of note, and any performance deficiencies in need of correction for the remainder of the period of performance. The TMR, along with other information such as the Contractor Self Assessment Report (CSAR), is reviewed by the PEB in consideration of the Board's evaluation of the contractor's performance for each evaluation period. TMRs will be provided by the TMs to the Contractor and the COR on a monthly basis in order to provide status and address performance and quality control issues in an effort to correct and avoid serious problems.

ERA Program Management Office (ERA PMO)**3.2.2 Performance Evaluation Board Report (PEBR)**

The PEBR provides a summary of the PEB findings and recommendations for award fee earned by the Contractor for each evaluation period. The PEBR is prepared by the PEB Chair upon conclusion of the Board's evaluation and reflects the consensus opinion of the Board. At the direction of the AFDO, the PEB Chair will provide a written or oral brief to the Contractor regarding a summary of the findings of the PEBR. The Contractor may submit comments for consideration to the AFDO to identify factual errors or to respond to PEBR findings.

3.2.3 Interim Evaluations

At the discretion of the PEB Chair, the PEB may conduct a preliminary evaluation of the Contractor's in-period performance. The Contractor will be offered the opportunity to submit a CSAR of its in-period performance at this time. The PEB chair will provide a written or oral brief to the Contractor of the summary of findings for any interim evaluation period. Any deficiencies identified as a result of the interim evaluation that could affect the Award Fee Determination for the overall period will be documented and provided to the Contractor. For each weakness cited, the Contractor shall have the opportunity to respond within five (5) business days, or a mutually agreed upon date after notification, setting forth plans for increasing effectiveness in the areas of weakness or explain why it is not feasible to do so. This interim evaluation will not result in a determination of award fee but will be an input into final determination for the evaluation period.

3.2.4 Contractor Self Assessment Reports (CSAR)

The Contractor shall submit a written and maybe requested present an oral Self Assessment Report of its performance to the CO and COR for consideration by the PEB. The contractor will submit or present its report no later than ten (10) business days (Question prior or after) prior to the end of each award fee period.

3.2.5 Corrective Plan Responses for Unsatisfactory Ratings

In the event of the receipt of a rating of "Unsatisfactory" in any Award Fee evaluation category, the Contractor shall, no later than ten (10) business days subsequent to notification thereof, submit a formal plan of action for remedy of the deficiencies, omissions, or non-compliances noted to the CO, with a copy to the COR. Failure to do so may result in the issuance of a formal cure notice and/or termination of the Contract for default.

3.3 Award Fee Determination Methodologies

The following paragraphs discuss guidelines for the determination of Award Fee, and include guidance for award fee payment, the approach for ensuring integrity of the award fee evaluation process, handling the award fee in the event of contract termination for convenience, and the notification policy to the Contractor of award fee participants.

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The CO will notify the Contractor in writing of his or her authorization for payment of any award fee earned. This notification will be provided within sixty days (60) days at the end of any given evaluation period. Upon receipt of such authorization letter, the Contractor may submit an invoice for payment of the award fee, independent of its monthly submission of cost invoices under the terms of the Contract. Payments from the award fee pool will be made within 30 calendar days after receipt of a bona fide invoice has been approved for payment by the Government for any evaluation period for which award fee has been authorized. No rollover of unearned award fee from one evaluation period into the next will be permitted, and the Award Fee Determination of the Government is not subject to protest or dispute as provided in the "Disputes" clause of the Contract.

3.3.2 Integrity of the Award Fee Evaluation Process

The determination of award fee is at the sole discretion of the AFDO as assisted by the PEB. However, NARA will make every reasonable effort to ensure the fairness of its periodic evaluations of the Contractor's performance as described herein, and has incorporated specific checks and balances into its review procedures to safeguard the integrity of the process.

3.3.3 Contract Termination for Convenience

In the event that this Contract is terminated for the convenience of NARA after the inception of a new award fee evaluation period, the amount of any award fee earned by the Contractor for the current performance period will be determined by the AFDO. No unexpended funds remaining in Contract award fee pools shall be considered available, earned, or payable to the Contractor under the terms of this Contract until and unless a formal notice of Award Fee Determination is approved by the AFDO and transmitted to the Contractor in writing by the CO as stipulated herein.

