

AWARD FEE PLAN

FOR

F-117A TOTAL SYSTEM PERFORMANCE RESPONSIBILITY CONTRACT FY 99 – 06

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Lockheed Martin Aeronautics Company

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APPROVED:

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AWARD FEE PLAN

1.0 INTRODUCTION

This award fee plan is the basis for the F-117 System Program Office (SPO) evaluation of the contractor's performance and for presenting an assessment of that performance to the Fee Determining Official (FDO). The specific criteria and procedures used to assess the contractor's performance and to determine the amount of award fee earned are described herein. All FDO decisions regarding the award fee, including but not limited to: the amount of the award fee, if any; the methodology used to calculate the award fee; the calculation of the award fee; the contractor's entitlement to the award fee; and the nature and success of the contractor's performance, shall not be subject to the "Disputes" clause nor reviewed by any Board of Contract Appeal (BCA), court, or other judicial entity.

The award fee plan will be provided to the contractor by Letter of Attachment. The award fee payments will be provided to the contractor through a Delivery Order and is in addition to the other contract payment clauses. The award fee earned and payable will be determined by the FDO based upon review of the contractor's performance against the criteria set forth in this plan. The plan may be changed unilaterally prior to the beginning of an evaluation period. The contractor will be notified of changes to the plan by the Contracting Officer, in writing, before the start of the effected evaluation period. Changes to this plan that are applicable to a current evaluation period will be incorporated by mutual consent of both parties.

2.0 ORGANIZATION

The award fee organization consists of: the Fee Determining Official (FDO), an Award Fee Review Board (AFRB) which consists of a chairperson, the contracting officer, a recorder, other functional area participants, and advisor members; and the performance monitors. The FDO, AFRB members, and performance monitors are listed in Attachment 1.

3.0 RESPONSIBILITIES

- a. **Fee Determining Official.** The FDO approves the award fee plan and any significant changes. The FDO reviews the recommendation(s) of the AFRB, considers all pertinent data, and determines the earned-award fee amount for each evaluation period.
- b. **Award Fee Review Board.** AFRB members review performance monitors' evaluations of the contractor's performance, consider all information from pertinent sources, prepare interim performance reports, and arrive at an earned-award fee recommendation to be presented to the FDO. The AFRB will also recommend changes to this plan.
- c. **AFRB Recorder.** The AFRB recorder is responsible for coordinating the administrative actions required by the performance monitors, the AFRB, and the FDO, including: 1) receipt, processing and distribution of evaluation reports from all required sources; 2) scheduling and assisting with internal evaluation milestones such as briefings; and 3) accomplishing other actions required to ensure the smooth operation of the award fee process.
- d. **Procuring Contracting Officer.** The PCO is the liaison between contractor and Government personnel.

- e. **DCMA Representative.** The DCMA representative evaluates the contractor's performance.
- f. **49 Fighter Wing.** The 49Fighter Wing represents the ultimate customer and as such provides an evaluation of the contractor's performance.
- g. **Performance Monitors.** Performance monitors maintain written records of the contractor's performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. They also prepare interim and end-of-period evaluation reports as directed by the AFRB.

