

**FA9101-22-R-B001**

**Attachment 5**

**Award Fee Term Plan**

**7 February 2023**

**DRAFT**

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## 1.0 INTRODUCTION

- 1.1 This Award Fee/Term Plan (hereafter referred to as the “Plan”) is the basis for evaluating contractor performance for the Test Operations and Sustainment (TOS) II contract at the Arnold Engineering Development Complex (AEDC) and for presenting an assessment of that performance to the Fee/Term Determining Official (F/TDO). This plan describes criteria and procedures used to assess the contractor’s performance and to determine the amount of Award Fee earned and Award Term options that may be awarded. Determination of the actual Award Fee/Term options are unilateral decisions made solely at the discretion of the Government.
- 1.2 This Plan implements Special Contract Requirement H119, Award Fee and Award Term (Date: TBD) set forth in the contract. The Award Fee will be provided to the contractor through unilateral contract modifications. This Award Fee/Term Plan satisfies the requirements of AFI 63-138, Acquisition of Services, for a Quality Assurance Surveillance Plan for the functions covered under Award Fee. The Award Fee contract surveillance documentation will be maintained electronically in a local platform, currently identified as the TOS II Contract Management Information System, in lieu of Surveillance and Performance Monitoring (SPM). SPM will be utilized to maintain the Contracting Officer’s Representatives (CORs) training documentation and the surveillance items specific to non-Award Fee functions.
- 1.3 The Award Fee/Term incentives are intended to be motivational tools. The Award Fee/Term Review Board (AF/TRB) and the F/TDO shall not hesitate to use significant swings, positive or negative, in the rating from one Award Fee Period to another if performance changes. There is neither a requirement nor a presumption that the rating for a given Period will become a baseline for the rating applicable to future Periods.
- 1.4 This Plan is intended to incentivize excellent performance in meeting day-to-day operational requirements while accomplishing the long-term strategic requirements as described in contract Attachment 6, Statement of Objectives (SOO). Performance measures will be established each evaluation Period in accordance with Section 3.2 that address both types of requirements. Not all performance measures, objectives, emphasis, and improvement areas will be equal in terms of overall contractor performance assessment. As with any business, our objectives are to satisfy our customer’s requirements, take care of our people, and preserve our ability to meet future customer needs. Many elements of performance that will be measured are merely indicators of trends. The AF/TRB and F/TDO will ensure the performance evaluators maintain this balanced perspective in the assessment of individual measures and the impact of those measures on overall goals and objectives. From the initial evaluation Period, strong attention must be placed on implementing

and achieving the results of the long-term objectives. The AF/TRB and the F/TDO will consider how well the contractor achieves all performance measures in determining the Award Fee score. The total possible contract term is thirteen years, which includes a transition and base Period, seven 1-year regular options, four 1-year Award Term options, and a six-month extension if CLIN 1303, Option to Extend Services (Up to Six Months), is exercised. The Contracting Officer will exercise Award Term Periods through unilateral contract modifications, subject to the Availability of Funds clause (See Section I, FAR Clause 52.232-18), together with a Determination and Findings that the award of the Term Period meets the conditions of FAR 17.207(c). The Award Term evaluation Period will commence at the beginning of contract years three and four and years seven and eight if all preceding options are exercised. The Award Term option process is described in Section 8.0 of this Plan.

## **2.0 ORGANIZATION AND RESPONSIBILITIES**

- 2.1** The Award Fee/Term organization displayed in Figure 1 consists of the F/TDO, the AF/TRB, and the performance monitors.
  - 2.1.1** The F/TDO will be the Air Force Program Executive Officer for Combat and Mission Support of designee. The F/TDO may be assisted by a group of advisors from other activities including, but not limited to, AFPEO/CM, HQ SAF/AQ, HQ AFMC, and HQ AFTC staff members.
  - 2.1.2** The AF/TRB will consist of the Program Manager (PM), AEDC Commander (CC), and the Administrative Contracting Officer (ACO). The AEDC Commander may delegate responsibility to the AEDC Vice Director based on availability.
  - 2.1.3** Performance monitors include the Functional Directors (FDs) and CORs. FDs are identified by position in Figure 1.

