DRAFT

AWARD TERM PLAN

FOR

INTEGRATED DEEPWATER SYSTEM

(Approval Date)

(Contractor's Name)

RECOMMENDED:	APPROVED:
_____	_____
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ATTACHMENT J-30
AWARD TERM PLAN
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1 INTRODUCTION

The Contractor may earn contract term incentives as determined by the Award Term Determination Official (ATDO). The adjustments to the contract period of performance will result in a total contract period of not more than 30 years. The Government's purpose in granting such incentive is to encourage and reward contractor effort directed toward performance of this contract including incorporation of further opportunities for improved operational effectiveness and minimized Total Ownership Cost (TOC) into the implementation plan. By way of overseeing the Contractor's performance, the Government will continuously monitor the manner in which the Contractor is proceeding to attain such objectives and to discharge such obligations. It is recognized that the standards by which the Contractor's performance is to be gauged are not susceptible to precise definition; however, the categories, criteria and standards on which particular emphasis will be placed are set forth below. The award term will be issued to the contractor through bilateral contract modification.

2 ORGANIZATION

The award term organization consists of: the Award Term Determining Official (ATDO); the Award Term Evaluation Board (ATEB) and the performance monitors. The ATEB will consist of a chairperson, the contracting officer, a recorder, and no less than five other functional area participants. The members of the award term organization are listed in Appendix 1.

3 RESPONSIBILITIES

3.1 AWARD TERM DETERMINING OFFICIAL

The Program Executive Officer (PEO) will serve as the ATDO. The ATDO approves the award term plan and any significant changes. The ATDO reviews the recommendations of the evaluation board, considers all pertinent data, and unilaterally determines the earned award term length for each evaluation period.

3.2 ATEB CO-CHAIRPERSONS

The Deputy Program Executive Officer (DPEO) and Director of Operations Capability Directorate or Designated Representative will serve as ATEB co-chairpersons. They chair the meetings of the ATEB, arrange for advisors as needed, brief the ATDO on the contractor's overall performance, recommend award term plan changes and award term lengths.

3.3 ATEB MEMBERS

ATEB members review performance monitor's evaluation reports of the contractor's performance, consider all information from pertinent sources, prepare annual performance review and award term evaluation reports, and recommend the length of earned award term to be presented to the ATDO. The members may also recommend changes to this plan.

3.4 ATEB ADVISORS

Advisors will be used whenever the ATEB lacks the specialty expertise needed to make an informed performance evaluation and award term recommendation. ATEB advisors provide specialty expertise, consultation and recommendations to the ATEB as requested by the co-chairpersons. Legal Counsel, at a minimum, will provide an advisor.

3.5 ATEB RECORDER

The ATEB recorder is responsible for coordinating the administrative actions required by the performance monitors, the ATEB and the ATDO, including: 1) receipt, processing and distribution of evaluation reports from all required sources; 2) scheduling and assisting with internal evaluation milestones, such as briefings; and 3) accomplishing other actions required to ensure the smooth operation of the award term process. The ATEB recorder is a non-voting member.

3.6 CONTRACTING OFFICER

The Contracting Officer is the Government's representative during the award term determination process.

3.7 PERFORMANCE MONITORS

Performance monitors maintain written or web based records of the contractor's performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. Monitors prepare annual review and end of period evaluation reports as directed by the ATEB.