4.0 AWARD FEE PROCESSES

- a. **Available-Award Fee Amount.** The earned award fee will be paid based on the contractor's performance during each evaluation period. The available award fee for each evaluation period is shown in Attachment 2.
- b. Any unearned portion of the award fee for each award fee period will be rolled over to the next award fee period. At the time that an unearned portion of the award fee is identified, the contractor will submit a plan for additional award fee criteria for the rollover amount. The FDO must approve the contractor-submitted plan.
- c. **Evaluation Criteria.** If the PCO does not give specific notice in writing to the contractor of any change to the evaluation criteria prior to the start of a new evaluation period, then the same criteria listed for the preceding period will be used in the following award fee evaluation period. Any changes to evaluation criteria will be made by revising Attachment 3 and notifying the contractor.
- d. **Interim Evaluation Process.** The AFRB Recorder notifies each AFRB member and performance monitor 15 calendar days before the midpoint of the evaluation period. Performance monitors submit their evaluation reports to the AFRB 10 calendar days after the midpoint of the evaluation period. The AFRB determines the interim evaluation results and notifies the contractor of strengths and weaknesses for the current evaluation period. The PCO may also issue letters at any time when it is deemed necessary to highlight areas of Government concern.
- e. **End-of-Period Evaluations.** The AFRB Recorder notifies each AFRB member and performance monitor 15 calendar days before the end of the evaluation period. Performance monitors submit their evaluation reports to the AFRB 10 calendar days after the end of the evaluation period. The AFRB prepares its evaluation report and recommendation of earned award fee. The AFRB briefs the evaluation report and recommendation to the FDO. At this time, the AFRB may also recommend any significant changes to the award fee plan for FDO approval. The FDO determines the overall grade and earned-award fee amount for the evaluation period within 30 calendar days after each evaluation period. The FDO letter informs the contractor of the earned-award fee amount. The PCO issues a delivery order within 5 calendar days after the FDO's decision is made authorizing payment of the earned-award fee amount.
- f. **Contractor's Self-Assessment.** The contractor's self-evaluation is submitted to the PCO within five working days after the end of the evaluation period. This written assessment of the contractor's performance throughout the evaluation period may also contain any information

that may be reasonably expected to assist the AFRB in evaluating the contractor's performance. The contractor's self-assessment may not exceed 10 pages. The contractor will be afforded the opportunity to attend the AFRB briefing to the FDO and can present a separate briefing to the FDO, if desired.

5.0 AWARD FEE PLAN CHANGE PROCEDURE

Forward all significant changes to the FDO for approval; other changes are approved by the AFRB Chairperson. After approval, the PCO shall notify the contractor in writing of any change(s). Unilateral changes may be made to the award fee plan if the contractor is provided written notification by the contracting officer before the start of the upcoming evaluation period. Changes affecting the current evaluation period must be by mutual agreement of both parties.

6.0 CONTRACT TERMINATION

If the contract is terminated for the convenience of the Government after the start of an award fee evaluation period, the award fee deemed earned for that period shall be determined by the FDO using the normal award fee evaluation process. The remaining award fee amounts allocated to all subsequent award fee evaluation periods cannot be earned by the contractor and, therefore, shall not be paid.

3 Attachments

- 1. Award Fee Organization**
- 2. Award Fee Allocation by Evaluation Periods and Award Fee Grades**
- 3. Evaluation Criteria**

**ATTACHMENT 1
AWARD FEE ORGANIZATION
F-117 System Program Office**

Members

Fee Determining Official: Program Executive Officer	AFPEO/FB
Award Fee Review Board Chairperson: System Program Director	ASC/YN
Award Fee Review Board Members:	
Contracting Officer	ASC/PK
DCMA Representative	DCMA
49 Fighter Wing Representative	LG
410 Flight Test Squadron	410FLTS
Deputy System Program Director	ASC/YN
Financial Management Staff Member	ASC/YN
Recorder	ASC/YN
SPO Deputy Chief of Sustainment	ASC/YN
SPO Chief Engineer	ASC/YN
SPO Chief of Program Management	ASC/YN
HQ ACC Representative	XRA F-117

Performance Monitors

Performance Monitors (ASC/YN, ACC, DCMA, 49FW & 410FLTS)

Performance Elements:

- Program Management
- Subcontract Management
- Manufacturing Management
- Quality Assurance
- Configuration Management
- Engineering and Test Management
- Cost and Schedule Management
- Logistics
- Technical Orders

ATTACHMENT 2

AWARD FEE ALLOCATION BY EVALUATION PERIODS AND AWARD FEE GRADES

The award fee earned by the contractor will be determined at the completion of evaluation periods shown below. The percentage and dollars shown corresponding to each period is the maximum available-award fee amount that can be earned during that particular period.

