

# APPENDIX A

## Advance Understanding on Human Resources

### TABLE OF CONTENTS

	<b>PAGE</b>
<b>I. INTRODUCTION</b>	<b>1</b>
<b>II. DEFINITIONS</b>	<b>1</b>
<b>III. PAY POLICIES</b>	<b>4</b>
A. GENERAL PROVISIONS	4
B. JOB EVALUATION PROCESS	5
C. SALARY ADMINISTRATION	5
D. COMPENATION INCREASE PLAN AUTHORIZATION	7
<b>IV. ANCILLARY PAY COMPONENTS</b>	<b>8</b>
A. WORK SCHEDULE ASSIGNMENTS	8
B. OVERTIME	8
C. SHIFT DIFFERENTIAL	9
D. SHIFT TIE-INS, EARLY ARRIVAL, LATE DEPARTURE	9
E. TRAVEL PAY	9
F. HOLIDAY WORKED	9
G. REPORT PAY	10
H. EXEMPT EMERGENCY PAY	10
I. EMERGENCY RESPONSE TEAM HAZARDOUS DUTY PAY	10
J. EMERGENCY COMMAND VEHICLE (ECV) OPERATOR	10
K. OPERATIONS CONTROL CENTER (OCC) DUTY OFFICER (DO)	11
L. ELMWOOD EMERGENCY RESPONCE DUTY ROSTER	11
M. SEVERANCE PAY	11
N. PERFORMANCE BASED INCENTIVES	11
O. PAY IN LIEU OF NOTICE	12
<b>V. RETIREMENT, INSURANCE, AND OTHER BENEFITS</b>	<b>12</b>
A. SERVICE CREDITS	12
B. RETIREMENT	12
C. HEALTH AND WELFARE BENEFITS	13
D. UNEMPLOYMENT INSURANCE	16
E. FICA AND MEDICARE INSURANCE	16
F. WORKER'S COMPENSATION	16
<b>VI. LABOR RELATIONS</b>	<b>16</b>
A. COLLECTIVE BARGAINING	16

**APPENDIX A**  
**Advance Understanding on Human Resources**  
**TABLE OF CONTENTS (CONT.)**

	<b>PAGE</b>
<b>VII. LEAVES WITH PAY</b>	<b>17</b>
A. HOLIDAYS	17
B. VACATION	18
C. SICK LEAVE	19
D. OTHER LEAVES WITH PAY	20
<b>VIII. LEAVES WITHOUT PAY</b>	<b>21</b>
<b>IX. MILITARY LEAVE</b>	<b>21</b>
<b>X. TRAINING AND EDUCATION</b>	<b>22</b>
A. GENERAL PROVISIONS	22
B. TRAINING	22
C. EDUCATION	22
<b>XI. EMPLOYEE PROGRAMS</b>	<b>23</b>
A. MORALE AND MOTIVATION PROGRAMS	23
B. PATENT AWARDS	25
C. PROTECTIVE CLOTHING	25
D. COMMUNICATIONS	25
E. MEMBERSHIPS, REGISTRATIONS, AND LICENSES	26
F. EMPLOYEE ASSISTANCE PROGRAMS	26
G. PHYSICAL EXAMINATIONS	26
<b>XII. TRAVEL AND RELOCATION</b>	<b>26</b>
<b>XIII. RECRUITING</b>	<b>27</b>
<b>XIV. CONSULTANTS</b>	<b>27</b>

# **APPENDIX A**

## **Advance Understanding on Human Resources**

### **I. INTRODUCTION**

This Advance Understanding sets forth those Contractor Human Resource Management policies and related expenses, which have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of Contract work. Only those items of personnel costs and related expenses that are set forth herein, or specifically referenced in this Advance Understanding, are allowable costs by advance understanding under this Contract. The Contractor shall submit all written procedures and practices that implement the various sections of this Advance Understanding for approval by the Contracting Officer. Modifications to these procedures and practices shall also be submitted to the Contracting Officer for approval and shall not be binding for reimbursement purposes until approved by the Contracting Officer.

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that the allowable costs set forth herein are not exceeded, that expenditures are reasonable in accordance with prudent business practice, and that areas which require prior approval of the Department of Energy (DOE) Contracting Officer or designated representative are reviewed and approved prior to the incurrence of costs.

Either party may request that this Advance Understanding be revised and the parties agree to give consideration in good faith to any such request. Revisions to this Advance Understanding shall be accomplished by executing a Reimbursement Authorization or a contract modification approved by the Contracting Officer or designated representative.

This Advance Understanding is adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in this Advance Understanding to the Contracting Officer.

### **II. DEFINITIONS**

1. Adjustment. A change in salary required to establish either internal or external equity for a given position.
2. Average Rate. The rate determined by dividing the weekly straight-time pay by the number of hours worked during the payroll week when an employee works at more than one basic rate or more than one shift differential rate during a payroll week.

3. Away location. A work location other than the employee's regular work location.
4. Basic Earnings. The amount obtained by multiplying the number of hours worked by the basic rate.
5. Basic Rate, Job Rate, or Basic Salary. Rate of pay per hour, per week, or per month, exclusive of any premium, established for each job classification in accordance with the approved wage and salary schedules.
6. Basic Workday. An 8-hour day.
7. Basic Workweek. A 40-hour workweek.
8. Call-In. An employee is considered called in if he/she: (1) is contacted after leaving the parking lot and before the start of his/her next regular shift; (2) is requested to report at a time when previously scheduled to be off; or (3) is requested to and does report for work in less than 4 hours after the call.
9. Change of Classification. The placement of an employee in a new classification due to reassignment without change in salary range.
10. Contracting Officer. A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.
11. Contractor/Company. DynMcDermott Petroleum Operations Company.
12. Core Hours – The hours all employees must have included in their work schedule (9 a.m. to 3 p.m.).
13. Corporation. DynMcDermott Petroleum Operations Company.
14. Demotion. The permanent placement of an employee in a lower-rated job classification.
15. Domestic Partner. An individual who is neither married to an employee nor related by blood or marriage to the employee; is the employee's spousal equivalent or shares a domestic life with the employee; and shares a residence with the employee.
16. Employee. A person hired by and working for the Contractor.
17. Exempt Employees. Executive, Administrative and Professional employees who are exempt from certain provisions of the Fair Labor Standards Act.
18. Floating Holiday. An 8-hour holiday chosen by each individual employee with the concurrence of his/her supervisor.

19. Full-Time Service Employee. A permanent employee working on a regular 40 hour per week schedule entitled to company benefits.
20. Holiday Pay. A payment made to eligible employees because of a holiday, whether or not the employee performs work on the holiday.
21. Hours worked. Actual time worked excluding paid and unpaid time off (vacation, sick & other leaves, holidays) but including travel time beyond the normal home to work commute. Time spent on call typically does not qualify. Meal breaks are excluded if the time is used primarily to the employee's benefit.
22. Immediate Family. Employee's spouse or domestic partner; father, mother, step-father, or step-mother of the employee or the employee's spouse; brother or sister of the employee or the employee's spouse (domestic partner); children or step-children of the employee or the employee's spouse (domestic partner); grandparents and grandchildren of the employee or the employee's spouse (domestic partner); and any other relative living in the employee's household.
23. Merit Increase. An increase in the salary of an employee within the established rate range for his/her job classification, which is given for ratings of "meets expectations/3", "exceeds expectations/4" or "outstanding/5", performance.
24. Non-Exempt Employees. Employees subject to the provisions of the Fair Labor Standards Act. and who are compensated on an hourly basis.
25. Non-regular Work Schedule. A work schedule that can change from week to week in order to provide 24-hour coverage.
26. On-Call. Not time worked unless employees actually perform work or are so restricted that they can't reasonably use the time for their own purposes. Having to be available by phone or pager is not sufficient to require treatment as time worked.
27. Overtime Pay. A payment in addition to straight-time pay for all hours worked in excess of 40 hours within a payroll week.
28. Overtime Premium. The difference between a nonexempt employee's regular rate of pay for the shift involved and the higher rate paid for overtime. It does not include shift premium.
29. Part-time Service Employee: A permanent employee working on a regularly scheduled basis, but less than 30 hours per week.
30. Payroll Day. The 24-hour workday extending from midnight to midnight. Exception: Payroll day may vary from midnight to the 24-hour period beginning with the regularly assigned starting time of an employee's work shift.