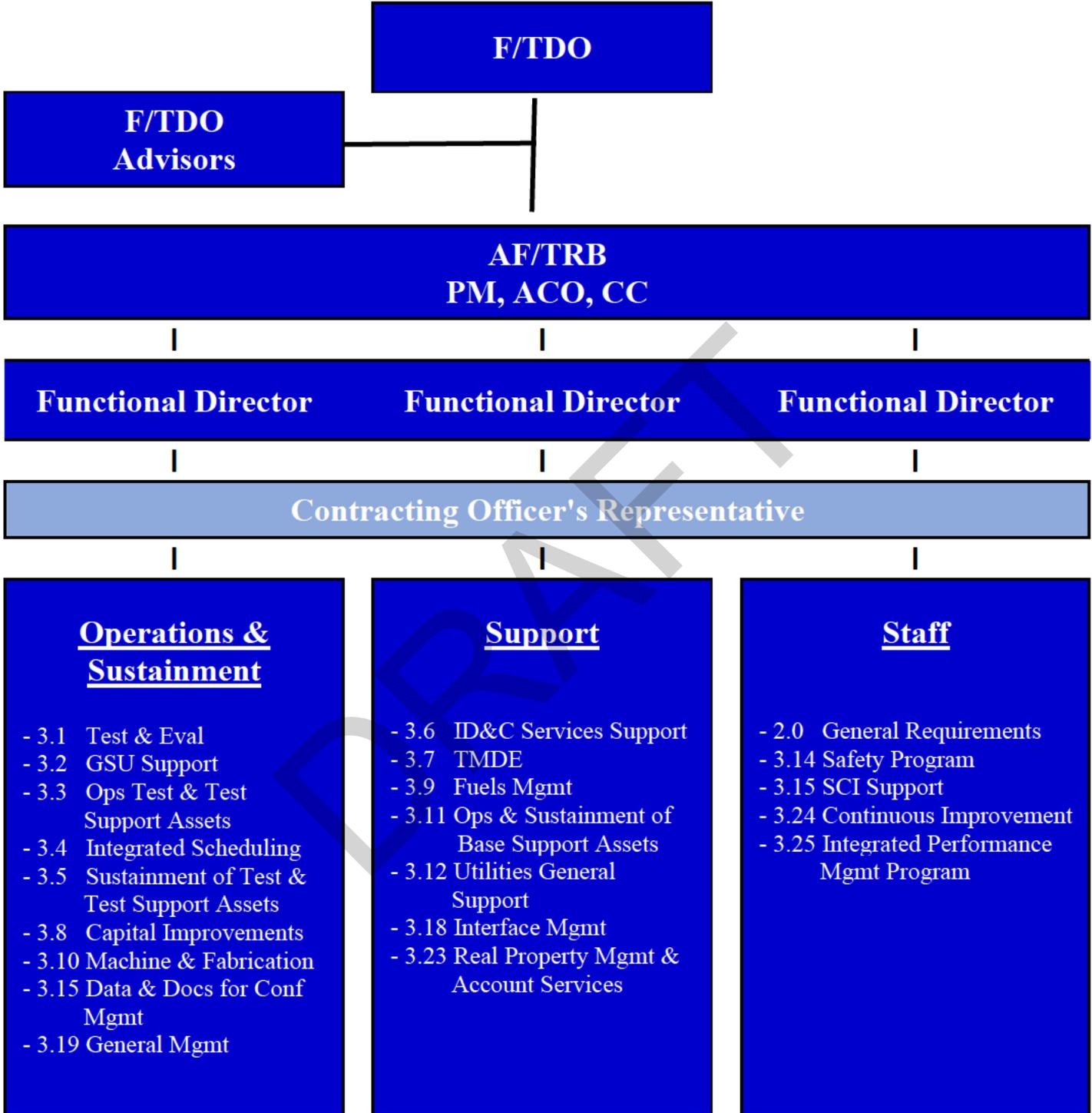


Figure 1. Award Fee/Term Plan

2.2 The responsibilities of the various Award Fee/Term members are:

- 2.2.1 Fee/Term Determining Official (F/TDO).** The F/TDO will approve the Plan and any significant changes to it. The F/TDO will approve the members of the AF/TRB. Within 45 days after each evaluation Period, the F/TDO will review the recommendation of the AF/TRB; consider all appropriate data; determine the amount of Award Fee earned and payable to the contractor; determine if an Award Term Period is to be awarded; and advise, in writing, the contractor and ACO of the fee determined along with a description of the contractor's strengths, areas for improvement, emphasis and additional considerations for future Periods.
- 2.2.2 Award Fee/Term Review Board (AF/TRB).** The AF/TRB will review the performance monitors' evaluations of the contractor's performance; the contractor's self- assessment, CDRLs, DCAA/DCMA reports, special audits, inputs from AEDC customers, and any pertinent information from other technical or contracting sources to arrive at a fee recommendation to be presented to the F/TDO. The AF/TRB will recommend any changes to this Plan to the F/TDO.
- 2.2.3 Program Manager (PM).** The PM Chairs the AF/TRB and is the designated individual with responsibility and authority to provide programmatic oversight of the TOS II contract in its entirety. The PM is accountable for credible cost, schedule, and performance reporting to the F/TDO. The PM serves as the primary AEDC interface with the TOS II General Manager, ensuring that interests and concerns of all FDs are addressed. The PM briefs the F/TDO on contractor performance and the recommended Award Fee for the Period under review.
- 2.2.4 Administrative Contracting Officer (ACO).** The ACO serves on the AF/TRB. The ACO is the liaison between contractor and Government personnel. The ACO ensures an audit trail is in place that substantiates the AF/TRB recommendation and F/TDO determination. Specific responsibilities include transmitting the F/TDO Award Fee/Term letters to the contractor; preparing and distributing the modification awarding the Fee/Term; notifying the contractor of any changes to the Plan; and providing orientation and guidance to AF/TRB members, FDs, and CORs to assist them in performing their respective evaluation duties. The ACO maintains appropriate Award Fee documentation as a part of the official contract file.
- 2.2.5 Functional Directors (FD).** FDs are senior Government officials, e.g. Division Chiefs/Deputies, responsible for services performed by the contractor. FDs monitor the contractor's operations and provide

Award Fee/Term evaluations in accordance with this Plan; establish performance measures in conjunction with the contractor as appropriate; and designate CORs who will assess and document contractor performance in their respective areas. FDs evaluate performance; document strengths, weaknesses, and areas for improvement or emphasis; and maintain written or electronic records of their evaluations. FDs assist with the preparation of the initial contract performance report (ICPR), interim feedback reports and the end-of-Period performance evaluation reports and brief them to the AF/TRB or F/TDO as requested.