Evaluation Period	From	To	Available Award Fee *
First	1 Oct 98	30 Mar 99	
Second	1 Apr 99	30 Sep 99	
Third	1 Oct 99	30 Mar 00	
Fourth	1 Apr 00	30 Sep 00	
Fifth	1 Oct 00	30 Mar 01	
Sixth	1 Apr 01	30 Sep 01	
Seventh	1 Oct 01	30 Mar 02	
Eighth	1 Apr 02	30 Sep 02	
Ninth	1 Oct 02	30 Mar 03	
Tenth	1 Apr 03	30 Sep 03	
Eleventh	1 Oct 03	30 Mar 04	
Twelfth	1 Apr 04	30 Sep 04	
Thirteenth	1 Oct 04	30 Mar 05	
Fourteenth	1 Apr 05	30 Sep 05	
Fifteenth	1 Oct 05	30 Mar 06	
Sixteenth	1 Apr 06	30 Sep 06	

* Will be computed in and expressed in dollars at conclusion of negotiations

GRADE	OVERALL SCORE	PERCENT OF AWARD FEE AVAILABLE
Excellent	91 – 100	96 – 100%
Very Good	78 – 90	80 – 95%
Good	67 – 77	51 – 79%
Satisfactory	51 – 66	1 – 50%
Unsatisfactory	0 – 50	0

When adding a ranking of “high”, “medium”, or “low” (reference attachment 3) to the rating, use the following scoring: A grade of excellent-high would range from 97-100, excellent-medium would range from 94-96, excellent-low would range from 91-93. A grade of very good-high would range from 86-90, medium from 82-85, low from 78-81. A grade of good-high 74-77, medium 70-73, low 67-69, and so on.

**ATTACHMENT 3
EVALUATION CRITERIA**

1. **TECHNICAL** (Includes supportability, equipment performance, product/process improvement, design, development, testing, validation) To provide a more accurate assessment, include a ranking of “high”, “medium” or “low” to the evaluation grade (rating), i.e., excellent-high, excellent-medium, excellent-low, very good-high, very good-medium, very good-low, etc.

a. Unsatisfactory:

- Does not coordinate with SPO on technical issues.
- Is indifferent to resolving equipment and supportability performance problems consistent with the needs/limitations of the user.
- No standard defined, documented and deployed development process exists.
- Does not use automated tools and techniques for development and testing.

b. Satisfactory:

- Does not consistently coordinate with SPO on technical issues.
- Attempts to resolve equipment and supportability performance problems consistent with the needs/limitations of the user.
- Contractor has, but does not consistently follow standard defined, documented and deployed standard development processes.
- Uses automated tools and techniques for development and testing only if directed by the government

c. Good:

- Coordinates with SPO on technical issues with little prompting.
- Resolves equipment and supportability performance problems consistent with the needs/limitations of the user.
- For defined requirements, the standard defined, documented and deployed development process frequently results in designs that are complete, stable, and validated.
- Contractor attempts, without government direction, to use automated tools for development and testing.

d. Very Good:

- Coordinates with SPO on technical issues with no prompting.
- Proactively identifies and resolves equipment and supportability performance problems consistent with the needs/limitations of the user.
- For defined requirements, the standard defined, documented and deployed development process usually results in designs that are complete, stable, and validated.
- Successfully uses automated tools and techniques for software development and testing with little assistance or prompting from the SPO.

e. Excellent:

- Coordinates with SPO on technical issues without prompting.
- Proactively identifies and provides innovative approaches to resolve equipment and supportability performance problems consistent with the needs/limitations of the user.

- For defined requirements, the standard defined, documented and deployed development process consistently results in designs that are complete, stable, and validated.
- Consistently and independently uses innovative approaches to successfully incorporate automated tools and techniques for development and testing.