31. Payroll Week. Seven consecutive days (168 hours) extending from 12:01 a.m. Monday to midnight the following Sunday. Exception: Payroll week may vary from 12:01 a.m. Monday to the beginning and ending time of an approved shift cycle.
32. Predecessor Contractor. DynMcDermott Petroleum Operations Company (DM).
33. Promotion. The permanent placement of an employee in a higher rated job classification due to an increase in the character or scope of his/her job assignment.
34. Reclassification. A change of job level, up or down, through formal evaluation of an existing job.
35. Regular Rate. Basic rate plus any applicable shift differential.
36. Regular Work Schedule. A work schedule of Monday through Friday, 8-hour days in New Orleans, Monday through Thursday or Tuesday through Friday (NO site only) 10-hour days at the sites and New Orleans, alternate work schedule 9-80 in New Orleans, 12-hour rotating shifts for site operation personnel.
37. Regularly Scheduled Shift. The normal hours of working time in each payroll day established for each employee by the employee's supervisor/manager.
38. Straight-time Pay or Straight-time Earnings. Amount obtained by multiplying the number of units of time worked by the straight-time rate per unit of time.
39. Shift Tie-Ins. Worked time overlapped during shift relief that goes beyond 12 hour shift.
40. Straight-time Rate. The rate of pay per hour, or per annum obtained by adding the applicable shift differential rate to the basic rate for the job classification assigned at the time the work is performed.
41. Termination. Voluntary separation, discharge, layoff, retirement, death, verified entry into the United States Armed Service, and/or removal from the payroll because of disability (as distinguished from disability absence where the employee is not removed from the payroll.)
42. Variable Pay. A bonus offered to all employees (excludes Executives) with three levels of distribution with increasing opportunity for earnings based on increase level of responsibility (craft and salaried non-exempt, technical and professional and Supervisors, foremen, and managers). Any award of variable pay would be based upon DM attaining DOE objectives resulting in earned fee of at least 90% of total available fee.

### III. PAY POLICIES

#### A. GENERAL PROVISIONS

The objective of the compensation administration program is to provide a level of compensation, which, within available funds, attracts, motivates, and retains a competent work force, maintains a competitive position to the market in which the organization competes, reflects the work of each position to the organization, and relates salary/wage increases to individual performance.

In establishing or modifying compensation levels, the Contractor will be guided by the following considerations:

1. The Contractor is a competitor in the local and regional labor market area for non-exempt personnel, and will adopt and maintain equitable compensation levels and benefit policies and practices commensurate with other comparable employers in the area within applicable Federal laws and regulations.
2. The Contractor recruits its exempt personnel from local, regional and national labor markets. Accordingly, compensation and benefit levels will be commensurate, equitable, and competitive with comparable positions in the industries and employment markets in which the SPR operates and competes.

#### B. JOB EVALUATION PROCESS

All positions administered under the Contractor's Salary Administration Program will be evaluated and classified into multiple job ranges classified as Administrative, Technical, Professional or Management. All jobs shall be described, evaluated and fitted into a performance evaluation system acceptable to the Contracting Officer. Job descriptions and the basis for evaluations shall be made available for Contracting Officer review upon request.

#### C. SALARY ADMINISTRATION

The Contractor shall submit all written compensation procedures and practices that implement the organization's compensation administration program for approval by the Contracting Officer. Modifications to these compensation procedures and practices shall also be submitted to the Contracting Officer for approval and shall not be binding for reimbursement purposes until approved by the Contracting Officer.

1. **Range Minimum and Maximum Rates.** A wage or salary range with a minimum and a maximum for each job has been established. Except as provided in subsequent sections, wage or salary payments will fall between the approved minimum and maximum of the rate ranges for each position. Salary ranges are based on market reference values gathered from surveys of comparable jobs in the appropriate market area and internal equity considerations. Salary ranges are adjusted periodically to reflect the movement of salaries for comparable positions at other organizations in the private sector. The salary ranges are managed within the range.

2. **Salaries Above the Salary Range.** An employee's rate may be established in excess of the maximum of the range for the applicable job classification when his/her job classification has been moved from a higher rate range and placed in a lower rate range. Employees whose salaries have reached the maximum for the range will receive merit awards in a lump sum payment that will not adjust the base salary.
3. **Hiring Rates.** Individuals are employed at wage or salary rates commensurate with the assigned job classification taking into consideration previous training, experience, and other factors such as market requirements, where applicable.
4. **Performance Appraisals.** Although other factors may be considered, performance must be the principle basis for recommending an increase in pay for an employee. The Contractor will establish and maintain an appropriate pay for performance system with increases based on performance level and salary range by position.
5. **Salary Increases.** Within the limits of fiscal resources available each year, the Contractor will strive to develop and maintain compensation programs that will attract and retain competent and productive employees and that facilitate achievement of objectives and business strategies in support of DOE missions in a cost effective manner. Pay adjustments will reflect performance measurements, including proficiency, effectiveness, and productivity. Employee performance appraisals will be made at periodic intervals; however, no salary increases should be implied or assumed to be paid to all employees on an annual basis.
6. **Promotions.** The Contractor shall promote employees from one level to another as warranted and may grant a salary increase to accompany the promotion. The salary increase accompanying a promotion shall be based upon merit and internal alignment. Annual promotional funding shall be included in the Compensation Increase Plan (CIP) request as a discrete line item. The request for promotional funding will be based upon actual use for the prior year and anticipated future use, such as classification restructuring.
7. **Demotions.** An employee, who has been voluntarily placed in a lower-rated job classification where his or her salary exceeds the maximum of the lower rate range, will experience a reduction in pay commensurate with the salary for the lesser position. The reduction in salary may occur immediately or may be drawn out over several months (not to exceed 12 months) so as to allow the employee to adjust to the lesser salary. An employee who by virtue of poor performance is demoted may receive a salary reduction aligned with the responsibilities of the lesser position. The reduction in salary may occur immediately or may be drawn out over several months (not to exceed 12 months) so as to allow the employee to adjust to the lesser salary. An employee who is demoted based on reorganization may be retained at his/her current wage/salary for up to 12 months provided that the employee's work performance remains satisfactory. Any employee who is demoted will only be eligible for salary increases as appropriate based on personal performance and market based salary range.



8. **Salary Approvals.** Consistent with Acquisition Letter 2007-02 entitled Executive Compensation, the approval of the Head of the Contracting Activity (HCA) is required for contractor compensation of senior executives earning up to \$250,000. The term “senior executive” means (1) the contractor’s Chief Executive Officer, or an individual acting in a similar capacity, and (2) the contractor’s four most highly compensated employees in management positions other than the Chief Executive Officer.

Consistent with the allowable cost provisions of the prime contract, approval of the Contracting Officer is required for contractor compensation of all key personnel (see Section J, Appendix G) and effective August 5, 2009, compensation of any individual contractor employee in excess of \$115,000 if a total of 50 percent or more of such compensation is reimbursed under this contract. The personnel in this paragraph exclude the five senior executives identified above which must be approved by the HCA.

The contractor shall propose and provide supporting documentation, per DOE Form 3220.5, on the base salary portion of total compensation 30 days in advance of the effective date, and 45 days in advance for base salary actions (including allowable variable pay) of the senior executives.

9. **Incentives.** The incentive portion of total compensation to be paid to an employee under an approved incentive plan and to be incurred as an allowable cost under the contract will be provided to the Contracting Officer within 30 days from the date of payment.
10. **Time and Attendance.** Time and attendance records are recognized as the basis of non-exempt pay and leave computations in accordance with the Fair Labor Standards Act (FLSA). Attendance records will be maintained for exempt employees through time recording to accommodate paid leave recording.
11. **Temporary Upgrade.** Eligible non exempt employees who temporarily perform work in a job of a higher-level classification than their normal job must be compensated per the Temporary Upgrade Procedure with the increase in responsibilities.

#### **D. COMPENSATION INCREASE PLAN AUTHORIZATION**

Each fiscal year, the Contractor shall develop a Compensation Increase Plan (CIP) based upon such factors as national and local surveys, area rates, and such other criteria as may be pertinent to the establishment of competitive salaries for the Contracting Officer's review and approval.

1. **Components and Process**
  - a) During the fourth quarter of each fiscal year, the Contractor will develop and submit the CIP for the Department of Energy (DOE) review and approval for the fund year of October 1 through September 30.

- b) The CIP will be stated as a percentage of the most current available projected eligible base payrolls.
- c) Adjustments to the general office salary ranges will be submitted for approval via the CIP submission.
- d) All changes in salary schedules will be submitted to DOE as soon as possible.
- e) The fund consists of a percentage of payroll at the end of the prior salary year (expressed as an annualized amount) and shall be the maximum allowed for granting increases for employees based on the components of merit, adjustments and reclassifications, and promotions. All such increases are charged to the fund on an annualized basis, the total of which shall not exceed the approved overall fund. However, no component shall exceed the planned amount without prior notification to DOE.
- f) Once an individual's salary increase is charged to the fund, reuse of that amount, (i.e., recovery), for any other purpose during the salary year is unallowable.
- g) If an individual terminates before receiving an increase, the amount of money allocated for that individual may remain in the fund.
- h) Each component of the fund, i.e., adjustments and reclassification, merit, and promotion, shall be broken out as subtotals.
- i) The dollar amount of the fund shall be subject to review and adjustment by the Contracting Officer upon a significant reduction in Contractor employment levels, as in a reduction in force.
- j) A report of the expenditures under each approved CIP for the preceding annualized fund year will be provided to DOE by October 31.
- k) The Contractor shall also provide a copy of the annual developed salary guidelines prepared for supervisory use, indicating the parameters for granting various increases based on employee performance and current salary position as part of the CIP plan.