4 AWARD TERM PROCESS

4.1 EVALUATION PERIODS

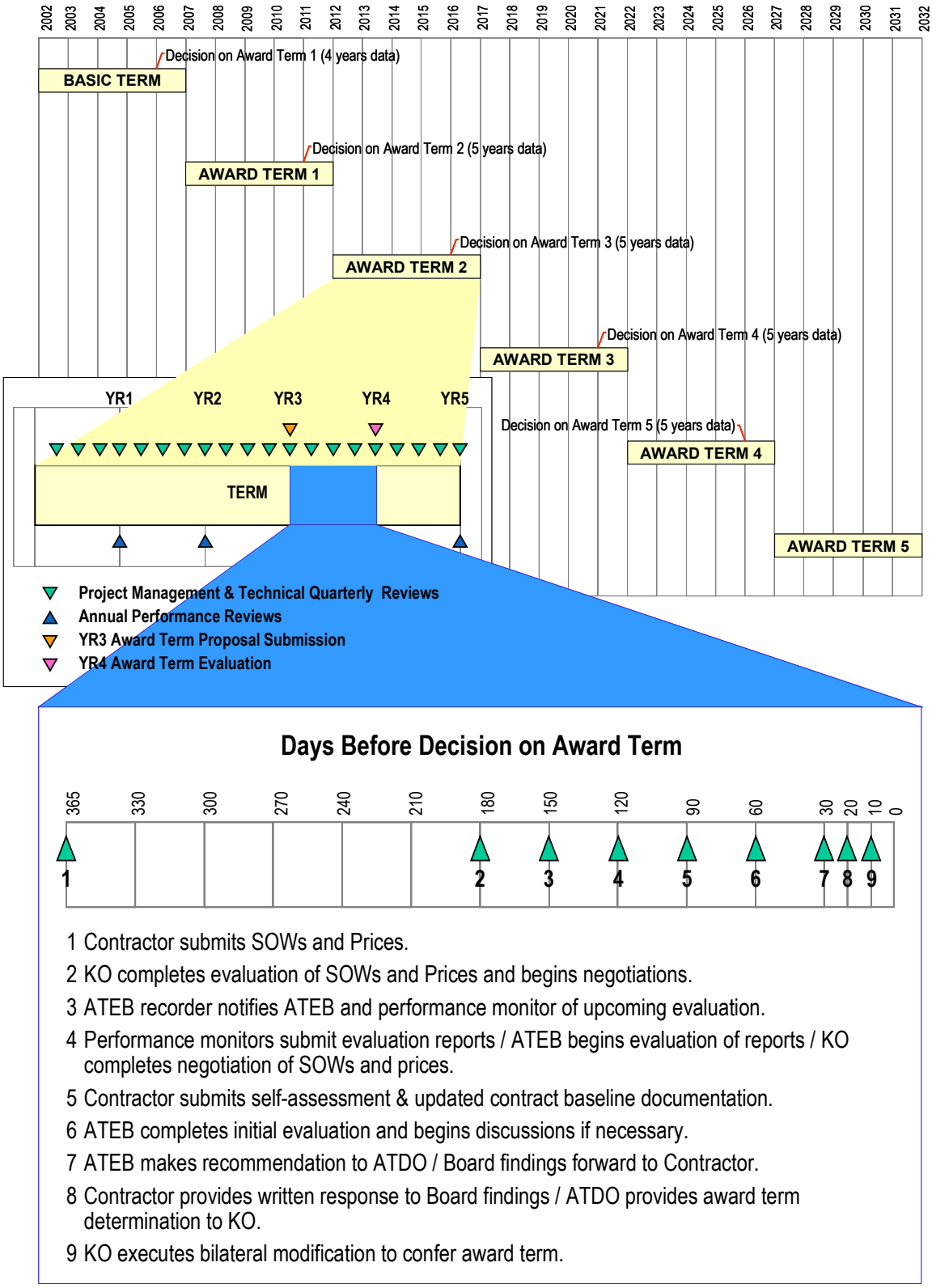
Evaluation periods will start with contract award or the conclusion of the last award term evaluation, whichever occurred most recently. Award term evaluation periods end 1 year prior to the end of the current contract term. Annual performance reviews will be conducted throughout the evaluation period. Award term allocations by evaluation period are specified in Appendix 2. Figure 1 depicts the system level reviews and evaluations required by this attachment and attachment J-7, the Systems Integration and Management Statement of Work. The figure assumes five-year award terms.

4.2 EVALUATION CRITERIA

The evaluation criteria and their relative weight may change during the life of the contract. For example, during the early years of the contract, system integration and management and asset design and construction orders may have a larger impact than operations and support orders. It is expected that the proportion and impact of operations and support orders will grow as the contract proceeds. If the Contracting Officer does not give specific notice in writing to the contractor of any change to the evaluation criteria prior to the start of a new evaluation period,

then the same criteria listed for the preceding period will be used. The award term criteria are provided in Appendix 3.