**2.2.6 Contracting Officer Representatives (CORs).** CORs assist the FD in monitoring and evaluating the contractor's performance in their assigned evaluation area(s). CORs assist in the development of performance measures; validate the results of measures; bring significant problems or issues to the attention of the FDs; obtain input from subject matter experts (SMEs), as appropriate; and assist and advise the FD in refining and improving the surveillance, evaluation, and reporting process. SMEs will respond to requests from CORs and should voluntarily call the COR's attention to contractor performance which exceeds or falls short of contract standards. CORs maintain written records of the contractor's performance and help prepare interim feedback reports and end-of-Period evaluations as directed by the FD and this Plan. CORs may brief the AF/TRB at midterm or the end of the evaluation Period at the request of the AF/TRB.

**2.2.7 Recorder.** AFTC/PZZ (Arnold) is the recorder and is a non-voting member of the AF/TRB. The recorder is responsible for coordinating the administrative actions required by the CORs, FDs, AF/TRB, and F/TDO. These actions include receipt, processing, and distribution of evaluation reports from all required sources; scheduling and assisting with internal evaluation milestones, such as briefings; and accomplishing other actions required to ensure the smooth operation of the Award Fee process. The ACO may serve as the recorder.

### **3.0 EVALUATION REQUIREMENTS**

Before an evaluation Period is started, the Government may unilaterally modify the Award Fee measures or goals and their relative importance in determining the Award Fee for a given evaluation Period. The FD, with the assistance of the CORs, and the contractor will meet to discuss the goals and measures. Occasionally, it may be impractical for all measures to be finalized before the beginning of the Award Fee Period; in such cases, the measures will be finalized as soon as practical after the Period begins. If the Contracting Officer or COR does not give specific notice to the contractor of any change to the goals and measures prior to the start of a new evaluation Period, then the same ones listed for the preceding Period will be used in the following Award Fee evaluation Period as appropriate. Before a

given evaluation Period is started, the Government may also unilaterally identify special emphasis areas for a given evaluation Period and a portion of the Award Fee pool for that evaluation Period may be set-aside. The Contracting Officer will provide written notice of these changes in Annex 2, as warranted, before the relevant evaluation Period is started.

#### **4.0 AWARD FEE PROCESS**

**4.1** The Award Fee process utilizes two Performance Assessment Areas (PAA) of consideration: Contract Requirements and the Emphasis Areas. The measures within the PAAs are determined before the start of each award Period and documented on the Plan's Annex 2.

**4.1.1** The Annex 2 Performance Assessment Areas (PAAs) are:

**4.1.1.1** Contract Requirements: The Contract Requirements are objective requirements which encompasses the Performance Work Statement (PWS), contract requirements, and deliverables. The PWS describes the work to be performed over the span of this contract in broad terms.

**4.1.1.2** Emphasis Areas: The Emphasis Areas are subjective requirements of the PAA which are derived at the beginning of each Award Fee Period. This may include any additional emphasis and considerations from the F/TDO from previous Periods if they are still applicable. The Emphasis Areas in the PAA implements the vision for AEDC during contract performance.

**4.1.2** To enhance the effective accomplishment of this work, the PAAs will be developed utilizing an assessment matrix, Annex 2, for each evaluation area. This matrix specifies clear and achievable performance objectives for the Period being evaluated, including standards that characterize various degrees of performance. Performance measures will be used to assess the contractor's performance in meeting day-to-day operational requirements and accomplishing the objectives as set forth in the Emphasis Areas.

**4.1.2.1** The Annex 2 PAA measures are prepared prior to the beginning of each evaluation Period by the FDs, working in partnership with their contractor counterparts. The collective, formal guidance will be provided to the contractor's team at a pre-Period performance expectation meeting that will be held no less than 30 days prior to the beginning of the Award Fee Period.

**4.1.2.2** Performance measures may include key measures from the Performance Standards identified in the PWS. The FDs and the AF/TRB will conduct an overall assessment of how effectively each performance evaluation area supported the overall mission. Though there is considerable emphasis placed on the discrete goals and standards, there are many elements of the PWS that are not explicitly addressed by any of these criteria. In these cases, the expectation is that all PWS requirements are performed in a manner and at a performance level sufficient to support sound business, maintenance, operational, and support decisions during contract performance. When performance in these elements either significantly impact performance – positive or negative – then FDs are expected to consider those impacts in overall assessments of the contractor’s performance.