#### IV. ANCILLARY PAY COMPONENTS

##### A. WORK SCHEDULE ASSIGNMENTS

Employees will be assigned to one of the following work schedules:

1. **Default Schedule.** 5 work days of 8 hours each Monday through Friday.
2. **Alternate Work Schedule (AWS).** 8 days of 9 hours each Monday through Thursday, 8 hours first Friday, second Friday off (applies to New Orleans only).
3. **4-10 Schedule.** 4 work days of 10 hours each Monday through Thursday, or Tuesday through Friday.
4. **Operations Schedule.** 12-hour work days with rotating shifts for 24-hour coverage (applies to sites only).

##### B. OVERTIME

1. **Computation of Overtime**
  - a) Exempt Employees will not be eligible for overtime pay.

- b) Nonexempt Employees:
- 1) Overtime will be paid to non-exempt Contractor employees in compliance with the provisions of the Fair Labor Standards Act, Title 29, Part 778 of the Code of Federal Regulations. The Contractor will submit for the Contracting Officer's approval policies and procedures for the payment of overtime. These procedures will establish a structured, approving authority and accountability assignments.
  - 2) For time worked in a full-pay status in excess of 40 hours in a workweek, an employee will be paid one and one-half times the regular hourly rate.
  - 3) For time worked on a seventh consecutive day in the workweek, an employee will be paid two times the regular hourly rate if the employee was in full-pay status in each of the first six consecutive days and accumulated a total of 44 hours or greater during that period.
  - 4) Full-pay status includes work; holidays; jury duty; witness service; and bereavement or MPT.

**2. Overtime Assignment for Non-exempt Employees**

- a) Every employee is expected to work overtime at management direction whenever work requirements or emergencies necessitate the employee's services.
- b) Overtime should be distributed equitably among employees who regularly perform the type of work required and, to the extent possible it should be assigned to workers who volunteer. Employees required to work overtime will be given as much advance notice as practical under the circumstances.
- c) Overtime assignments normally will be limited to employees who worked, or were available to work all assigned shifts in that work week. Exceptions may be made only in those instances when:
  - 1) The employee's absence is properly excused (such as for vacation, holiday, or for a compelling reason beyond the employee's control)
  - 2) The workload requires that the employee be called for overtime work without regard to previous attendance, and then only when specifically approved by a supervisor at least two supervisory levels above the employee performing the work.

**C. SHIFT DIFFERENTIAL**

The appropriate shift premium will be paid only to hourly employees regularly scheduled to work day and night shifts.

**D. SHIFT TIE-INS, EARLY ARRIVAL, LATE DEPARTURE**

Employees should not be allowed to commence work before the start of their shift or continue work after the end of their shift unless authorized to perform such work. Site operations personnel required to provide shift tie-ins will be paid .5 hour.

#### **E. TRAVEL PAY**

1. All time spent in actual work-related travel by non-exempt employees is classified as time worked and, as such, is subject to the normal overtime provisions.
  - a) Pay for travel time to offsite training will normally be based on the following schedule:
    - 1) When the travel is on a regularly scheduled day of work, the basic or alternate workday hours are paid at the employee's base rate.
    - 2) When travel is on a regularly scheduled day of rest the employee will receive pay for the actual hours.

#### **F. HOLIDAY WORKED**

1. Compensation for non-exempt employees required to work on a holiday will be as follows:
  - a) An eligible, full-time employee receives 8 hours pay for each holiday, and in addition, will receive pay at not less than the employee's regular rate for the number of hours worked on the day the holiday occurs.
  - b) Eligible, part-time scheduled employees receive holiday pay for the number of hours they normally would have worked if the holiday falls on one of their scheduled workdays, and in addition, will receive pay at not less than the employee's regular rate for the number of hours worked on the day the holiday occurs.
2. Exempt employees who are required by their schedule to work on a holiday shall schedule a day off in lieu of the holiday during the two-week pay period in which the holiday is observed with supervisor/manager/director approval.

#### **G. REPORT PAY**

1. Full-time non-exempt employees who work their assigned shifts, are called in, and work according to the following conditions will receive a minimum of 4 hours pay at their regular hourly rate for each such work period:
  - a) For one or more additional, separate work periods on the same day.
  - b) On a day of rest or a holiday.
  - c) Prior to shift start (beginning pre-shift and working into the normally scheduled shift).
2. Employees who leave work of their own volition or because of incapacity (other than industrial injury) or are discharged or suspended after beginning work will be paid only for the number of hours actually worked during that day.

#### **H. EXEMPT EMERGENCY PAY**

Exempt employees who are required to remain onsite in supervision of hourly employees due to a declared site emergency, such as hurricane evacuation, will be given a duty pay allowance of \$300 per day. Compensation will begin on the initial day that they are required

to remain onsite and continue for each 24-hour period that they do not leave the site, until they are released. The contractor will provide the Contracting Officer with a semi annual report that delineates all Exempt Emergency Pay issued during the proceeding 6-month period. Compensation dollar amounts are referenced in the ASR3500.4, Compensation Premium Procedure.

**I. EMERGENCY RESPONSE TEAM (ERT) HAZARDOUS DUTY PAY**

The primary goal of the SPR ERT Program is to maintain an initial response cadre at each site for all types of emergency events. ERT members will leave their normal assigned duties and direct and supervise emergency response activities. Employees who are ERT qualified will be compensated based on their level within the program.

**J. EMERGENCY COMMAND VEHICLE (ECV) OPERATOR**

DM Emergency Preparedness (EP) identified the requirements for an emergency command vehicle (ECV) to be utilized by the Emergency Management Team (EMT) to respond to Operational Emergencies, provide field deployment for Incident Command, and serve as a staging facility for press and responding agencies to support SPR sites in emergency response and recovery. Personnel from several DM directorates are trained as ECV Operators. ECV Operators are required to pass a written and skills test before receiving a LA commercial driver's license Class B. The Emergency Preparedness Department will maintain a pool of 10 ECV Operators ready to deploy once given the order. The ECV Operators will assist with vehicle set up of communications and satellite systems and support the EOC until released from the event. These personnel will be trained on the set up of the ECV ECN communications and data systems, deployment of the satellite dish, computers, video teleconferencing and other electronic capabilities, as well as ECV specific driver training. To ensure availability of ECV Operators, all Operators have been issued pagers and are subject to immediate recall. Compensation dollar amounts are referenced in the ASR3500.4, Compensation Premium Procedure.

**K. OPERATIONS CONTROL CENTER (OCC) DUTY OFFICER (DO)**

The purpose of the Duty Officer (DO) is to ensure abnormal events at the Strategic Petroleum Reserve (SPR) are reported accurately and in a timely manner. The SPR DO program has been established to meet this requirement twenty-four hours a day, including weekends and holidays, which eliminates the needs of having a twenty-four hours OCC. Compensation dollar amounts are referenced in the ASR3500.4, Compensation Premium Procedure.

**L. ELMWOOD EMERGENCY RESPONSE DUTY ROSTER**

The purpose of the Elmwood Emergency Response Duty Roster is to provide a coordinated emergency response capability for the SPR Elmwood Administrative buildings and warehouse when the facilities are secured and closed for business. The rotational roster will serve as the alarm service notification point of contact. The designee shall then arrive to unlock the buildings to allow dispatched local law enforcement, fire fighters, and other responders for the assessment and safeguarding of the buildings. Elmwood Emergency Notification Roster participants will be expected to remain in close proximity to the SPR

buildings during their assigned tour of duty and shall reside within 20 minutes driving time of the facility to ensure a timely response. Compensation dollar amounts are referenced in the ASR3500.4, Compensation Premium Procedure.

#### **M. SEVERENCE PAY**

If approved by the Contracting Officer, the Contractor may make severance payments equal to two weeks pay per year of service (not to exceed \$25,000) when necessary to accomplish a reduction in force. In addition, the Contractor may provide 3 months of continued coverage under the health plan provided the employee continues to pay their portion of the premium. At the end of the 3 months, the employee may continue their health coverage in accordance with federal law.

Receipt of severance pay will be predicated upon the receipt of a duly executed release, approved by DM General Counsel, from each respective employee.

#### **N. PERFORMANCE BASED INCENTIVES**

The Contractor may, in accordance with DOE Acquisition Guide, Chapter 70, Contractor Compensation Variable Pay provision, develop and implement performance based compensation incentives for specific mission critical functions. The development, administration, and implementation of these incentives will be subject to the prior approval of the Contracting Officer and subject to annual review by the Contractor and the Department of Energy.

#### **O. PAY IN LIEU OF NOTICE**

The Contractor may elect to pay an employee for up to two weeks salary in lieu of notice of intent to resign.