Figure 1 – Systems Integrator Performance Review and Evaluation



1 Contractor submits SOWs and Prices.

2 KO completes evaluation of SOWs and Prices and begins negotiations.

3 ATEB recorder notifies ATEB and performance monitor of upcoming evaluation.

4 Performance monitors submit evaluation reports / ATEB begins evaluation of reports / KO completes negotiation of SOWs and prices.

5 Contractor submits self-assessment & updated contract baseline documentation.

6 ATEB completes initial evaluation and begins discussions if necessary.

7 ATEB makes recommendation to ATDO / Board findings forward to Contractor.

8 Contractor provides written response to Board findings / ATDO provides award term determination to KO.

9 KO executes bilateral modification to confer award term.

4.3 ANNUAL PERFORMANCE REVIEW PROCESS

The ATEB recorder notifies each ATEB member and performance monitor 30 days prior to the end of each annual performance review period. Performance monitors will submit their evaluation reports to the recorder 30 days after notification. Considering operational effectiveness, total ownership cost and customer satisfaction metrics and information, as described in appendix 3, the ATEB will determine the annual performance review results. Through the Contracting Officer, the ATEB will notify the contractor of strengths and weaknesses for the past year.

4.4 END OF PERIOD EVALUATIONS

The ATEB recorder will notify each ATEB member and performance monitor 150 days prior to the end of the award term evaluation period. The ATEB may begin evaluation of the evaluation reports and other pertinent current project management documentation 120 days prior to the end of the award term evaluation period.

The Contractor shall submit a self-assessment to the Contracting Officer no later than 90 days prior to the end of the evaluation period. This written assessment of the Contractor's performance throughout the evaluation period should contain any information that may be reasonably expected to assist the ATEB in evaluating this performance. The self-assessment shall not exceed 25 pages. Updated (less than 1 year old) versions of the contract documentation for which the Contractor is responsible shall be attached to the self-assessment. At a minimum, it shall include:

(1) Implementation Plan,

(2) Asset Performance Specifications,

(3) C4ISR Architecture,

(4) IDS ISP,

(5) Concept Of Operations,

(6) Statements of Work for the next five years, and

(7) TOC Estimate

The ATEB will consider the Contractor's self-assessment and attached contract documentation in addition to IDS cost, schedule and technical performance data, especially the annual performance reviews, collected during the evaluation period. The Evaluation Board will complete an initial evaluation within 30 days. If necessary the ATEB and Contracting Officer will then hold discussions with the Contractor to resolve ambiguities, weaknesses and deficiencies in the Contractor's documentation. This should be completed within 30 days. At that time, the Board will advise the ATDO of its recommendation. The recommendation will include the Board's findings, rationale, and justifications for its findings. The Evaluation Board findings shall be furnished to the Contractor. In the event that the Contractor does not concur with the Board's findings, it may present to the ATDO an exception to the Board's findings. The

Contractor will be given 10 days to provide a written response that shall not exceed 10 pages. This response shall clearly identify specific areas where disagreement exists and the rationale for the Contractor's own rating of performance. These comments shall be considered by the ATDO in establishing the award term.

Within 10 days of receipt of the Contractor's comments on the Evaluation Board findings, the ATDO will provide the award term determination (including the length, rationale, and justification for the determination), subject to fair and reasonable prices, in writing to the Contracting Officer. Any award term earned by the Contractor will be conferred to the Contractor by the execution of a bilateral contract modification within 10 days after award term determination and shall not be subject to any payment withholding percentage, notwithstanding any other provision of this contract. A modification extending the term of the contract will not be issued prior to definitization of prices for all orders proposed for the term. The government and contractor shall agree on a fair and reasonable price for the award term period at least one year before the time set for beginning of the earned award term.

5 AWARD TERM PLAN CHANGE PROCEDURE

All changes to the award term incentive evaluation factors and process for the current evaluation period will be approved by the ATDO. Either the Contractor or the Government may initiate changes. Contractor proposed changes will be negotiated. However, the Government retains the final decision authority in making any changes to award term evaluation factors and criteria. If the Government and the Contractor fail to reach agreement on the proposed change, resolution will be reached in accordance with partnering agreement as set forth in paragraph H.4 of the Contract. Such changes to the award term plan will be provided at least 30 days prior to the beginning of each evaluation period for which the changes will be effective.