**4.1.2.3** The specific measures and goals for each performance evaluation area will vary based on specific performance requirements. Performance goals for each Period will be established in most cases by mutual agreement between the FD and the contractor. The PM will be the decision authority should the FD and contractor fail to reach a mutual agreement. The performance measures and goals generally do not change during the Period, however there may be exceptions, e.g. improvement or emphasis set forth in the F/TDO letter shall be incorporated into the performance assessment matrices.

**4.1.3** Measures may be less than excellent for sound reason and still result in excellent overall functional ratings when the mission is effectively supported as determined by the FDs and the AF/TRB. Likewise, measures can be excellent and result in less than excellent overall ratings due to ineffective mission support within the contractor’s control. How well the contractor achieves these performance objectives, plus any additional considerations, serve as the primary basis for evaluating the contractor’s performance for each Award Fee Period evaluation.

**4.1.3.1** A performance color code will be assigned by the FD, with the assistance of the CORs, representing Excellent, Very Good, Good, Satisfactory, or Unsatisfactory performance for each performance measure. The assigned performance color code blends the objective and subjective assessment of performance, based on the performance measures, emphasis criteria and any additional considerations.

**4.1.3.2** An integrated assessment is conducted by all FDs assessing not

only the specific functional area measures, but how effectively the functional area supported mission accomplishment. The FDs are responsible for evaluating whether or not the contractor met all contractual requirements each Period. The FDs will ensure that overarching PAAs are assessed within the evaluation area most applicable to the subject and not included in multiple FD assessments. The FDs are also responsible for identifying the tools, strategies, and methods used to evaluate the contractor's performance. If a performance standard listed in the PWS is not captured in a measure for a particular Period, the FD shall ensure it is clearly identified on Annex 2 as Not Rated.

- 4.2 Measures are indicators of process performance and not determinants of contract performance. These ratings form the basis of the FD's integrated assessment of the contractor's overall performance at the end of each evaluation Period. Inevitably, some performance measures will be affected by Government decisions, funding, or interdependency of roles among Government and various contract supported organizations. The FDs and the contractor should be diligent in this regard and highlight such situations when they occur. The FD may mitigate the assessment, if appropriate for the circumstances, or eliminate the measure from fee consideration during a Period where this occurs. The contractor is expected to work with the FD on a regular basis to assess and highlight the factors affecting performance in each area to better establish both baseline assumptions and environmental changes that impact expected outcomes or performance. Annex 4 provides the Award Fee pools available for each evaluation Period.
- 4.3 The contractor may submit to the ACO a brief, written self-evaluation of its performance within ten (10) working days after the midpoint and after the end of each Period. This self- evaluation shall not exceed thirty (30) pages.
- 4.4 The AF/TRB or the F/TDO may request the contractor give a presentation describing its performance for the Period.
- 4.5 The F/TDO makes the fee determination at the conclusion of the AF/TRB presentation. The AF/TRB presentation is scheduled to occur within 45 days of the end of the evaluation Period. The F/TDO letters are usually signed the same day as the AF/TRB presentation and fee determination.
- 4.6 The ACO prepares a contract modification awarding the determined fee and issues the F/TDO letters. The modification is prepared the next workday following the fee determination.
- 4.7 The contractor may voucher for the Award Fee immediately upon receipt of the contract modification authorizing its payment. Normally, the voucher will

be processed the next workday following the fee determination. The Government will pay the voucher within 14 workdays after the fee determination.

## **5.0 SURVEILLANCE**

- 5.1** The TOS II PM will conduct an initial contract performance review (ICPR) within 30 days after completion of transition in accordance with AFI 63-138. This initial review shall be reported to AFPEO/CM and will include an assessment of the schedule, management, technical, and cost performance. Negative variations in cost, schedule, staffing, and performance shall be reported with an assessment of the root causes and corrective action plan. Significant modifications to the contract made since contract award shall be included in this report as a special interest item. The color ratings identified in Annex 2 will be utilized.
- 5.2** AEDC senior leadership is fully aware of the critical role CORs play in ensuring contractors meet their contract commitments. The CORs ensure proper development of requirements and assist the Contracting Officer in managing their contracts. All CORs will be nominated, trained, and appointed (designated) in accordance with DoDI 5000.72, DoD Standard for Contracting Officer's Representative Certification. The COR supervisor at AEDC is typically the Division Chief or their designee, Deputy Director, or Chief that actively participates throughout the entire contract oversight and evaluation process. These senior leaders are responsible for nominating CORs with the requisite level of technical experience and knowledge needed to provide constant surveillance of the contractor. The COR supervisor, Contracting Officer, and Quality Assurance Program Coordinator (QAPC) will ensure all COR training is accomplished prior to award of the contract as well as after contract award. The CORs will be expected to maintain the appropriate level of competency (certifications, knowledge, skills, abilities, etc.) needed to effectively perform their duties throughout the course of the contract. The CORs will use the PWS, the Plan, and other similar documentation as permitted by AFI 63-138, Acquisition of Services, to ensure contractors comply with all contract requirements.
- 5.3** The TOS II PM will conduct an initial contract performance review (ICPR) within 30 days after completion of transition in accordance with AFI 63-138. This initial review shall be reported to AFPEO/CM and will include an assessment of the schedule, management, technical, and cost performance. Negative variations in cost, schedule, staffing, and performance shall be reported with an assessment of the root causes and corrective action plan. Significant modifications to the contract made since contract award shall be included in this report as a special interest item. The color ratings identified in Annex 2 will be utilized.
- 5.4** AEDC senior leadership is fully aware of the critical role CORs play in ensuring contractors meet their contract commitments. The CORs ensure proper

development of requirements and assist the Contracting Officer in managing their contracts. All CORs will be nominated, trained, and appointed (designated) in accordance with DoDI 5000.72, DoD Standard for Contracting Officer's Representative Certification.