### **V. RETIREMENT, INSURANCE, AND OTHER BENEFITS**

The Contractor shall submit all written summary plan descriptions that implement the organization's retirement and insurance programs for approval by the Contracting Officer. Modifications to these programs shall also be submitted to the Contracting Officer for approval and shall not be binding for reimbursement purposes until approved by the Contracting Officer.

#### **A. SERVICE CREDITS**

1. "Service Credits" is the term used to describe, for each employee at any time, the continuous period, or the total of those periods for which, under the Contractor's Service Credit Rules, employment credit in one or more divisions, subsidiaries, or departments is allowable. In addition, all employees of the predecessor Contractor who became employees of the Contractor within 10 days after the transfer date are credited with their past services with the predecessor Contractor for all benefit plans of

- the Contractor, in computing total allowable "Service Credits."
2. Contractor employees transferring directly from parent companies will retain their parent company hire-in or seniority date for purpose of vacation eligibility.
  3. Service Credits for the purposes of vacation accrual and eligibility may be provided to new hires at the discretion of the Contractor.

## **B. RETIREMENT**

1. The Contractor will be reimbursed for all costs paid from operating funds, involved in implementing, administering, and funding the approved Contractor Retirement and Savings Plan, Administrative costs associated with the effective administration of the plan include such items as publicizing, enrolling, maintaining records, and providing employees with assistance in understanding and collecting their benefits. The Contractor will obtain approval from the Contracting Officer prior to making any change to the Contractor Retirement and Savings Plan.
  - 1) All Contractor employees, assigned to work under this contract, are covered automatically by the Contractor's retirement and savings plan. The plan is a defined contribution plan offering participants a variety of investment vehicles compliant with Section 404(c) of ERISA.
  - 2) The Contractor will contribute an amount equal to 3.6 percent of participants base compensation each month. This amount will be placed into a separate retirement account and is vested immediately.
  - 3) Participants will be given the opportunity to contribute a percentage of their compensation as specified within the plan document to a 401(k) income deferral plan each month. This amount will be payroll deducted and deposited into a separate elective account in the plan.
2. The Contractor will contribute an additional 50 cents to the 401(k) plan for each dollar of the first 8 percent of base compensation that the participants contribute to the 401(k) plan. This amount is deposited into a separate company matching account each month. Company matching contributions are vested at 20 percent per year of employment so that a participant who has completed 5 years of service is completely vested. However, participants are also completely vested if they:
  - a) Retire or terminate on or after age 65.
  - b) Go on active duty with the U.S. Armed Forces for more than 99 days.
  - c) Terminate because of total disability.
  - d) Are placed on layoff for more than 30 days.
  - e) Are deceased in which case their designated beneficiary or estate receives the benefits.
3. The Contractor reserves the right to change or discontinue the retirement and savings plan, subject to such written agreements as may be made by the Contractor and subject to the Contracting Officer's approval. However, any change in this plan or the discontinuance of the plan will not in any way adversely affect the pension benefits of employees who have retired under this plan prior to the effective date of such change or discontinuance.

4. Any dividends or other credit attributable to payments made to the retirement and savings plan will be used to reduce the costs of the plan.
5. All accounting for DOE funds shall be at market value on an accrual basis.

### **C. HEALTH AND WELFARE BENEFITS**

The employee benefits plans, and related costs, will be approved by the Contracting Officer for application to employees working on this contract and are reimbursable.

The Contractor will continue the program in place, with no reduction in benefit value. The plan management can be changed, with the Contracting Officer's approval, if the existing plans can be matched feature-by-feature and if long-term costs are less.

Typically, the plans may be continued from year to year without further DOE approval. However, any change in benefits, funding provisions, or costs shared by employees must be submitted to the Contracting Officer for approval 60 days prior to proposed implementation.

Allowable costs are those incurred for Contractor employees under the plans named below which have been approved by the Contracting Officer, including carriers' charges for administration, claims, taxes, and risk charges. DOE will reimburse the Contractor for 100 percent of the company's group insurance program. The Contractor agrees to promptly provide data requested by the Contracting Officer to justify costs incurred. Any amendments to the plans which impact benefit levels or employer costs will require Contracting Officer approval.

#### **1) Life Insurance**

- a) *Hourly Employees*  
Provides benefits to an employee's beneficiary in the event of the hourly employee's death in the amount of \$65,000.
- b) *Salaried Employees*  
Provides benefits to an employee's beneficiary in the event of the salaried employee's death in the amount equal to two (2) times his/her annual salary to a maximum of \$200,000.

#### **2) Accidental Death and Dismemberment Plan**

- a) *Hourly Employees*  
Provides benefits in the amount of \$65,000 to hourly employee's beneficiary in the event of employee's death or to the employee in the event of the loss of limbs or eyesight caused by an accident.
- b) *Salaried Employees*  
Provides benefits in the amount equal to two (2) times employee's base annual salary to a maximum of \$200,000 to salaried employee's beneficiary in the event



of employee's death or to the employee in the event of the loss of limbs or eyesight caused by an accident.

### **3) Business Travel Accident Plan**

Provides benefits in the amount equal to 2.5 times employee's base annual salary to a maximum of \$350,000 to an employee's beneficiary in the event of his/her death or to the employee in the event of the loss of limbs or eyesight caused by an accident while on a business trip.

### **4) Section 125 Cafeteria Plan**

- 1) The Contractor will provide employees a benefits program that meets the requirements under Section 125 of the Internal Revenue Code.
- 2) The Contractor will offer a group medical program to all employees. The program will provide employees a choice of at least 2 different medical plans with varying cost features such as deductibles, co-insurances, co-pays, and stop losses. Covered expenses will be the same for all plans.
- 3) The Contractor will offer a prescription drug plan within the group medical plan.
- 4) The Contractor will offer a group dental program to all employees.
- 5) The Contractor will offer a vision plan to all employees.
- 6) The Contractor will establish a cost-sharing platform for employee/employer contributions to the plan offerings. The tiers of coverage will be defined as Employee, Employee plus Spouse (Domestic Partner), Employee Plus Child(ren) and Employee Plus Family.
- 7) The employee will be responsible for their premium contribution.
- 8) The Contractor will offer both a Flexible Medical Spending Account and Dependent Care Spending Account under the cafeteria plan. The contractor will provide the administration cost of the plan, however the employee completely funds their account(s) and any money remaining at the end of the plan year is forfeited to the contractor as required by Internal Revenue Code and will be used to offset the administration costs.

### **5) Short-Term Disability**

Provides a weekly benefit if employee is unable to work as a result of a non-occupational injury or illness or for illness or injury covered by a worker's compensation plan as required by statute.

Benefits begin on the first day of disability in the event of an accident or on the eighth day of disability for an hourly employee or fifth day of disability for a salaried employee in the event of an illness. Benefits are paid for a maximum of 26 weeks.

The Contractor pays the costs of the base plan.

A buy-up option may be offered at the employee's expense.

**6) Long-Term Disability**

Provides a monthly benefit in the event of disability after 26 weeks. The amount of replacement income is 60% of pre-disability base wage up to a maximum of \$5,000 per month for an hourly employee or \$10,000 per month for a salaried employee. Income replacement ends at age 65 or when the person is no longer disabled pursuant to plan parameters whichever comes first. The Contractor and the employee equally share the expense of this plan.

**7) Voluntary Life Insurance and Accidental Death and Dismemberment**

- a) Employees will be given the option to purchase additional life insurance for themselves, their spouse or children at group rates.
- b) The employee pays the entire cost of the insurance.
- c) The level of coverage is chosen from a schedule provided by the insurance carrier.
- d) Availability of this benefit depends on the number of employees that choose to participate.

**8) Long-Term Care Insurance**

Employees will be given the option to purchase Long-Term Care insurance for themselves, their spouse and other family members in accordance with plan parameters. The employee pays the entire cost of the insurance. The level of coverage is chosen from a schedule provided by the insurance carrier.

**9) Benefits on Leave of Absence**

Employee benefits during leaves of absence are handled as follows:

- (a) If the employee is on a sick leave of absence, insurance coverage stays in effect. When the employee is in an unpaid status, the premiums for such coverage will be paid by the employee on a bi-weekly basis.
- (b) If the employee is on a personal leave of absence, the insurance coverage must be self paid through Consolidated Omnibus Business Reformation Act (COBRA).

**D. UNEMPLOYMENT INSURANCE**

- 1. Coverage for eligible employees shall be in accordance with the States of Louisiana, Mississippi and Texas Unemployment Insurance Code.
- 2. Costs of Contractor payments for eligible employees plus related administrative expenses shall be paid as a direct contract expense.

#### **E. FICA AND MEDICARE INSURANCE**

1. Coverage for eligible employees shall be in accordance with the Federal Social Security and Medicare Code.
2. Costs of Contractor payments for eligible employees plus related administrative expenses shall be paid as a direct contract expense.

#### **F. WORKER'S COMPENSATION**

1. Coverage for eligible employees shall be in accordance with the States of Louisiana, Mississippi and Texas Workers' Compensation Code.
2. Costs of Contractor payments for eligible employees plus related administrative expenses shall be paid as a direct contract expense.