The weights assigned to each of the evaluation factors specified in Appendix 3, and the procedures for award term evaluation may be modified unilaterally by the Government, provided that the Contracting Officer notifies the Contractor in writing prior to the beginning of each evaluation period for which the changes will be effective. In the absence of such notification, the evaluation factors and guidelines for award term evaluation remain as specified. The alterations described above shall not change the total available award term incentive potential provided by this clause nor change the award term earned by the Contractor in any completed evaluation period.

APPENDIX 1; AWARD TERM ORGANIZATION MEMBERS

Award Term Determining Official:

Program Executive Officer

Award Term Evaluation Board Co-chairpersons:

Deputy Program Executive Officer

Director of Operations Capability Directorate

Award Term Evaluation Board Members:

(1) Project Manager or Designated Representative:

(2) Chief of Contracting or Designated Representative

(3) Transition Director or Designated Representative:

(4) Metrics and Resources Director:

(5) Sponsor's Representative:

(6) Human Resources Deepwater Competency Leader:

(7) Systems Deepwater Competency Leader:

(8) Chief Information Officer or Designated Representative:

(9) Field Representative(s):

Recorder:

Contracting Officer or Designated Representative

Advisor:

Legal Counsel:

Performance Monitors:

TBD

APPENDIX 2; AWARD TERM ALLOCATIONS BY EVALUATION PERIODS

The award term earned by the Contractor will be determined at least 12 months before the completion of each previous contract term. There will be five evaluation periods. An award term of between 0 (no award) and 5 years may be earned during each evaluation period. Any award term less than the maximum may not be made up in subsequent periods.

The Government provided for a base contract period of five years plus five award term increments of up to five years each for this contract. Evaluation periods are as follows:

[NOTES: "DAC" refers to date of original contract award.

"DAT" refers to date of award term period award.

“XX” refers to length of current award term (0 to 60 months).]

Base evaluation period	DAC through DAC + 48 months
Award term evaluation period ONE	DAT through DAT + XX months
Award term evaluation period TWO	DAT through DAT + XX months
Award term evaluation period THREE	DAT through DAT + XX months
Award term evaluation period FOUR	DAT through DAT + XX months
Award term evaluation period FIVE	DAT through DAT + XX months

APPENDIX 3; EVALUATION CATEGORIES

The Contractor's overall performance during each evaluation period will be evaluated based on its success in three categories: 1) operational effectiveness; 2) total ownership cost; and 3) customer satisfaction. Category 1 is more important than category 2 and category 2 is more important than category 3. Performance-based metrics will be used to support award term evaluations. The approved Performance Measurement Plan will provide an entering position for development of the award term performance metrics. Within 180 days of contract award the Government and Contractor will establish a team to develop the final award term performance metrics. The Government will have final approval authority.

5.1 OPERATIONAL EFFECTIVENESS

Evaluation of the Contractor's performance in maximizing operational effectiveness will be based on the ATEB's subject matter expert analysis, comparing the actual results with the proposed operational effectiveness and using that as the stating point to figure out if and why the actual and proposed operational effectiveness are different. Allowing for factors beyond the Contractor's control and responsibility, the ATEB will evaluate whether the Contractor actually achieved its proposed operational effectiveness objectives for the period. The ATEB will consider:

(a) Proposed Operational Effectiveness

Proposed operational effectiveness improvements will be based upon a MarOpsSim (or comparable, Government-approved Contractor model) analysis of the contractor's implementation plan and concept of operations at the beginning of the current evaluation period. The most recently Government approved revision to the implementation plan and concept of operations will be used for the analysis. Should the Government, for any reason, including to account for factors outside the contractor's control, require subsequent changes to the implementation plan or concept of operations, the analysis baseline will be updated to reflect those changes and the proposed operational effectiveness will be adjusted accordingly.

(b) Actual Operational Effectiveness

Actual operational effectiveness improvements will be based on Operational Test and Evaluation results, actual metrics and data and operational subject matter experts' assessments. Analytical tools such as MarOpsSim may also be used to assess actual effectiveness, revising the assumed inputs at start with actual demands and asset availability.

