OMB Approval #: 2700-0042

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE 12	PAGE OF PAGES 1	5	
2. AMENDMENT/MODIFICATION NO. 22	3. EFFECTIVE DATE JUL 09 2002	4. REQUISITION/PURCHASE REQ. NO. 1-2-QS-D9953(1F)	5. PROJECT NO. *(If applicable)*

6. ISSUED BY CODE PS22-K

Procurement Office
George C. Marshall Space Flight Center
National Aeronautics and Space Administration
Marshall Space Flight Center, AL 35812

7. ADMINISTERED BY *(If other than Item 6)* CODE PS22-K

Marianne Campbell
256-544-6496
Marianne.campbell@msfc.nasa.gov
AUTOMATED INVOICE PAYMENT INFORMATION: (256) 544-5566

8. NAME AND ADDRESS OF CONTRACTOR *(No., street, county, State, and Zip Code)*

Hernandez Engineering Inc.
16055 Space Center Boulrvard, Suite 725
Houston TX 77062

CODE 2Y303 FACILITY CODE

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED *(SEE ITEM 11)*

X 10A. MODIFICATION OF CONTRACT/ORDER NO. NAS8-00179

10B. DATED *(SEE ITEM 13)* 10/01/00

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA *(If required)*
713-10-21-R100-QS-2-00S-000-2550 802/30110 $17,400

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(x) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: *(Specify authority)* THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES *(such as changes in paying office, appropriation date, etc.)* SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
FAR 43.103(a)(3) and Mutual Agreement Between Both Parties

D. OTHER *(Specify type of modification and authority)*

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION *(Organized by UCF section headings, including solicitation/contract subject matter where feasible.)*

	Negotiated Est. Cost	Potential Award Fee	Earned Metric Eval. Fee	Earned Performance Eval. Fee	Contract Value	Total Sum Alloted
Previous	$13,873,948.00	$449,816.00	$159,715.00	$228,960.00	$14,712,439.00	$13,836,117.00
This Mod	**$336,344.00**	**$20,585.00**	$0.00	$0.00	**$356,929.00**	**$17,400.00**
New Total	**$14,210,292.00**	**$470,401.00**	$159,715.00	$228,960.00	**$15,069,368.00**	**$13,853,517.00**

See page 2 for description.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER *(Type or print)*

15B. CONTRACTOR/OFFEROR

(Signature of person authorized to sign)

15C. DATE SIGNED

16A. NAME AND TITLE OF CONTRACTING OFFICER *(Type or print)*
Marianne campbell
Contracting Officer

16B. UNITED STATES OF AMERICA
BY _____
(Signature of Contracting Officer)

16C. DATE SIGNED JUL 09 2002

The purpose of this modification is to provide an equitable adjustment for additional effort within the Scope of the Statement of Work, provide an increment of funds pursuant to the "Limitation of Funds" clause and the contractor's letter dated **July 2, 2002,** and amend Attachment J-4B METRICS EVALUATION PLAN. The foregoing action is further implemented by the following changes. All changes are marked in **BOLD.**

1. Clause B.2 CONTRACT COST AND FEES paragraphs (b) and (c) are deleted in their entirety and the following is substituted in lieu thereof:

B.2 CONTRACT COST AND FEES

"(b) A summary of the estimated cost and fees for the performance of work under this contract is as follows:

	Previous Amount	**Adjusted this Mod**	**New Total**
Estimated Cost	$13,873,948.00	**$336,344.00**	**$14,210,292.00**
Potential Award Fee(s)	$449,816.00	**$20,585.00**	**$470,401.00**
Potential Performance Evaluation Fee (60%)	$269,890.00	**$12,351.00**	**$282,241.00**
Potential Metrics Evaluation Fee 40%	$179,926.00	**$8,234.00**	**$188,160.00**
Earned Performance Evaluation Fee	$228,960.00	$0.00	$228,960.00
Earned Metric Evaluation Fee	$159,715.00	$0.00	$159,715.00
Total	$ 14,712,439.00	**$356,929.00**	**$15,069,368.00**

(c) Estimated cost and fees applicable to each option Period are set forth below:

Option No.	Period Covered	Estimated Cost	Potential Performance Evaluation Fee	Potential Metrics Evaluation Fee	Total Option Value
1	10/01/01--09/30/02	**$7,511,997.00**	**$277,053.00**	**$184,701.00**	**$7,973,751.00**
2	10/01/02--09/30/03	$7,690,761.00	$282,420.00	$188,279.00	$8,161,460.00
3	10/01/03--09/30/04	$7,918,916.00	$290,796.00	$193,863.00	$8,403,575.00
4	10/01/04--09/30/05	$8,010,012.00	$294,139.00	$196,092.00	$8,500,243.00"

2. Clause B.3 AWARD FEE FOR SERVICE CONTRACTS (1852.216-76)(MAR 1998) paragraph (e) is deleted in its entirety and the following is substituted in lieu thereof:

B.3 AWARD FEE FOR SERVICE CONTRACTS (1852.216-76)(MAR 1998)

"(e) The amount of award fee which can be awarded in each evaluation period is limited to the amounts set forth in the following tables. Award fee which is not earned in an evaluation period cannot be reallocated to future evaluation periods.