- 5.4.1 The COR supervisor at AEDC is typically the Division Chief or their designee, Deputy Director, or Chief that actively participates throughout the entire contract oversight and evaluation process. These senior leaders are responsible for nominating CORs with the requisite level of technical experience and knowledge needed to provide constant surveillance of the contractor.
- 5.4.2 The COR supervisor, Contracting Officer, and Quality Assurance Program Coordinator (QAPC) will ensure all COR training is accomplished prior to award of the contract as well as after contract award. The CORs will be expected to maintain the appropriate level of competency (certifications, knowledge, skills, abilities, etc.) needed to effectively perform their duties throughout the course of the contract.
- 5.4.3 The CORs will participate in pre- and post-award activities and will provide the surveillance outlined by the Contracting Officer in the COR's Designation Memorandum.
- 5.4.4 The CORs will use the PWS, the Plan, and other similar documentation as permitted by AFI 63-138, Acquisition of Services, to ensure contractors comply with all contract requirements.

## **6.0 COMPUTATION OF AWARD FEE**

- 6.1 The base fee under this contract is \$0. Rollover of unearned Award Fees is not permitted. Partial or provisional payments of the anticipated Award Fee amount are not authorized. The maximum payable Award Fee in any evaluation Period shall be determined based on the Award Fee pool amounts set forth in the contract and a percentage based on the Government's evaluation of the contractor's performance, as depicted in Table 1 below.
- 6.2 Before removing, replacing, or diverting either of the two positions identified below, the Contractor shall notify the Contracting Officer in advance, submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this contract, and request coordination for this change. Unless coordinated in advance, in writing by the Contracting Officer, should these two positions be removed, replaced, or diverted within the first two years of Period of performance, or for a replacement Critical Key Person within two years of being placed in the position, the contractor's Award Fee may be reduced during the applicable Period for each occurrence.

Positions  
 General Manager  
 Deputy General Manager

*Table 1: Award Fee Computation Matrix*

Rating	Point Score	% Award Fee Pool Available to be Earned
<b>Excellent</b>	97 - 100	100
	94 - 96	95
	90 - 93	91
<b>Very Good</b>	87 - 89	90
	84 - 86	83
	81 - 83	76
<b>Good</b>	78 - 80	75
	75 - 77	63
	72 - 74	51
<b>Satisfactory</b>	69 - 71	50
	66 - 68	47
<b>Unsatisfactory</b>	≤ 65	0

## 7.0 INTERIM FEEDBACK

Performance feedback should be provided throughout the evaluation Period through various means, e.g. meetings, email, and by letter from the ACO. At a minimum, at approximately the midpoint of the evaluation Period, the AF/TRB chairperson will send an interim letter to the contractor that addresses strengths and weaknesses of the contractor's performance while emphasizing those areas needing improvement

## 8.0 AWARD PROCESS

**8.1** In addition to the Award Fee incentive, the contractor may be awarded up to four 1-year additional Award Term Periods of performance for Contract Years 5, 6, 9 and 10.

**8.1.1** In order to be awarded the Award Terms for contract years 5 and 6, the first three regular options must be exercised for Contract Years 2 through 4, and the requirements of the Award Fee/Term Plan and FAR 17.207(c) must be met. Additionally, the Award Term for Contract Year 5 must be awarded in order to earn the Award Term for Contract Year 6.

**8.1.2** In order to be awarded the Award Terms for contract years 9 and 10, the prior two regular options must be exercised for contract years 7 and 8, and the requirements of the Award Fee/Term Plan and FAR 17.207(c) must be met. Additionally, the Award Term for Contract Year 9 must be awarded in order to earn the Award Term for Contract Year 10.

**8.1.2.1** The Award Term evaluation Period will commence at the beginning of the Contract Years 3, 4, 7 and 8. The relationship between evaluation Periods and Award Term years is as follows:

*Table 2: Evaluation Period and Award Term*

<b>Evaluation Period</b>	<b>Contract Award Term Year</b>
Contract Year 3	Contract Year 5
Contract Year 4	Contract Year 6
Contract Year 7	Contract Year 9
Contract Year 8	Contract Year 10

**8.1.3** The Award Term for Contract Year 6 is not awardable if the preceding Award Term for Contract Year 5 is not awarded. The Award Term for Contract Year 10 is not awardable if the preceding Award Term for Contract Year 9 is not awarded. In the event an Award Term is not exercised, only the regular option Periods following the Award Term may be exercised, Contract Years 7/8 and 11/12, respectively.