### **VI. LABOR RELATIONS**

#### **A. COLLECTIVE BARGAINING**

1. The Contractor shall respect the right of employees to organize, form, join or assist labor organizations, bargain collectively through their chosen representatives, to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection and to refrain from any or all of these activities.
2. The Contractor shall meet with the Contracting Officer or designee for the purpose of reviewing the Contractors Bargaining objectives prior to negotiations of any collective bargaining agreement or revision thereto and shall consult with Contracting Officer regarding appropriate economic bargaining parameters including those for pension and medical benefits costs, prior to the Contractor entering into the collective bargaining process. During the collective bargaining process, the Contractor shall notify the Contracting Officer before submitting or agreeing to any collective bargaining proposal which can be calculated to affect allowable costs under this contract or which could involve other items of special interest to the government. During the collective bargaining process, the Contractor shall consult with the Contracting Officer before proposing or agreeing to changes in any pension or other benefit plans.
3. The Contractor will seek to maintain harmonious bargaining relationships that reflect a judicious expenditure of public funds, equitable resolution of disputes and effective and efficient bargaining relationships consistent with the requirements of FAR, Subpart 22.1 and DEAR, Subpart 970.2201 and all applicable Federal and State Labor Relation Laws.
4. The Contractor will notify the Contracting Officer or designee in a timely fashion of all Labor Relation issues and matters of local interest including organizing initiatives, unfair labor practice, work stoppages, picketing, labor arbitrations, and settlement agreements and will furnish such additional information as may be required from time to time from the Contracting Officer.

## VII. LEAVES WITH PAY

The Contractor may grant all employees leave with pay as provided in this section of the Advance Understanding. Such leaves with pay will be made in accordance with the Contractor's procedures approved by the Contracting Officer.

### A. HOLIDAYS

This section applies to all employees except as noted.

1. Each employee may be granted time off on each of the following holidays and paid therefore at the rate of 8 hours pay at the basic hourly equivalent rate:
  - a) New Years Day
  - b) Martin Luther King Day
  - c) Memorial Day
  - d) Independence Day
  - e) Labor Day
  - f) Thanksgiving Day
  - g) Christmas Day
  - h) (3) Floating Holidays - employee-by-employee basis with manager approval.
2. Annually, by November 1st, the Contractor will provide the Contracting Officer a list of specific days designated as the holidays for the coming year.
3. For any of the designated holidays, the Contractor may substitute and observe an alternate day as the holiday for any particular year provided there is not significant additional premium cost or additional pay for time not worked. Such planned substitution will be submitted to the Contracting Officer for approval of the holiday affected by April 1 of each year.
4. A full time employee who is on the active payroll on the day of the holiday will receive pay if:
  - a) The employee works the last scheduled day before and after the holiday.
  - b) The employee is absent from both the last scheduled day before and the first scheduled day after the holiday, and the employee uses available vacation or sick leave credits equal to a full day, or otherwise receives full pay for at least one of these days; or
  - c) The employee is absent from both the last scheduled day before and first scheduled day after the holiday, and furnishes proof satisfactory to the Contractor that because of illness or injury (including physical incapacity because of pregnancy), the employee was unable to work on either of such days and, excluding days for which full pay was received or were charged to available sick leave credits, the absence previous to the holiday by reason of the illness or injury has not exceeded 30 calendar days.
  - d) An employee on the inactive payroll (leave of absence) on the day of the holiday is eligible for holiday pay if the employee uses available vacation credits covering a full day for each regular workday of the period between the last day worked and the holiday, or the employee is on a medical, Family Sick Leave, or pregnancy leave of absence (not receiving Extended Disability Leave Plan benefits) and, excluding full days charged to available vacation or sick leave credits, the period of absence previous to the holiday by reason of illness or injury has not exceeded 30 calendar days.

- e) An employee whose termination (other than layoff) is effective at the end of the day preceding, or who is hired to report on the day following the holiday, is not eligible for holiday pay. Employees placed on layoff or who enter military service with reporting requirements that preclude working on the first workday following a holiday, and whose last day of work is the last workday preceding a holiday, are paid for such holiday and any consecutive holidays.
  - f) Employees on assignment away from their home locations observe the holidays designated.
  - g) Employees on assignment away from their home locations on a day observed as a holiday at the away location, but not designated as a holiday for their home locations are given time off with pay if they are prevented from performing their work assignment because of the closure of the facility for holiday observance.
- 5. A holiday is not counted as a day of military pay differential, suspension, vacation, or sick leave, when the holiday occurs during such period of absence.
  - 6. Employees under disciplinary suspension on the workday immediately before and/or after a holiday are eligible for holiday pay provided they qualify under the preceding provisions. The scheduled days immediately before and/or after the suspension period are used in lieu of scheduled days immediately before and/or after the holiday in determining holiday pay eligibility.

## **B. VACATION**

- 1. The Contractor will furnish the Contracting Officer for approval the company's procedure defining the Contractor's policy relating to the eligibility, accrual, and use of vacation credits.
- 2. The vacation eligibility date of an employee is the anniversary date of the employee's latest hire-in date, except that former employees who are rehired with reinstatement rights retain their previous vacation eligibility dates.
- 3. Vacation will be accrued at the maximum rate listed in the applicable U.S. Department of Labor Area Wage Determination for all key Contractor positions identified in Section J, Appendix E.
- 4. All full-time employees of the Contractor are awarded annual vacation credits in accordance with the schedule listed in the applicable U.S. Department of Labor Area Wage Determination for each work location. The Area Wage Determinations will be reviewed annually for compliance. If the Area Wage Determinations for the site locations differ from each other in the amount of vacation award, then the Contractor will award using the highest award schedule.
- 5. Previously awarded annual vacation credits which remain unused on any eligibility date will be carried to the following year up to a maximum equal to a full annual credit award based on the accrual rate applicable on the employee's last eligibility date.
- 6. Any unused credits in excess of this maximum carry over will be lost except where it is clearly established that the use of the credits was precluded by reason of urgent Company business requirements and authorized by the Director, Human Resources.
- 7. Vacations are to be taken as time off, and there will be no pay in lieu of time off. Holidays occurring while on vacation are not deducted from the employee's vacation credits.

8. Upon termination, regardless of the reason, an employee will be paid for all awarded but unused credits then in the employee's annual vacation account, including any credits carried over from prior years.

### **C. SICK LEAVE**

Sick leave payments will be made to employees under the Contractor's procedure approved by the Contracting Officer and shall include, but not be limited to, the following:

1. The Contractor will provide its employees sick leave for absences when the employee's ability to work is adversely affected by illness or injury.
2. Accumulation of sick leave credit:
  - a) Full-time employees will be awarded 80 hours of sick leave credits annually. Employees will accrue sick leave credits biweekly corresponding to their respective pay periods. Employees who have been employed less than a full year will accrue sick leave credits proportional to the number of pay periods remaining in the pay calendar year.
  - b) Part-time employees who are scheduled to work at least 20 hours per week will accrue sick leave credits in proportion to the average number of hours they work. They will accrue credits biweekly corresponding to their respective pay periods.
  - c) Sick leave credit, which is unused, will be accumulated from year to year up to a maximum of 1,000 hours.
  - d) There will be no payoff of unused sick leave credit upon termination.
3. Use of sick leave:
  - a) An employee becomes eligible to use sick leave credit as soon as credits have been awarded.
  - b) Use of sick leave is authorized only in the event of absence due to:
    - 1) Illness or injury causing incapacity of the employee, including the period of authorized medical or pregnancy leaves of absence or medical/dental appointments for treatment.
    - 2) Routine medical or dental examination of the employee when such can only be arranged during working hours.
    - 3) Caring for a spouse (domestic partner), son, daughter, or parent who is ill or injured or has a medical necessity that can only be attended to during working hours.
4. Use of sick leave is subject to approval by the employee's supervisor.

### **D. OTHER LEAVES WITH PAY**

Employees may be excused from work for extenuating personal circumstances which, in the opinion of the Contractor, warrants an excused absence and will not interfere with the Contractor's operations. The Contractor will present for the Contracting Officer's approval a procedure addressing leaves of absence.

#### **1. Bereavement Leave**

In the event of a death in the immediate family, leave of up to 3 days with pay will be

granted, not to exceed 24 hours. These hours are to be taken within a reasonable time not to exceed 30 days from the day of the death or day of the funeral.

**2. Professional License Examination**

Salaried employees may be granted time off with pay to take a professional license examination that is directly related to the employee's job responsibilities or beneficial to both the Contractor and the employee.

**3. Jury Duty**

- a) An employee who is called for jury duty may be protected against loss of pay for the period of time needed to fulfill the obligation.
- b) Employees who have been called to be selected or to serve on a jury impaneled by a civil authority are authorized time off with pay.
- c) An employee will not be granted time off with pay for absence from work due to witness service, if the employee (1) is called as a witness against the company or its interest, (2) is called as a witness on his or her own behalf in an action in which he or she is a party, and the company is not a party, (3) voluntarily seeks to testify as a witness, or (4) is a witness in a case arising from or related to the employee's outside employment or business activities.