(c) Technology Infusion

Technology infusion will be based on the extent to which the IDS specifications and orders revisions throughout the period to leverage new opportunities actually overcame difficulties encountered with the start-of-period specifications and orders and demonstrably improved operational effectiveness. This evaluation may include market surveys of similar IDS systems

engineering and asset design, construction and support by competitors of the Contractor. It may also use the information developed for Technology Refreshment specified in the System Integration and Management orders.

5.2 TOTAL OWNERSHIP COST

Evaluation of the Contractor's performance in minimizing total ownership cost will be based on the ATEB's subject matter expert analysis. Allowing for factors beyond the Contractor's control and responsibility, the ATEB will evaluate whether the Contractor actually achieved its proposed total ownership cost objectives for the period. The ATEB will consider:

(a) Proposed Total Ownership Cost

Proposed total ownership cost (TOC) will be based upon the contractor's IDS TOC estimate at the beginning of the current evaluation period. The most recently Government approved revision to the implementation plan and TOC estimate will be used for the evaluation. Should the Government, for any reason, require subsequent changes to the implementation plan or concept of operations, the analysis baseline will be updated to reflect those changes and the TOC estimate will be adjusted accordingly.

(b) Actual Total Ownership Cost

Actual total ownership cost will be based on IDS order costs; other costs incurred directly by the Government and chargeable to Deepwater appropriations; and savings and costs outside the IDS incurred by Coast Guard assets or operations that are not funded by Deepwater appropriations but are directly affected by IDS implementation. Validation and verification of life cycle cost estimates with data collected during the evaluation period will be used to adjust out year costs for the remainder of the IDS life cycle.

(c) Cost Control Measures

Cost Control Measures will be based on the extent to which IDS specifications and orders were revised throughout the period to leverage new technology opportunities and demonstrably minimized total ownership cost. This evaluation may include assessments of Systems Integrator-fostered competition at the major subcontractor level; project management structure and processes to control costs, market surveys of similar assets and major subsystems.

5.3 CUSTOMER SATISFACTION

Evaluation of the contractor's performance in the customer satisfaction category will be based on periodic survey results received during the evaluation period. Three groups will be surveyed: users (including but not limited to; Operational crews, Maintenance activities, Area Operational and Support Staffs), program/support managers, and project managers. Surveys will be conducted at the start of the contract and at least annually thereafter and may be continuously updated via web based technology. Each group will assess the contractor's performance from its perspective, measuring to what degree the contractor has met or exceeded customer expectations in performance of contract requirements. Actual survey questions, format, and procedures will be mutually developed by the Government and the Contractor, with the Government having the

final approval authority. Categories may include system availability, readiness, logistics support, maintainability, and supportability. The Government will provide written copies of resulting surveys to the Contractor following completion and analysis of the survey.

APPENDIX 4: AWARD TERM RATINGS

In evaluating Contractor performance, the following adjectives and award term guidelines will be used:

Adjective Rating	Award Term	Criteria
Excellent	5 years	The Contractor's overall performance record strongly supports its ability to manage risks and actually deliver as planned. Within the factors over which it has control, the Contractor has made significant positive contributions to maximizing operational effectiveness and minimizing TOC. Customer satisfaction rating metrics are consistent with maximized operational effectiveness and minimized TOC.
Good	3-4 years	The Contractor's overall performance record supports its ability to manage risks and actually deliver as planned. Within the factors over which it has control, the Contractor has made positive contributions to maximizing operational effectiveness and minimizing TOC. Customer satisfaction rating metrics are consistent with maximized operational effectiveness and minimized TOC.
Marginal	1-2 years	While inconsistent, the Contractor's overall performance record support its ability to manage risks and actually deliver as planned with minor management and process changes. Within the factors over which it has control, the Contractor has made some positive contributions to maximizing operational effectiveness and minimizing TOC. Customer satisfaction rating metrics are somewhat positive but inconsistent or neutral with regard to maximized operational effectiveness and minimized TOC.
Unacceptable	0 years	The Contractor's overall performance record does not support its ability to manage risks and actually deliver as planned. Within the factors over which it has control, the Contractor has not made positive contributions to maximizing operational effectiveness and minimizing TOC. Customer satisfaction rating metrics indicate poor contractor

performance toward maximizing operational effectiveness and minimizing TOC.