

SURVEILLANCE AND INCENTIVE FEE PLAN

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1.0 OVERVIEW

The Contractor’s performance for Aerospace Testing and Facilities Operations and Maintenance (ATOM), in accordance with Section C, Statement of Work (SOW), will be evaluated using this Surveillance and Performance Incentive Fee Plan. The evaluation criteria and incentive fee structure are outlined below.

1.1 GENERAL SURVEILLANCE:

The COTR will recommend an Alternate COTR to serve on behalf of the COTR whenever the COTR is unavailable to perform his/her duties.

The COTR will appoint Contract Technical Evaluators (CTEs) to serve as the COTR’s technical experts with the responsibility for providing technical clarification when necessary on specific tasks delineated in the contract. The COTR will meet with appropriate CTEs as technical milestones are achieved or at periodic intervals to evaluate and assess the Contractor’s performance and compliance with the contract.

The COTR, with assistance from the CTEs, review all material purchase requests issued by the contractor for appropriateness and to assure that the interests of the Government are maintained and that only task-specific procurements are made.

The COTR will conduct weekly meetings with the Contractor to review progress, plans, and problems or issues related to all tasks delineated in the contract.

The COTR will periodically hold meetings with the Contracting Officer to assess the performance of the contract and to resolve any problems/issues.

1.2 EVALUATION OVERVIEW

This contract is performance based and will utilize various methods to calculate fee based upon the defined acceptable quality levels for the performance of this contract. Tools used for assessing and determining Contractor performance and fee include negotiated Contract Task Orders (CTOs), the Contractor's Financial Management Report (NF 533M and NF 533Q), Required Monthly Technical Progress Reports, and this plan. The Cost Incentive fee is 25% of the total estimated fee (see 2.1 below). Performance Incentive is 75% of the total estimated fee (see 2.2 below).

2.0 EARNED COST AND PERFORMANCE INCENTIVE FEES

Both the cost and performance incentive fees will be evaluated, earned, and paid at the conclusion of the CTO. The evaluation of the cost and performance incentive fees will also be used in the determination to exercise options. Provisional performance incentive fee payments, pending the determination of the amount of performance incentive fee earned, will be paid to the Contractor on a monthly basis in accordance with Section G Clause G.10 *Incentive Fee Process* paragraph (e)(4).

2.1 COST INCENTIVE MEASUREMENT (25% of Total Estimated Fee). Contract Task Orders (CTOs) will be negotiated and issued to obtain, describe, and quantify the services required by NASA and also to establish incentives for the Contractor to potentially earn. Cost Incentive fee for this contract is used to reward the Contractor's cost performance on CTOs.

A minimum performance incentive fee score of 85 is required in order to earn Cost Incentive Fee above the minimum. The Cost Incentive Fee process is described in clause G.10, *Incentive Fee Process*, of the contract. Clause B.6, *Estimated Cost and Fees*, delineates the Target, Minimum, and Maximum fee percentages and the share ratios for determination of Cost Incentive Fee.

2.2 PERFORMANCE INCENTIVE MEASUREMENT (75% of Total Estimated Fee).

Performance Incentive Fee will be weighted and distributed as described in Appendix A of this document. The Government may issue a contract modification to revise areas of this plan prior to the start of any CTO. In addition, CTO-specific performance metrics will be included in the negotiation of project CTOs.

Fee for performance of a listed performance area is earned and paid at the fee percentages indicated within the areas below.

The Contractor shall submit Monthly Technical Progress Reports in accordance with Contract Data Requirement List number J.1(a)2. The reported items shall include the status of the standards of performance outlined below, and a corrective action plan for resolution of issues.

Not all efforts under this contract are included in the performance incentive fee; however, lack of inclusion in no way relieves the Contractor of the obligation to perform all delineated tasks as defined in the SOW and Contract Task Orders (CTOs). Due to the dynamic nature of the testing environment, customer commitments, and changing priorities, performance area requirements and metrics for 15 percent of the available

performance incentive fee will be negotiated prior to the start of each CTO by the CO, COTR, and Contractor with signed agreement documented.

The COTR will review and validate the information provided in the Monthly Technical Progress Report. The technical evaluators will be responsible for reporting any discrepancies to the COTR. The Contracting Officer (CO), with the support of the Contracting Officer’s Technical Representative (COTR), will review the report, along with other evaluation criteria stated herein, and determine if there were any actions by the Government, or any other mitigating circumstances, that should be considered in the performance incentive fee evaluation.

Performance area requirements and their respective weights are described below with their evaluation criteria included on Appendix A.

2.2.1 CUSTOMER SATISFACTION (25% of Available Performance Incentive Fee)

At the conclusion of each test program, the test facility organizations distribute a comprehensive questionnaire to the test customer representatives to obtain data in order to assess overall performance and determine areas needing improvement. For the purposes of the performance incentive fee evaluation, each test program will have an equal weighting into the overall Customer Satisfaction area, and will be used for twenty-five (25) percent of the available performance incentive fee.