2. **MANAGEMENT** (Includes cost, schedule and performance management, problem resolution, and, overall system support) To provide a more accurate assessment, include a ranking of “high”, “medium” or “low” to the evaluation grade (rating), i.e., excellent-high, excellent-medium, excellent-low, very good-high, very good-medium, very good-low, etc.

a. Unsatisfactory:

- Cost management system usually does not identify or predict problem areas.
- Dependent on SPO to identify and force problem resolutions.
- Tasks are frequently completed late without justification or prior agreement.

b. Satisfactory:

- Cost management system identifies problem areas but does not predict them.
- Most problems require SPO identification and intervention for resolution.
- Task completion is occasionally late without justification or prior agreement.

c. Good

- Cost management system consistently provides identification and prediction of problem areas.
- Problems are identified but require some SPO intervention for resolution.
- Most task completions are on time or occasionally late with prior agreement.

d. Very Good:

- Cost management system provides early identification and prediction of problem areas and recommends corrective actions.
- Problems are identified and rarely require SPO intervention for resolution.
- Tasks are consistently completed on schedule

e. Excellent:

- Cost management system automatically identifies and predicts problem areas and LM AERO management incorporates corrective actions.
- Problems are consistently identified and resolved without SPO intervention.
- LM AERO sets achievable but aggressive schedules and consistently completes tasks on or ahead of schedule.

3. **SUBCONTRACTING** (Includes flow-down TSPR-type incentives, where appropriate; encourages small business growth; fosters small disadvantaged and women-owned small business) To provide a more accurate assessment, include a ranking of “high”, “medium” or “low” to the evaluation grade (rating), i.e., excellent-high, excellent-medium, excellent-low, very good-high, very good-medium, very good-low, etc.

a. Unsatisfactory:

- Rarely implements TSPR type incentives in subcontracts.

- Almost never assists small business to expand their product line through process improvements.
- Does not achieve subcontracting plan goals for small business, small disadvantaged and women-owned small businesses as specified in the contract.

b. Satisfactory:

- Occasionally implements TSPR type incentives in subcontracts
- Sometimes assists small business to expand their product line through process improvements
- Occasionally achieves subcontracting plan goals for small business, small disadvantaged and women-owned small businesses as specified in the contract.

c. Good

- Usually implements TSPR type incentives in subcontracts
- Usually assists small business to expand their product line through process improvements
- Usually achieves subcontracting plan goals for small business, small disadvantaged and women-owned small businesses as specified in the contract.

d. Very Good:

- To the maximum extent possible, implements TSPR type incentives in subcontracts
- Teams with small business to expand their product line through process improvements
- Often achieves subcontracting plan goals for small business, small disadvantaged and women-owned small businesses as specified in the contract.

e. Excellent:

- Maximizes incentives and finds innovative methods to incentivize subcontracts
- Teams and mentors small business to expand their product line through process improvements
- Achieves subcontracting plan goals for small business, small disadvantaged and women-owned small businesses as specified in the contract.

4. CUSTOMER SATISFACTION (Includes delivery of a quality product, contractor responsiveness, and overall approach to problem solving) To provide a more accurate assessment, include a ranking of “high”, “medium” or “low” to the evaluation grade (rating), i.e., excellent-high, excellent-medium, excellent-low, very good-high, very good-medium, very good-low, etc.

a. Unsatisfactory:

- Frequently delivers materiel and/or Depot aircraft with quality deficiencies.
- Frequently fails to respond to requests in a timely manner.
- Frequently offers expensive and unacceptable solutions to problems.

b. Satisfactory:

- Occasionally delivers materiel and/or Depot aircraft with quality deficiencies.
- Sometimes fails to respond to requests in a timely manner.
- Occasionally offers expensive and unacceptable solutions to problems

c. Good

- Seldom delivers materiel and/or Depot aircraft with quality deficiencies.

- Usually responds to requests in a timely manner.
- Seldom offers expensive and unacceptable solutions to problems

d. Very Good:

- Rarely delivers materiel and/or Depot aircraft with quality deficiencies.
- Provides an acceptable response to requests in a timely manner.
- Never offers expensive and unacceptable solutions to problems

e. Excellent:

- Delivers materiel and/or Depot aircraft without quality deficiencies.
- Provides the optimal response to requests in a timely manner.
- Continually offers practical solutions to problems and suggests methods to avoid problems in the future