**4. Civic Leave**

- a) An employee elected or appointed to a nonpaying governmental position may be granted reasonable amounts of time off with pay when the employee's service requires intermittent absence from work. The Project Manager or his designee, with prior review and comment by Director, Human Resources must approve time off with pay for Government service. A reasonable amount of time is defined as between 1 day and 1 week per month.
- b) Contractor employees may be paid civic leave to give reimbursed assistance to generally recognized community service organizations provided such leave does not hinder the contract work and is:
  - 1) Limited to ten or fewer days per employee during any calendar year and total days for the entire workforce not to exceed eighty days during any calendar year, unless approved by the DOE Contracting Officer.
  - 2) Hours paid for under this provision do not count as hours worked in the calculation of overtime and premium pay.

**5. Blood Donors**

- a) Employees who are requested by the Contractor to donate blood for which employees receive no outside compensation will be protected against loss of pay up to a maximum of the employee's assigned shift for the day involved.
- b) Employees who donate blood during an on-site, contractor-sponsored blood drive are eligible to take up to 4 hours off with pay on the same day in which the employee donates blood with the supervisor/manager approval.
- c) Hours paid for under this provision do not count as hours worked in the calculation of overtime and/or premium pay.

**6. Witness Service**

- a) An employee who appears as a witness in court or other hearing, or gives a deposition for one of the following will be paid in accordance with a Contractor procedure approved by the Contracting Officer:
  - 1) In response to a request from the Contractor or at the request of its attorneys.
  - 2) In response to a request from the DOE or at the request of its attorneys.
  - 3) In response to a request from the Government or its agencies when requested or approved by DOE.
  - 4) In response to a subpoena, as limited by the Contractor's procedure.
- b) Travel costs are paid as travel on Contractor business and may include out of state travel.
- c) Hours paid for under this policy may count as time worked by employees in the calculation of overtime and/or premium pay.
- d) Any fees paid to the employee should be returned to the Contractor if the employee is in a pay status.

**VIII. LEAVES WITHOUT PAY**

The Contractor may grant all employees leave without pay provided the absence will not interfere with the Contractor's operations. Such leave of absence without pay will be made in accordance with the Contractor's procedure approved by the Contracting Officer.

Leave of absence may be granted for illness, injury, pregnancy, temporary military duty, or for the employee to hold public office, and for other purposes deemed to be in the best interest of the company, and provided the employee's record is satisfactory. The Contractor must accept the employee upon his/her return to work provided the employee returns to work within the approved time limit.

**IX. MILITARY LEAVE**

The Contractor shall comply with federal and state laws, rules, and regulations in protecting employees who are members of the U.S. Armed Forces. Temporary or extended military leave shall be authorized for employees. Such leave of absence will be made in accordance with a Contractor's procedure approved by the Contracting Officer.

**A. Temporary Military Leave for Training:**

The Contractor shall grant annual military leave to any employee who is a member of the National Guard or a reserve unit of the U.S. Armed Forces. Employees may receive this pay for a maximum of two work-weeks in any calendar year. Pay for such leave shall not exceed the employee's straight-time hourly rate for nonexempt employees or basic salary for exempt employees for the period of leave.

**B. Extended Military Leave:**

An employee, who enters into active duty with the U.S. Armed Forces directly from the Contractor, shall be granted extended military leave. Employment rights will be extended up to ninety (90) days after the employee's date of honorable discharge or separation from such service. The Contractor shall also grant military leaves of absence to employees who



are members of the National Guard or a reserve unit of the U.S. Armed Forces when they have been ordered, either verbally or in writing, to report for duty.

## **X. TRAINING AND EDUCATION**

### **A. GENERAL PROVISIONS**

1. The purpose of training and education programs shall be to increase employee skills and efficiency, develop techniques for the solution of operating problems, to prepare participants for additional responsibilities and to enhance opportunities for career advancement.
2. The objective of training shall be to enhance employee development within a reasonable period of time. Training must be relevant to the goals of the SPR, and shall be provided only when there is a reasonable expectation that the employee shall remain in the employ of the SPR performing DOE related work for a sufficient period of time to provide a fair return for the training costs.
3. The Contractor shall establish written procedures outlining the goals and objectives of the training program.

### **B. TRAINING**

1. The Contractor may conduct or permit employees to attend special training programs and courses, other than on-the-job training courses, which are directly related to the employee's work and from which the Contractor may derive potential benefits.
2. Expenditures for training courses considered necessary to develop and maintain an effective work force and approved by DOE, will be an allowable cost.

### **C. EDUCATION**

1. All regular full-time service employees with a minimum of one (1) year's service are eligible for reimbursement of tuition, fees, and books for course of study following successful completion thereof.
2. Courses must be approved in advance and are expected to be taken outside of working hours. They must be related to present or probable future work assignments or a job-related course of an approved degree program in an educational discipline-related to the occupation, in which the employee is working or can reasonably be expected to work.
3. Refunds may be made to employees for the successful completion of recognized correspondence courses which relate directly to their job assignments and for which prior company approval was granted.
4. If the expenses eligible for reimbursement are covered by a scholarship, fellowship, or a governmental assistance program of any kind, including Veterans Administration payments, the employees' reimbursements are offset by the amounts of other such assistance.

## **XI. EMPLOYEE PROGRAMS**

### **A. MORALE AND MOTIVATION PROGRAMS**

The Contractor may initiate morale and motivation programs to promote goodwill among its employees when appropriate. DOE reimbursement of the costs of these programs will be

limited to 0.31 percent of the total burdened straight-time labor budget. All meals will be offset by deducting meal per diem for any employee on travel status.

1. Approved Morale/Motivation Program Awards and Incentives

a) The following programs have been authorized:

- 1) Savings Bond Drive & United Way – This program defrays costs of departmental incentives provided to organizations that meet annual goals of participation.
- 2) Recognizing Excellence Award Program (REAP) – The objectives of this program are to encourage and reward Contractor employees who demonstrate performance and contributions beyond the normal scope or performance levels of their position.
- 3) Employee Service Program – Provides for the distribution of non-cash tokens of recognition for continuous service with the Contractor and the SPR. Service awards such as plaques, pins, desk accessories, shields, etc. are presented to employees who have completed continuous service at the SPR in five year increments with the first award being given on the completion of the first five years. This item also includes the “25 Year SPR Service Recognition Program” which provides for the distribution of non-cash tokens of recognition at a luncheon held annually for recipients with the contractor project manager. Employees who have completed 25 years of recognized service on the SPR are eligible for participation and recognition. All expenses associated with the 25 Year Service Recognition event will be charged to this program.
- 4) Performance Improvement (PI) Recognition Program and Conference – The objectives of this program are to stimulate awareness and participation in PI initiatives and to recognize significant achievements which benefit the SPR through the PI program. Cash and non-cash awards are made for levels of accomplishment based on project impact on business and safety practices as well as savings to SPR operations. The costs of the SPR’s Quality Expo, such as meals for speakers, presentation awards, handouts as incentives, etc., are considered a part of this program.
- 5) Pollution, Safety and Environmental Awards, Incentives and Meetings–
  - New Orleans Safety Program is designed to recognize New Orleans based employees for meeting or exceeding programmatic goals associated with corporate Safety.
  - Pollution Prevention Program is designed to recognize all Contractor employees who have demonstrated success in the achievement of pollution prevention goals.
  - Environmental Advisory Committee (EAC) quarterly meetings with committee members and other companies where pastries and coffee are typically provided as a industry standard.
- 6) Behavioral Safety Management Incentive Program allows for the purchase of motivational items to enhance employee awareness and encourage the recognition and elimination of unsafe behavior
- 7) Voluntary Protection Program incentive is used to improve employee motivation to work safely and understand the SPR Safety Management System.