The Test Customer satisfaction rating will be based on the attributes reflected in the Post Test User Survey received for the ArcJet Complex and Wind Tunnels. The survey instrument is fairly mature and consistent between facilities. Respondents may score any attribute “0” if they feel it is not observed or applicable for any model preparations, pre-test, operations, or post-test period or other area of effort they are evaluating. Possible scores are:

6	Strongly agree
5	Agree
4	Somewhat agree
3	Somewhat disagree
2	Disagree
1	Strongly disagree
0	Not observed or not applicable

The COTR will obtain copies of all Post Test User Survey forms. The ratings will be converted to a 0 to 100 percent score for each survey form and the scored ratings will be averaged for each test program. The average of the resultant average test program score for tests completed during the performance period will be used as the basis of the performance incentive fee in accordance with Appendix A of this document. Specific comments or suggestions for performance improvement will be discussed with the Contractor by the COTR and Contracting Officer after each assessment.

2.2.2 SAFETY, ENVIRONMENTAL, AND MISSION ASSURANCE (25% of Available Performance Incentive Fee)

Safety is an integral factor in the operation of the facilities. The Contractor will receive performance incentive fee based on the overall safety performance within the facility's services required by this contract. The COTR will obtain data concerning Safety, Environmental Compliance, and Mission Assurance based on the information submitted by the Contractor's Monthly Accident Report (CMAR) as well as, internal and external compliance inspections based on federal/state/local safety and environmental regulations, and completed safety training. The COTR will also conduct a survey to collect information from CTEs, and facility, test, and organization managers. The cumulative average rating from these surveys will be the basis for establishing the performance incentive fee for this area.

2.2.3 FACILITY UTILIZATION (25% of Available Performance Incentive Fee)

Facility Utilization is directly affected by: business development efforts; test planning, preparation, and execution; as well as facility maintenance, repairs, and calibration. The Contractor will receive performance incentive fee based on the overall facility utilization of the facility's services required by this contract. The COTR will obtain data concerning facility utilization from survey responses from CTEs, and facility, test and organizational managers. The cumulative average rating from these surveys will be the basis for establishing the performance incentive fee for his area.

2.2.4 ADMINISTRATION (10% of Available Performance Incentive Fee)

Administration includes achievement of contractual Small Business goals; accuracy and timeliness of NF533 Contractor Financial Management Report; documentation of, and adherence to applicable regulations and the Contractor's procurement processes.

3.0 NEGOTIATED FOCUS AREAS - EXAMPLES (15% of Total Performance Incentive Fee)

This area is to be negotiated prior to the start of an evaluation period and will delineate those issues that the organization(s), CO, COTR, and Contractor determine are important to focus on during the coming period. The actual portion of the performance incentive fee for this area will be determined by the number of focus issues or areas that are agreed upon by the CO, COTR, and Contractor.

Possible areas include: contract initiatives to improve safety, business development and contract management; initiatives undertaken by the contractor to improve testing services; investments and initiatives undertaken by the contractor for improvements in the non-test direct services such as maintenance, facility improvements, and other support services; activation activities for the anticipated Lunar Environment Arcjet Facility (LEAF) test facility – or other new/reactivated facilities – that are not covered under other Performance Incentive Fee areas.

APPENDIX A: PERFORMANCE INCENTIVE FEE					
Performance Area (% of available PERFORMANCE fee)	FOCUS	% within Area	Acceptable Quality Level (METRICS)		Surveillance Method & (Frequency)
2.2.1 Customer Satisfaction (25%)	Post Test User Review Reports	25%	Equivalent Survey Average Score	portion of fee for this area	Completed Post Test User Review Reports (average over 6 months)
			95-100	100%	
			60-94	Portion equivalent to score (e.g., score=70%, portion of fee=70%)	
			<60	0%	
2.2.2 Safety, Environmental Compliance and Mission Assurance (25%)	Safety & Environmental (S/E) Compliance	25%	Average Survey Score	portion of fee for this area	COTR Survey of CTE's to review: - Lost time and Reportable Injury rate versus industry standards - Incidents/close calls – IRIS - Results from internal and external Compliance Audit - Assessment of compliance with Contractor's safety plan and program s
			95-100	100%	
			60-94	Portion equivalent to score (e.g., score=70%, portion of fee=70%)	
			<60	0%	
2.2.3 Facility Utilization (25%)	Facility Utilization	25%	Average Survey Score	portion of fee for this area	COTR Survey of CTE's to review: - Actual versus Targeted Utilization - Facility Reliability - Completion of Preventive & Programmed Maintenance and Calibrations
			95-100	100%	
			60-94	Portion equivalent to score (e.g., score=70%, portion of fee=70%)	
			<60	0%	
			<60	0%	

2.2.4 Administrative (10%)	Procurement, including adherence to processes and Small Business (SB) Goals Compliance	5%	95-100	100%	Consent Package review and/or CO review of subcontract processes and documentation; review of progress towards subcontract goals in monthly technical progress report; and annual eSRS submittal
			60-94	Portion equivalent to score (e.g., score=70%, portion of fee=70%)	
			<60	0%	
	Contractor Financial Management Reports	5%	Accuracy / Timeliness	portion of fee for this area	Monthly and Quarterly NF 533; variance analysis
			Accurate;	100%	
			Variance Analysis if required on or before due date		
Inaccurate			0%		
No Variance Analysis					
Later than required SAP Input					
3. *Negotiated Focus Areas (15%)	<p style="text-align: center;">TO BE NEGOTIATED PRIOR TO START OF EVALUATION PERIOD</p> <p style="text-align: center;">*If no Focus Areas within a period, the 15% will be equally allocated to areas 2.2.1, 2.2.2, and 2.2.3</p>				