**8.2** First Award Term:

**8.2.1** The contractor will be awarded the first Award Term year, Contract Year 5, if the following are met:

**8.2.1.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 3 equals or exceeds 85; and

**8.2.1.2** No F/TDO determined Award Fee score in either of the two Award Fee Periods in Contract Year 3 is less than 81; and

**8.2.1.3** The contractor has made substantial progress towards the Emphasis Areas as subjectively determined by the F/TDO; and

**8.2.1.4** The conditions in Section 8.1 above are met; or

**8.2.2** The contractor may be awarded the first Award Term for Contract Year 5 if the following are met:

**8.2.2.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 3 equals or exceeds 81 but is less than 85; and

**8.2.2.2** An overall assessment by the FDs and the AF/TRB results in a recommendation to the F/TDO to award the first Award Term year. This recommendation would be based on the contractor's demonstrated initiative, delivery of contract commitments, trends in mission accomplishment, cooperation, and integration within the overall AEDC team, and the perceived ability and capacity of the contractor to achieve performance worthy of extended contract performance. Though subjective overall, the recommendation and determination would be based on the record of performance, the perceived value of extending the business relationship, and the confidence the Air Force has in the contractor's ability to achieve excellent overall performance in subsequent Periods; and

**8.2.2.3** The contractor has made steady progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.2.2.4** The conditions in Section 8.1 above are met.

**8.2.3** The two scores used to determine the average are the point scores determined by the F/TDO through the Award Fee process.

**8.3** Second Award Term:

**8.3.1** The contractor will be awarded the second Award Term year, Contract Year 6, if the following are met:

**8.3.1.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 4 equals or exceeds 85; and

**8.3.1.2** No F/TDO determined Award Fee score in either of the two Award Fee Periods in Contract Year 4 is less than 81;

**8.3.1.3** The contractor has made substantial progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO;

**8.3.1.4** The contractor was awarded the Award Term for Contract Year 5; and

**8.3.1.5** The conditions in Section 8.1 above are met; or

**8.3.2** The contractor may be awarded the second Award Term year Contract Year 6 if the following are met:

**8.3.2.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 4 equals or exceeds 81 but is less than 85; and

**8.3.2.2** An overall assessment by the FDs and the AF/TRB results in a recommendation to the F/TDO to award the first Award Term year. This recommendation would be based on the contractor's demonstrated initiative, delivery of contract commitments, trends in mission accomplishment, cooperation, and integration within the overall AEDC team, and the perceived ability and capacity of the contractor to achieve performance worthy of extended contract performance. Though subjective overall, the recommendation and determination would be based on the record of performance, the perceived value of extending the business relationship, and the confidence the Air Force has in the contractor's ability to achieve excellent overall performance in subsequent Periods; and

**8.3.2.3** The contractor has made steady progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.3.2.4** The conditions in Section 8.1 above are met.

**8.3.3** The two scores used to determine the average are the point scores as determined by the F/TDO through the Award Fee process.

**8.4** Third Award Term:

**8.4.1** The contractor will be awarded the third Award Term year, Contract Year 9, if the following are met:

**8.4.1.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 7 equals or exceeds 85; and

**8.4.1.2** No F/TDO determined Award Fee score in either of the two Award Fee Periods in Contract Year 7 is less than 81; and

**8.4.1.3** The contractor has made substantial progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.4.1.4** The conditions in Section 8.1 above are met; or

**8.4.2** The contractor may be awarded the third Award Term year, Contract Year 9, if the following are met:

**8.4.2.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 7 equals or exceeds 81 but is less than 85; and

**8.4.2.2** An overall assessment by the FDs and the AF/TRB results in a recommendation to the F/TDO to award the first Award Term year. This recommendation would be based on the contractor's demonstrated initiative, delivery of contract commitments, trends in mission accomplishment, cooperation, and integration within the overall AEDC team, and the perceived ability and capacity of the contractor to achieve performance worthy of extended contract performance. Though subjective overall, the recommendation and determination would be based on the record of performance, the perceived value of extending the business relationship, and the confidence the Air Force has in the contractor's ability to achieve excellent overall performance in subsequent Periods; and

**8.4.2.3** The contractor has made steady progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.4.2.4** The conditions in Section 8.1 above are met.

**8.4.3** The two scores used to determine the average are the point scores as determined by the F/TDO through the Award Fee process.

**8.5** Fourth Award Term:

**8.5.1** The contractor will be awarded the fourth Award Term year, Contract Year 10, if the following are met:

**8.5.1.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 8 equals or exceeds 85; and

**8.5.1.2** No F/TDO determined Award Fee score in either of the two Award Fee Periods in Contract Year 8 is less than 81; and

**8.5.1.3** The contractor has made substantial progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.5.1.4** The contractor was awarded the Award Term for Contract Year 9; and

**8.5.1.5** The conditions in Section 8.1 above are met; or

**8.5.2** The contractor may be awarded the fourth Award Term year Contract Year 10 if the following are met:

**8.5.2.1** The average Award Fee point score over the two Award Fee Periods in Contract Year 8 equals or exceeds 81 but is less than 85; and

**8.5.2.2** An overall assessment by the FDs and the AF/TRB results in a recommendation to the F/TDO to award the first Award Term year. This recommendation would be based on the contractor's demonstrated initiative, delivery of contract commitments, trends in mission accomplishment, cooperation, and integration within the overall AEDC team, and the perceived ability and capacity of the contractor to achieve performance worthy of extended contract performance. Though subjective overall, the recommendation and determination would be based on the record of performance, the perceived value of extending the business relationship, and the confidence the Air Force has in the contractor's ability to achieve excellent overall performance in subsequent Periods; and

**8.5.2.3** The contractor has made steady progress towards achieving the Emphasis Areas as subjectively determined by the F/TDO; and

**8.5.2.4** The conditions in Section 8.1 above are met.

**8.5.3** The two scores used to determine the average are the point scores as determined by the F/TDO through the Award Fee process.