3.3.4 NARA Participants in the Determination of Award Fee

The Government will provide the Contractor with the names of the AFDO, PEB Chair and CO for each applicable award fee evaluation period. The Government will also notify the Contractor as soon as practical of any personnel changes affecting these positions within active evaluation periods.

4.0 AWARD FEE PERFORMANCE MONITORING

The following sections discuss the approach to evaluating and monitoring contractor performance through the use of defined performance evaluation factors, ratings, and criteria.

4.1 Performance Evaluation Factors and Ratings

For the purpose of evaluating Lockheed Martin's performance under the Contract, the Contractor's overall effort will be divided into four (4) primary performance evaluation categories; Technical, Program Management, Cost Control, and Contract Administration. **Table 4-1, Performance Evaluation Factors and Ratings**, delineates the relative weights of the

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technical, cost, schedule, and administrative evaluation factors and subfactors that NARA will utilize to assess the Contractor's performance.

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Item	Factor	Weight	Description
1	Technical	■	<p>The technical accomplishments and quality of the ERA system are the most critical factors in the mission's success, and have therefore been weighted more heavily than Program Management, Cost Control, or Contract Administration.</p> <p>Under this evaluation factor, NARA will assess:</p> <ul style="list-style-type: none"> • Requirements • Technical Solution • Testing • Defects • Security • Customer Service/Help Desk (Tier 1) • System Operations and Support (Tier 2 and Tier 3)
2	Program Management	■	<p>The effectiveness of the Contractor's Program Management procedures contributes to the technical accomplishments and quality of the ERA system, to the timeliness and acceptability of required deliverables, and to the overall containment of program costs, with which it is weighted equally.</p> <p>Under this evaluation factor, NARA will assess:</p> <ul style="list-style-type: none"> • Program Planning • Schedule • Quality Management • Configuration Management • Software Builds and Release Management • Risk Management • Communications • Quality and Timeliness of Deliverables
3	Cost Control	■	<p>The effectiveness of the Contractor's Cost Control procedures contributes to the ultimate value of the ERA system to the Government, and is a critical aspect of overall Program Management, with which it is weighted equally.</p> <p>Under this evaluation factor, NARA will assess:</p> <ul style="list-style-type: none"> • Control of Costs, Indirect and Overtime • Control of Costs, Direct Labor • Cost Reductions and Cost Savings • Economies of Resources

Item	Factor	Weight	Description
4	Contract Administration	■	<p>While it is not as critical to mission success as effective technical performance, program management, and cost control will be, the Contractor’s competent and efficient execution of the administrative requirements of the contract and its responsiveness to the direction, guidance, and requests of the CO contributes measurably to the overall quality of the Contractor’s performance, the mutual containment of costs, and the Government’s satisfaction of its responsibilities under acquisition law and regulation.</p> <p>Under this evaluation factor, NARA will assess the quality of</p> <ul style="list-style-type: none"> • Compliance with administrative contract requirements • Timeliness, comprehensiveness, and accuracy of reporting • Compliance with Subcontract Management and Subcontract Management Reporting Requirements • Responsiveness to CO requests for information/proposals

Table 4-1: Performance Evaluation Factors and Ratings

4.2 Contractor Performance Ratings

In determining Award Fee, the TMs and PEB will use the following contractor performance rating system as presented in **Table 4-2, Contractor Performance Ratings**. The TMs evaluate contractor’s performance for each subfactor and determines an adjectival rating using the rating descriptions in Table 4-2 and the respective performance criteria as provided in the appendices. The PEB chair decides the adjectival rating and numerical rating for each factor based on a number of inputs, such as the overall TM subfactor ratings and justifications for a single factor, contractor feedback, program priorities and challenges, etc.

Eamed award fee is calculated by applying the total weighted score to the award fee pool. The total weighted rating is converted into percentages, which represent the percentage of the award fee pool to be awarded. No fee will be paid when the total weighted score is less than 51 for either “Satisfactory” or “Unsatisfactory” performance. Award Fee is only awarded for overall performance that is Good or better. Samples of award fee conversions and calculations are shown in **Section 4.3, Calculating Award Fee**.