- 8) Clean Gulf Conference - Provides for participation in the annual Clean Gulf Conference through operation of a display booth and distribution of non-cash giveaways to other conference attendees.
  - 9) Drawdown Readiness Assurance Program – This program includes motivational items distributed to SPR employees in support of Drawdown Readiness Exercises.
  - 10) Site Safety Incentive Award Program – This programs includes motivational items distributed to SPR employees for outstanding contributions to safety and/or promotion of safety culture on the site.
  - 11) Fire Protection and Emergency Management Exercises and Awareness – Allows for meals during meetings for mutual aid coordination and exercises. Also allows for Fire Prevention Week awareness items are to reinforce fire safe practices at work and at home.
  - 12) Security Awards and Incentives
    - Security Recognition and Awareness - Provides for the distribution of non-cash tokens to increase employee awareness of security on the SPR through OPSEC.
    - Security Exercises – Provides for the furnishing of meals for Local Law Enforcement Association meetings and for FTX exercises.
    - Integrated Safeguards and Security Management (ISSM) Motivation Program - Provides for the distribution of non-cash tokens to improve existing systems, expand individual awareness, and reinforce the need for each individual to accept ownership of security issues.
  - 13) Women’s Business Council and Other Procurement Trade Fairs – Provides for participation at meetings and luncheons in furtherance of DM’s Diversity Subcontracting Program. Also, to purchase small give-away items for related Procurement trade fairs.
- b) The allocation of monies for these programs will be at the discretion of the Contractor. The Contractor will submit to the Contracting Officer for approval its criteria for eligibility to receive the above awards, a brief description, which outlines the nature and extent of each program.
  - c) The proposed annual budget will be submitted to and approved by the Contracting Officer on a fiscal year basis.
  - d) The Contractor will submit to the Contracting Officer quarterly reports itemizing expenditures for each of the above employee programs.
  - e) Both monetary awards and non-monetary awards will be administered in accordance with a Contractor procedure approved by the Contracting Officer.
2. Other Morale/Motivation Program Awards, Incentives, and Items
- a) Non-monetary awards, incentives, and/or promotional items such as, but not limited to, T-shirts, mugs, mouse pads, food, post-it cubes, pins, pens, ribbons, safety tire gage kits, caps, polo shirts, patches, pads, calendars, bags, windbreakers, long sleeve shirts, flashlights, jackets, cups, gift certificates, etc., that are acquired for distribution under this contract must, as a minimum meet the following:
    - 1) be necessary and appropriate to achieve contract requirements;
    - 2) be allowable and reasonable in accordance with the allowable cost clause of the contract; and,
    - 3) be approved by the director noted in the authorized signature document.
  - b) The Contractor will submit to the Contracting Officer quarterly reports itemizing

expenditures for the above.

- c) Annual Audits of Incurred Cost performed by DM Internal Audit will include the review of a sample of the cost of all Other Morale/Motivation Program, Awards, Incentives, and Item reported to DOE during the four quarters of the Fiscal Year.

#### **B. PATENT AWARDS**

Except for an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, all inventions which are conceived, developed, or first actually reduced to practice, either alone or with others during the term of employment and for 6 months thereafter shall be the exclusive property of the employer.

Patent awards will be administered in accordance with the Contractor's DOE-approved employee performance improvement program.

#### **C. PROTECTIVE CLOTHING**

1. Employees who are required to wear special clothing, shoes, and protective equipment for various reasons such as safety, housekeeping, protection from harmful chemicals, etc. will be furnished such items at no cost to the employees.
2. Laundering of such special clothing may be done at no cost to the employees.
3. Safety glasses or goggles will be provided to those employees who are required to wear them to satisfy job safety requirements.
4. Employees may be reimbursed for clothing and personal effects damaged or destroyed on premises as a result of fire, explosion, or other similar incidents.

#### **D. COMMUNICATIONS**

1. The Contractor recognizes the need to keep its employees regularly informed of its general activities. One method used to accomplish this is through regular or periodic employee publications. Other media to be used include, but are not limited to, hotlines, workplace meetings, the SPR Intranet, and general mailings to employees and their families at their homes.
2. The primary source of information is through the supervisor who will be kept fully advised of changes in advance.
3. Bulletin boards are used as a medium for informing employees promptly as to changes in policy, procedures, and matters of general interest. The Contractor provides uniform bulletin boards for posting such notices. Control of the material displayed thereon is the responsibility of Human Resources.
4. An employee handbook may be developed and used to describe responsibilities, rights, and benefits applicable to all employees at the SPR.
5. The cost of providing the communications listed above is allowable.

#### **E. MEMBERSHIPS, REGISTRATIONS, AND LICENSES**

1. The reasonable cost of one (1) annual membership in trade, business, technical, and professional organizations per employee is allowable, as approved by the Contractor's Directorate level managers. Independent of any one employee, the Contractor's membership in the local Chamber of Commerce(s) is allowed to promote small business

bidders for subcontract work. Provisions for multiple membership must be approved by the Contractor's Project Manager.

2. Fees for professional and technical licensing or registration, and examination fees for professional and technical licensing provided the license or registration is relevant to an employee's function at the Contractor, are allowable. For those employees whose work requires a Commercial Driver's License, the license will be an allowable cost.
3. A list of Contractor memberships, registrations, and licenses will be submitted to the Contracting Officer for review and approval annually by July 31 for the upcoming fiscal year.

#### **F. EMPLOYEE ASSISTANCE PROGRAMS**

Costs of an Employee Assistance Program providing counseling and referral for outside assistance will be allowable as approved by the Contracting Officer.

#### **G. PHYSICAL EXAMINATIONS**

1. The Contractor will prepare a procedure that applies to the Occupational Safety and Health Administration examinations for all candidates for employment, all identified employees, and eligible DOE employees. The following services will be performed:
  - a) Protecting employees against health hazards in the work environment and assisting management in placing employees and candidates for employment in work that does not cause undue hazard to themselves, other workers, site facilities, site environments, and general environment or the public.
  - b) Providing continuing medical surveillance of employees and their job tasks and work environments and ensuring the early detection, treatment, and rehabilitation of ill or injured employees.
  - c) Applying preventive medical measures to maintain employees' good physical and mental health and encouraging employees to maintain their physical and mental health.
2. The Contractor, in a procedure approved by the Contracting Officer, will identify their employees in a craft or group requiring a physical examination, the frequency of examination, and extent of examination.
3. The cost of health examinations and physicals required of prospective employees and active employees will be allowable expense.

### **XII. TRAVEL AND RELOCATION**

- A. The contractor may pay transportation, lodging, meals, incidental, relocation, and other expenses for employees or other persons required to travel or to move in conjunction with the performance of work under this contract. Allowable costs for travel and relocation include actual and reasonable costs according to Public Law 103-355 (Federal Acquisition Streamlining Act of 1994), applicable provisions of the FAR and DEAR, the Federal Travel Regulations for per diem rate allowance guidance, the Internal Revenue Service auto allowance, and standard industry practice. Reimbursement of travel and relocation expenses will be made in accordance with the Contractor's procedures developed from the pertinent regulations and standard industry practice as approved by the Contracting Officer. The Contractor may deviate in specific instances where it is determined to be economically advantageous to the DOE and to the extent such deviations conform to

pertinent regulations and law. The Contractor will maintain records based on its determinations to deviate in specific instances sufficient for audit review.

- B. When the Contractor requires employees to work at domestic locations of significant distance from their regular assignment location or in a foreign country, on a temporary or permanent basis, compensation may include allowances to address the incremental increase in the cost of living. The intent is to keep employee's compensation and standards of living reasonably whole so that they suffer neither a significant financial loss nor gain because of the assignment.
- C. Relocation costs are those incident to (1) the permanent change of duty station of an existing employee and (2) the recruitment of a new employee.
- D. Reasonable and necessary expenses incurred in the recruitment of personnel consistent with applicable provisions of the DEAR and FAR and standard industry practice are reimbursable.
- E. In accordance with General Services Administration Joint Travel Regulations Section 302.17, Relocation Tax Income Allowance and Federal Travel Regulations, gross-up relocation expense reimbursements to mitigate adverse tax impacts to employees receiving allowable reimbursement for these expenses.

### **XIII. RECRUITING**

- A. The Contractor may incur reasonable costs for recruitment of personnel.
- B. Expenses of recruiting personnel shall include, but not be limited to, items such as:
  - 1. Costs of advertising, search firms, agency and consultant fees.
  - 2. Travel and subsistence for interviewee, interviewer, and recruiting contact paid in accordance with the Travel Section of this Appendix.
  - 3. Costs associated with pre-employment screening.
- C. New employees, or transferees, shall be paid for costs of travel and shipment of household goods in accordance with the Travel and Relocation section of this Appendix.
- D. Offers of employment may include vacation matching based on industry experience or experience in any capacity on a DOE facility.

### **XIV. CONSULTANTS**

- A. Consultant services will be authorized in accordance with the Contractor's procedure approved by the Contracting Officer.
- B. Consultant agreements with individuals for the performance of services connected with work under this contract may be entered into by the Contractor provided the Contracting Officer approval has been obtained on the following:
  - 1. The forms used by the Contractor in contracting for consultant services.
  - 2. Consultant fees in excess of \$600 per day.
  - 3. Travel expenses in excess of those allowed employees traveling on contract work.
  - 4. Consultation time is greater than 60 days per year.