## **9.0 CHANGES TO THE AWARD FEE/TERM PLAN**

AF/TRB members and FDs may recommend changes at any time to this Plan. All changes to this Plan will be approved by the F/TDO. The Contracting Officer shall notify the contractor in writing of any changes. Unilateral changes may be made to the Award Fee/Term Plan if the Contracting Officer provides the contractor written notification 30 days before the start of an upcoming evaluation Period. Changes affecting a current evaluation must be by bilateral agreement.

## **10.0 CONTRACT TERMINATION**

**10.1** If the contract is terminated for convenience of the Government after the start of an Award Fee Period, the Award Fee earned will be determined by the F/TDO using the normal Award Fee evaluation. The remaining dollars for all subsequent Periods will not be considered available or earned and shall not be paid.

**10.2** If the contract is terminated for default (e.g., contractor's performance is less than Satisfactory), the contractor shall not earn any fee for the Period in which the

default occurred. Consequently, no additional Award Fee shall be paid during the termination settlement of the contract. Award Fee earned by the contractor for evaluation Periods completed prior to the effective date of the termination will not be affected by the termination unless other provisions of the contract require payback of previously earned fee.

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## ANNEX 1

### **Award Fee/Term Review Board**

Award Fee/Term Review Board Chairperson: TOS II Contract PM

Award Fee/Term Review Board Members: TOS II Contract PM

TOS II ACO

AEDC CC/VICE DIRECTOR

AFTC/PZ (Arnold) Recorder  
(non-voting)

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**ANNEX 2**

**Performance Assessment Matrix Master Template**

Performance Assessment Area - Objective Requirements										
LN #	PWS Standard	PWS Reference	Unsat 0-65	Sat 66-71	Good 72-80	Very Good 81-89	Excellent 90-100	Objective Score	Objective Score	
<b>Test and Evaluation 804TG</b>										
1	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								Test and Evaluation Color Score	804TG Total	
<b>Test Systems Sustainment 704TG</b>										
2	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								Test Systems Sustainment Color Score	704TG Total	
<b>Test Support TSD</b>										
3	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								Test Systems Mission Support Color Score	TSD Total	
<b>Corporate Services</b>										
4	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								Corporate Services Color Score	TSD Total	

Performance Assessment Area - Subjective Requirements										
LN #	PWS Standard	PWS Reference	Unsat 0-65	Sat 66-71	Good 72-80	Very Good 81-89	Excellent 90-100	Subjective Score	Subjective Score	
<b>Emphasis Areas</b>										
5	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								Emphasis Color Score	Emphasis Total	
<b>Reserved</b>										
6	Performance Measure	PWS	Specific Performance Criteria				SCORE	Line Score		
								XX Color Score	XX Total	

Annex 2 Note:

1. Each Performance Assessment Area will identify specific measures that will be evaluated during the Award Fee Period.
2. Each measure will have a point value range, corresponding color code, and measurement criteria. The corresponding color codes will be utilized:
  - a. Excellent - Dark Blue
  - b. Very Good - Light Blue
  - c. Good - Dark Green
  - d. Satisfactory - Light Green
  - e. Unsatisfactory – Red
3. The Total Award Fee Overall Color Score will be the basis for determining the Award Fee along with any adjustments made by the F/TDO.

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## ANNEX 3

### Ratings Definitions

The following rating definitions shall be employed in determining whether, and to what extent, the contractor has earned or may be entitled to receive any Award Fee. Mishaps that result in personnel injury or death, significant test article damage, or significant Facility damage due to negligence or complacency will prevail in determining the overall evaluation rating, notwithstanding the criteria below.

1. Excellent Performance:

- a. The contractor has exceeded almost all of the performance goals and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate for the Award Fee Period evaluation as defined below.
- b. The contractor is rated as excellent for most performance measures.
- c. There are few, if any, areas for improvement or recurring deficiencies; these areas are minor or are non-significant. The contractor has initiated effective programs to anticipate issues and implement solutions before deficiencies occur.
- d. Implements approved initiatives and achieves proposed results consistent with the Period being evaluated. Innovative management actions have resulted in significant tangible benefits to the Government in the form of improved quality, responsiveness, reduced cycle time, increased timeliness and/or economy, or generally enhanced effectiveness of operations.
- e. Collaborates with Government leadership to expertly and efficiently accomplish the AEDC mission and maintain the AEDC infrastructure.