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Adjectival Rating	Numerical Rating	Rating Description
Outstanding	■	Contractor comprehends and consistently exceeds all NARA performance objectives. Highly exceptional performance of noteworthiness, merit, and value; very minor (if any) deficiencies, with no adverse effect on overall performance.
Very Good	■	Contractor consistently meets all NARA performance objectives. Very effective performance; fully responsive to contract requirements; few minor deficiencies are identifiable, with no adverse effect on overall performance, and said deficiencies are quickly and effectively reported to NARA and resolved as identified.
Good	■	Contractor frequently meets NARA performance objectives. Effective performance; fully responsive to contract requirements; deficiencies are identifiable, but with little effect on overall performance, and said deficiencies are quickly and effectively reported to NARA and resolved as identified.
Satisfactory	■	Contractor achieves minimal NARA performance objectives. Meets minimum acceptable standards; deficiencies are reportable, but not substantial, with minimal effect on overall performance. Contractor's reporting of deficiencies to NARA and/or resolution as identified is less than responsive or requires prompting and follow-up by the Government. <i>* Overall performance scores in the Satisfactory range do not receive Award Fee.</i>
Unsatisfactory	■	Does not meet minimum acceptable standards in one (1) or more evaluation area; deficiencies in one (1) or more area that requires Contractor to take immediate corrective action. Contractor's reporting of deficiencies to NARA and/or resolution as identified is non-responsive and requires additional action by the Government. <i>* Overall performance scores in the Unsatisfactory range do not receive Award Fee. Individual factors with ratings in the Unsatisfactory range (30 or lower) are converted to a score of zero (0).</i>

Table 4-2: Contractor Performance Ratings

4.3 Calculating Award Fee

The following examples illustrate how numerical scores for factors are weighted and applied for calculating total award fee recommendation. **Table 4-3, Example Award Fee Calculation with Award Fee**, illustrates an example of an award fee calculation that results in an award fee amount. **Table 4-4, Example Award Fee Calculation with Zero Award Fee**, illustrates an example of an award fee calculation that results in a zero (0) award fee amount.

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In **Table 4-3** below, the contractor performance was rated 98 for Technical, 90 for Program Management, 95 for Cost Control, and 94 for Contract Administration. The numerical score for each factor is multiplied by the respective weighted factor and yields the weighted score. The total weighted score for **Table 4-3** is 95.4, for an overall contractor performance rating of outstanding. Since the total weighted score (F), is greater than 50, the total applicable percentage rate (G) is 0.95. The amount of the Total Available Award Fee Pool (H) is multiplied by the Total Applicable Percentage Rate (G) to determine the Total Award Fee Amount (I). The Contractor earns \$950,000, 95% of \$1,000,000.

A	B	C	D	E
Factor	Weighted value	Numerical Score	Zeroed Score	Weighted Score
Technical	█	98	N/A	█
Program Management	█	90	N/A	█
Cost Control	█	95	N/A	█
Contract Administration	█	94	N/A	█
			F. Total Weighted Score	95
			G. Total Applicable Percentage Rate	0.95
			H. Total Available Award Fee Pool	\$1,000,000
			I. Total Award Fee Amount	\$950,000

Table 4-3: Example Award Fee Calculation with Award Fee

Concurrence and Acceptance of the Parties

This Performance Based Contract Award Fee Plan for Increment 4 of Contract No. NAMA-04-C-0007, effective concurrently with the date of the last signature below, supersedes and replaces all prior Award Fee Plans and Agreements made by and between the National Archives and Records Administration (NARA) and Lockheed Martin Transportation and Security Systems, and shall remain in force until 30 September 2010 unless unilaterally extended in writing by the NARA Contracting Officer as provided herein.

For the Electronic Records Archive (ERA) Program

Lee Stang

.

ERA Program Director

[date]

For Lockheed Martin Transportation and Security Systems
ERA Program Management

Sean Murphy

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