Department of Energy

Oak Ridge Office
P.O. Box 2001
Oak Ridge, Tennessee 37831

December 13, 2012

Mr. Leo H. Sain
President and Project Manager
URS|CH2M Oak Ridge, LLC
Post Office 4699
Oak Ridge, Tennessee 37831-4699

Dear Mr. Sain:

CONTRACT NO. DE-SC0004645, AWARD FEE DETERMINATION FOR PERIOD 2

The Department of Energy (DOE) Oak Ridge Office Award Fee Board has completed its evaluation of the URS/CH2M Oak Ridge LLC (UCOR) performance for the award fee period 2 from February 1, 2012, through September 30, 2012. In its deliberations, the Board considered the Award Fee Evaluation Report and your self-assessment. As the Fee Determination Official, I have determined that UCOR has earned the following award fee for this period: $1,418,427 for the Project Management Incentive and $2,180,952 for the Cost Incentive. The total award fee is $3,599,379 against an available award fee of $4,038,800 for Period 2. Particularly ratings are as follows:

Objective Number	Performance Description	Performance Weight	Available Award Fee Pool	Performance Score	Award Fee Earned	Adjectival Rating
A.	**Project Management Incentive**					
A.1	Customer & Stakeholder Interactions	30%	$ 484,656	90%	$ 436,190	Very Good
A.2	Project Management & Business Systems	30%	$ 484,656	91%	$ 441,037	Excellent
A.3	Worker Safety & Health Management	10%	$ 161,552	94%	$ 151,859	Excellent
A.4	Quality Management	10%	$ 161,552	90%	$ 145,397	Very Good
A.5	Environmental Management	10%	$ 161,552	91%	$ 147,012	Excellent
A.6	Technical Issue Resolution	10%	$ 161,552	60%	$ 96,931	Good
B.	**Cost Incentive**	100%	$2,423,280	90%	$2,180,952	Medium-High

During this 8 month performance rating period (February through September 2012) UCOR has done a very good job performing work. UCOR completed True-Up of the contract on May 31, 2012. While the True-Up was completed in greater than 180 days, it was still a commendable achievement considering that this was the first time a True-Up has been completed this quickly on a large EM contract and took less than a year to complete. This was accomplished only due to the focus and importance UCOR and DOE placed on this effort and the partnering arrangement DOE and UCOR jointly implemented to ensure close coordination of this effort.

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Contract change proposals (CCP) submitted met the requirements of Federal Acquisition Regulation. UCOR responded to questions and negotiations in a timely manner to resolve multiple CCP within the 180 day time period. Also during this period UCOR successfully transitioned from their initial 6 month interim Performance Measurement Baseline (PMB) to the complete 5 year PMB which goes through July 2016, which was a pre-requisite for scheduling the Earned Values Management System (EVMS) Certification Review by DOE Headquarters (HQ) Acquisition and Project Management (APM) staff.

The EVMS Review was successfully conducted on schedule, during the week of March 26-30, 2012. HQ APM formally notified UCOR of EVMS Certification by letter dated July 16, 2012, a month earlier than planned. Monthly contract performance reports from the UCOR EVMS accurately reflect status, progress, and performance against approved contract baselines. Through September, total contract performance indicators show a cumulative schedule performance index (SPI) of 1.01 (ahead of schedule) and a cumulative cost performance index (CPI) of 1.04 (under cost). The total contract Variance-at-Completion forecasts a $45 Million (M) under run against a PMB Budget-at-Completion of $1,355M vs. an estimate at completion (EAC) of $1,310M. These figures reflect a contract that is performing well against authorized cost and schedule plans.

Other key accomplishments during period 2 include completing demolition of all 18 K-25 East Wing Non-Tc99 building units ahead of schedule. Shipping of building debris is 9 percent ahead of schedule, and cumulatively, converter shipments are 23 percent ahead of schedule. The project successfully conducted an UCOR Management Self Assessment and Readiness Assessment for K-25 Sodium Fluoride (NaF) Trap Removal with the DOE Readiness Assessment scheduled for October.

UCOR has cooperatively and proactively worked with DOE in transitioning the K-27 Facility from a cold and dark safe standby mode to an operations mode. This process involved several key technical safety basis document changes which were developed collaboratively with DOE, submitted in a timely manner, and met the necessary quality standards.

However, over the past 8 months, UCOR has continued to struggle in the area of nuclear safety. Revision 18 of the Documented Safety Analysis (DSA) and Technical Safety Review (TSR) for K-25/K-27 were submitted and determined to not be approvable. Additionally, the schedule for the safety basis revision submittal for removing the NaF traps, surge tanks, and monoliths has continued to slip. UCOR's delay in reaching a final decision regarding fixative vs. foaming for the Tc-99 contaminated units has had a negative effect on progress in this area of K-25. The foaming decision affects characterization and equipment/piping removal activities that are impacting project schedule and cost.

This Award Fee Determination provides reasonable assurance the DOE fairly executed the Performance Evaluation Management Plan for Period 2.

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Please express our sincere thanks to your entire team for their continuing support of the DOE mission. If you have questions, or if we can be of any further assistance, please contact me at 576-0742, or James D. Kopotic at 576-9441.

Sincerely,

Mark Whitney
Fee Determination Official

Enclosure

cc w/enclosure:
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Jason Armstrong, EM-94
Susan Cange, EM-90
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