2. Very Good Performance:

- a. The contractor has exceeded many of the performance goals and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate for the Award Fee Period evaluation as defined below.
- b. The contractor is rated very good for most performance measures. Although there are areas of excellent performance, these are more or less offset by lower rated performance in other performance evaluation areas.
- c. There are few areas for improvement or recurring deficiencies. If any, none are

serious or result in significant mission impact; and the contractor has demonstrated or taken satisfactory corrective action

- d. Maintains current and accurate contract cost baseline and effectively controls cost.
  - e. Implements approved initiatives with moderate results consistent with the Period being evaluated. Innovative management actions have resulted in tangible or intangible benefits to the Government.
  - f. Responds to changing requirements and Government direction in a timely manner. Maximizes efforts to develop plans implementing requirements and changes. Maintains open communication channels with the Government.
3. Good Performance:
- a. The contractor has exceeded some of the performance goals and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate for the Award Fee evaluation Period as defined below.
  - b. The contractor is rated good for most performance measures. Although there are areas of very good or better performance, these are more or less offset by lower rated performance in other performance evaluation areas.
  - c. There are some areas for improvement or recurring deficiencies. While the improvement areas or deficiencies can be serious or have some mission impact, the contractor has demonstrated or taken satisfactory corrective action to resolve them and minimize the impact.
  - d. Maintains adequate cost control.
  - e. Implements some approved initiatives and achieves some results consistent with the Period being evaluated. Management actions taken or initiated have resulted in some demonstrated benefits to the Government.
  - f. Accommodates new requirements and responds to changing requirements in a timely manner; little negative impact on the mission.
4. Satisfactory Performance:
- a. The contractor has exceeded some of performance goals and has met overall cost, schedule, and technical performance requirements of the contract in the aggregate for the Award Fee evaluation Period as defined below.

- b. The contractor is rated satisfactory for most performance measures. Although there are areas of good or better performance, these are more or less offset by lower rated performance in other performance evaluation areas.
  - c. There are areas for improvement or recurring deficiencies. Although the improvement areas or deficiencies can be serious or have some mission impact, the contractor is taking actions to resolve them.
  - d. Minimal cost control.
  - e. Modest effort to implement approved initiatives with few results. Little tangible benefit is observable due to contractor effort or initiative.
5. Unsatisfactory Performance:
- a. The contractor failed to meet overall cost, schedule, and technical performance requirements of the contract in the aggregate for the Award Fee evaluation Period as defined below.
  - b. The contractor is rated unsatisfactory for failing to meet most performance measures.
  - c. Contractor performance fails to meet the requirements of the performance work statement. Improvement areas and recurring deficiencies result in significant impact to the AEDC mission. Little action, if any, by the contractor to address the problems.
  - d. Quality, responsiveness, timeliness, and/or economy in many areas require attention and action. Corrective actions have not been taken or are ineffective.
  - e. Repeated environmental or safety mishaps indicative of lack of attention.

**ANNEX 4**

**Award Fee Allocations by Period**

<b>Contract Period</b>	<b>Evaluation Period</b>	<b>Potential Award Fee</b>	<b>Evaluation Period</b>
<b>Base Option Period</b>			
1	1 Jul 24 through 30 Sept 24	\$TBD	1
	1 Oct 24 through 31 Mar 25	\$TBD	2
	1 Apr 25 through 30 Sep 25	\$TBD	3
<b>Regular Option Period</b>			
2	1 Oct 25 through 31 Mar 26	\$TBD	4
	1 Apr 26 through 30 Sep 26	\$TBD	5
3	1 Oct 26 through 31 Mar 27	\$TBD	6
	1 Apr 27 through 30 Sep 27	\$TBD	7
4	1 Oct 27 through 31 Mar 28	\$TBD	8
	1 Apr 28 through 30 Sep 28	\$TBD	9
<b>Award Term Option Periods</b>			
5	1 Oct 28 through 31 Mar 29	\$TBD	10
	1 Apr 29 through 30 Sep 29	\$TBD	11
6	1 Oct 29 through 31 Mar 30	\$TBD	12
	1 Apr 30 through 30 Sep 30	\$TBD	13
<b>Regular Option Periods</b>			
7	1 Oct 30 through 31 Mar 31	\$TBD	14
	1 Apr 31 through 30 Sep 31	\$TBD	15
8	1 Oct 31 through 31 Mar 32	\$TBD	16
	1 Apr 32 through 30 Sep 32	\$TBD	17
<b>Award Term Option Periods</b>			
9	1 Oct 32 through 31 Mar 33	\$TBD	18
	1 Apr 33 through 30 Sep 33	\$TBD	19
10	1 Oct 33 through 31 Mar 34	\$TBD	20
	1 Apr 34 through 30 Sep 34	\$TBD	21
<b>Regular Option Periods</b>			
11	1 Oct 34 through 31 Mar 35	\$TBD	22
	1 Apr 35 through 30 Sep 35	\$TBD	23
12	1 Oct 35 through 31 Mar 36	\$TBD	24
	1 Apr 36 through 30 Sep 36	\$TBD	25
<b>6-Month Period, Option to Extend Services</b>			
13	1 Oct 36 through 30 Mar 36	\$TBD	26