<u>DOE/SPRPMO DIRECTIVES</u>	<u>Date</u>	<u>Title</u>
DOE O 110.3A	01/25/07	Conference Management
DOE O 130.1	09/29/95	Budget Formulation Process
DOE O 142.1	01/13/04	Classified Visits Involving Foreign Nationals
DOE O 142.3 Change 1 Memorandum from Deputy Secretary of Energy	06/18/04 02/28/08 03/09/10	Unclassified Foreign Visits and Assignments
DOE O 150.1	05/08/08	Continuity Program
DOE O 151.1C	11/02/05	Comprehensive Emergency Management System
DOE O 200.1A	12/23/08	Information Management Program
DOE O 205.1A	12/04/06	Cyber Security Management
DOE O 206.1	01/16/09	Department of Energy Privacy Program
DOE O 210.2	06/12/06	DOE Corporate Operating Experience Program
DOE O 221.1A	04/19/08	Reporting Fraud, Waste, and Abuse to the Office of Inspector General
DOE O 221.2A	02/25/08	Cooperation with the Office of Inspector General
DOE O 225.1A	11/26/97	Accident Investigations
DOE O 226.1A	07/31/07	Implementation of DOE Oversight Policy
DOE O 231.1A Admin Change	08/19/03 06/03/04	Environment, Safety and Health Reporting
DOE O 241.1A	04/09/01	Scientific and Technical Information Management
DOE O 243.1	02/03/06	Records Management Program
DOE O 243.2	02/02/06	Vital Records
DOE O 251.1A	01/30/98	Directives System
DOE O 252.1	11/19/99	Technical Standards
DOE O 350.1 Change 001 Change 002 Change 003	09/30/96 05/08/98 11/22/09 02/23/10	Contractor Human Resource Management Programs
DOE O 412.1	04/20/99	Work Authorization System
DOE O 413.1B	10/28/08	Internal Control Program
DOE O 413.3A Change 1	07/28/06 11/17/08	Program and Project Management for the Acquisition of Capital Assets
DOE O 414.1C	06/17/05	Quality Assurance
DOE O 420.1B Change 1	12/22/05 04/19/10	Facility Safety
DOE O 430.1B	09/24/03	Real Property Asset Management

DOE O 430.2B	02/27/08	Departmental Energy, Renewable Energy and Transportation Management
DOE O 440.1A	03/27/98	Worker Protection Management for DOE Federal and Contractor Employees
DOE O 440.2B Change 1	11/27/02 11/19/06	Aviation Management Safety
DOE O 442.1A	06/06/01	Employee Concerns Program
DOE O 450.1A	06/04/08	Environmental Protection Program
DOE O 460.1C	05/14/10	Packaging and Transportation Safety
DOE O 460.2A	12/22/04	Departmental Materials Transportation and Packaging Management
DOE O 470.2B	10/31/02	Independent Oversight and Performance Assurance Program
DOE O 470.3B	08/12/08	Graded Security Protection Plan
DOE O 470.4	08/26/05	Safeguards and Security Program
DOE O 471.1B	03/01/10	Identification and Protection of Unclassified Controlled Nuclear Information
DOE O 471.3	04/09/03	Protecting Official Use Only Information
DOE O 475.1	12/10/04	Counterintelligence Program
DOE O 475.2	08/28/07	Identifying Classified Information
DOE O 534.1B	01/06/03	Accounting
DOE O 544.1	10/12/04	Priorities and Allocations Program
DOE O 551.1C	06/24/08	Official Foreign Travel
DOE O 580.1 Change 1	12/07/05 05/08/08	Department of Energy Personal Property Management Program
DOE 1340.1B	01/07/93	Management of Public Communications Publications and Scientific Technical and Engineering Publications
DOE 1450.4	11/12/92	Consensual Listening-In to or Recording Telephone/Radio Conversations
DOE O 2340.1C	06/08/92	Coordination of General Accounting Office Activities
DOE 5480.19 Change Change 2	07/09/90 05/18/92 10/23/01	Conduct of Operations Requirements for DOE Facilities
DOE 5639.8A	07/23/93	Security of Foreign Intelligence Information and Sensitive Compartmented Information Facilities
DOE 5670.1A	01/15/92	Management and Control of Foreign Intelligence
DOE M 205.1-3	04/17/06	Telecommunications Security Manual
DOE M 205.1-4	03/08/07	National Security System Manual
DOE M 205.1-5 Admin Chg 1	08/12/08 09/01/09	Cyber Security Process Requirements Manual
DOE M 205.1-6 Admin Chg 1	12/23/08 09/01/09	Media Sanitization Manual
DOE M 205.1-7 Admin Chg 1	01/05/09 09/01/09	Security Controls for Unclassified Information Systems



DOE M 205.1-8 Admin Chg 1	01/08/09 09/01/09	Cyber Security Incident Management Manual
DOE M 231.1-1A Change 1 Change 2	03/19/04 09/09/04 06/12/07	Environmental Safety and Health Reporting Manual
DOE M 231.1-2	08/19/03	Occurrence Reporting and Processing of Operations Information
DOE M 251.1-1A	01/30/98	Directives System Manual
DOE M 440.1-1A	01/09/06	DOE Explosives Manual
DOE M 441.1-1	03/07/08	Nuclear Material Packaging Manual
DOE M 450.4-1	11/01/06	Integrated Safety Management System Manual
DOE M 470.4-1 Change 1	08/26/05 03/07/06	Safeguards and Security Program Planning and Management
DOE M 470.4-2A	07/23/09	Physical Protection
DOE M 470.4-3A	11/05/08	Contractor Protective Force
DOE M 470.4-4A	01/16/09	Information Security Manual
DOE M 470.4-5	08/26/05	Personnel Security
DOE M 470.4-6	08/26/05	Nuclear Material Control and Accountability
DOE M 470.4-7	08/26/05	Safeguards and Security Program References
DOE M 471.3-1	04/09/03	Manual for Identifying and Protecting Official Use Only Information
DOE M 475.1-1B	08/28/07	Manual for Identifying Classified Information
DOE N 203.1	10/02/00	Software Quality Assurance
DOE N 205.2	11/01/99	Foreign National Access to Cyber Systems
DOE N 205.3	11/23/99	Password Generation, Protection, and Use
DOE N 205.8	02/11/04	Cyber Security Requirements for Wireless Devices and Information Systems
DOE N 205.9	02/19/04	Certification and Accreditation Process for Information Systems Including National Security Systems
DOE N 205.10	02/19/04	Cyber Security Requirement for Risk Management
DOE N 205.11	02/19/04	Security Requirements for Remote Access to DOE and Applicable Contractor Information Technology Systems
DOE N 206.4	06/29/07	Personal Identity Verification
SPRPMO O 130.1B Change 1	03/14/05	Management and Operating Contractor's Annual Operating Plan Formulation and Execution
SPRPMO O 151.2B	06/06/06	Drawdown Readiness Program
SPRPMO O 200.1	12/11/00	Intranet/Internet Web Page Publishing Process
SPRPMO O 200.2	02/02/02	Information Management Council and Information Systems Planning Committee
SPRPMO O 200.3	07/12/07	Information Technology Guidance Implementation Process

SPRPMO O 206.1 Change 1	11/01/06 02/01/07	Personal Identity Verification
SPRPMO O 210.1A	09/22/06	Milestone Control
SPRPMO O 220.1C	10/04/06	On-Site Management Appraisals
SPRPMO O 220.2D	07/15/09	Observation Reports
SPRPMO O 231.1A Change 1	03/22/07 11/26/08	Occurrence Reporting and Processing System
SPRPMO O 414.1B	11/07/05	Quality Assurance
SPRPMO O 420.1B	05/18/06	Conduct of Operations Requirements for SPR Facilities
SPRPMO O 430.1B Change 1	12/14/07 12/23/08	SPRPMO Reliability, Availability and Maintainability Program
SPRPMO O 431.1	02/11/08	SPR Design Criteria
SPRPMO O 432.1B	05/13/09	SPR Facilities/Equipment Turnover and Startup Procedure
SPRPMO O 433.1B	09/27/07	Maintenance Management Program
SPRPMO O 434.1C	03/12/08	Recovery Program
SPRPMO O 440.2B	02/27/08	Aviation Implementation Plan
SPRPMO O 440.4	08/16/07	Policy on Preventing Violence in the Workplace
SPRPMO O 451.1C	01/26/07	SPRPMO National Environmental Policy Act (NEPA) Implementation Plan
SPRPMO O 471.4	06/30/04	Reporting Incidents of Security Concern
SPRPMO O 534.1 Change 1	03/15/02 05/14/03	Financial Accounting for the SPR Crude Oil Inventory
SPRPMO M 243.1-1C	04/10/06	Records Disposition Manual
SPRPMO M 410.1-1A Change 1	11/10/03 08/30/06	Configuration Management Program Manual
SPRPMO M 413.1-1A	02/20/09	Crude Oil Quality Program and Test Criteria Manual
SPRPMO M 414.1-1A	09/30/03	Quality Assurance Manual
SPRPMO M 434.1-1B Change 1	07/15/02 03/25/03	Petroleum Accountability Manual
SPRPMO M 442.1-1A Change 1	06/04/02 08/25/04	Employee Concerns Manual
SPRPMO M 450.1-1B	03/26/09	Environment Safety and Health Manual
SPRPMO M 470.4-1	07/13/07	SPRPMO Security Manual
SPRPMO N 450.5A	02/03/10	SPR Environment, Security, Safety, Health, and Emergency Preparedness Goals, FY 2010