Summary of Potential and Earned Award Fees

1. Summary of Potential and Earned Performance Evaluation Fees:

	Award Fee Period	Original Amount Available	Performance Eval. Fee Earned	Mod No.
1	10/01/00 - 03/31/01	$ 117,545.00	$ 111,079.00	Mod 07
2	04/01/01 - 09/30/01	$ 122,030.00	$ 117,881.00	Mod 14
3	**10/01/01 - 09/30/02**	**$ 277,053.00**		
4	10/01/02 - 09/30/03	$ 282,420.00		
5	10/01/03 - 09/30/04	$ 290,796.00		
6	10/01/04 - 09/30/05	$ 294,139.00		
Total		**$1,383,983.00**	$ 228,960.00	

2. Summary of Potential and Earned Metric Evaluation Fee

	Award Fee Period	Amount Available	Metrics Eval. Fee Earned	Mod No.
1	10/01/00 - 03/31/01	$ 78,362.00	$ 78,362.00	Mod 07
2	04/01/01 - 09/30/01	$ 81,353.00	$ 81,353.00	Mod 14
3	10/01/01 - 09/30/02	**$ 184,701.00**		
4	10/01/02 - 09/30/03	$ 188,279.00		
5	10/01/03 - 09/30/04	$ 193,863.00		
6	10/01/04 - 09/30/05	$ 196,092.00		
Total		$ 922,650.00	$ 159,715.00"	

3. Clause B.5 CONTRACT FUNDING (1852.232-81) (JUN 1990) is hereby deleted in its entirety and the following is substituted in lieu thereof:

"B.5 CONTRACT FUNDING (1852.232-81) (JUN 1990)

(a) For the purposes of payment of cost, exclusive of fee, in accordance with the Limitation of Funds clause, the total amount allotted by the Government to this contract is **$13,098,665.** This allotment is for Safety and Mission Assurance Mission Services and covers the following estimated period of performance: October 1, 2000, through **September 2, 2002.**

(b) An additional amount of **$754,852** is obligated under this contract for payment of fee.

(c) Recapitulation of funding is as follows:

	Previous	This Award	Total
Estimated Cost	$13,084,925.00	**$13,740.00**	**$13,098,665.00**
Provisional Award Fee	$362,517.00	**$3,660.00**	**$366,177.00**
Earned Award Fee	$388,675.00	**$0.00**	$388,675.00
Performance Eval. Fee	$228,960.00	**$0.00**	$228,960.00
Metrics Eval. Fee	$159,715.00	**$0.00**	$159,715.00
Total Sum Allotted	$13,836,117.00	**$17,400.00**	**$13,853,517.00**

(End of clause)"

4. Attachment J-4 Section B, METRICS EVALUATION PLAN (MEP)is deleted in its entirety and the following Attachment J-4 Section B, METRICS EVALUATION PLAN (MEP)is substituted in lieu thereof to amend the Negotiated Composite Direct Labor Rate (CDLR).

5. In consideration of the modification(s) agreed to herein as complete equitable adjustment for the Contractor's proposal(s) for adjustment, the Contractor hereby releases the Government from any and all liability under this contract for further equitable adjustments attributable to such facts or circumstances giving rise to the proposal(s)for adjustment.

Contract Change Identification	Contractor Proposal No.
Modification 22	175-052902-TC 140-010402-TC

ATTACHMENT J-4
"SECTION B

METRICS EVALUATION PLAN (MEP)

MSFC SAFETY AND MISSION ASSURANCE (S&MA) MISSION SERVICES

CONTRACT NAS8-00179

METRICS EVALUATION PLAN (MEP)

TABLE OF CONTENTS

	Page
A. INTRODUCTION	
1. Purpose	J-4B-3
2. Summary	J-4B-3
3. Fee Evaluation	J-4B-3
B. EVALUATION CRITERIA DEFINITION	J-4B-4
1. Schedule Performance	J-4B-4
2. Cost Performance	J-4B-8
3. Safety Lost Time Incident (LTI) Performance	J-4B-10
C. CONTRACTOR'S REPORTING REQUIREMENTS	J-4B-11

A. INTRODUCTION

1. Purpose

This Plan provides guidelines and methodology for evaluating the performance of the S&MA Mission Services Contractor under Contract NAS8-00179, for the objective, performance-based criteria within the Schedule, Cost, and Safety Lost Time Incident (LTI) categories.

2. Summary

a. Description of Contract

The Contractor shall provide the necessary management, personnel, equipment and supplies (not otherwise provided by the Government) to perform Safety and Mission Assurance (S&MA) mission services to accomplish the following functions:

(1) Perform surveillance of assigned MSFC in-house and contracted design, manufacturing and testing activities, for both hardware and software, to assess compliance with NASA MSFC safety, reliability, maintainability and quality assurance policies, requirements and controls.

(2) Assure that management assessment information is provided in a timely manner to the MSFC S&MA Office to support the decision-making process regarding open problems, hazards and risks pertaining to accomplishing MSFC's mission.

(3) Operate the MSFC Problem Assessment Center and Management Information Center (MIC).

(4) The Contractor shall identify opportunities for improving the efficiency of task execution, including the use of innovative techniques, and present them to S&MA.

b. Scope of Contract

The Contractor's MSFC S&MA mission services are applicable to all assigned MSFC projects.

3. Fee Evaluation

In accordance with Section B of the Contract, forty percent (40%) of the total potential contract fee is available for performance of the criteria in this section. With the exception of cost performance, which will be assessed annually, performance determinations under this section (Section B/Attachment J-4) will be made annually concurrent with the PEB evaluations of Attachment J-4, Section A. The contractor's performance under the criteria of this section will be determined solely by the Contracting Officer's Technical Representative (COTR)

and the Contracting Officer (CO). Therefore, determinations under this section are not subject to the Performance Evaluation Board (PEB) process. To ensure excellence in S&MA mission services, this section is subject to revision during the course of this contract. However, any necessary revisions to this section will be fully coordinated with the contractor prior to the implementation period.

In order for the contractor to receive any fee under the Schedule and Safety LTI Performance criteria provisions of this MEP section, the contractor must receive an adjectival rating of "Satisfactory" or above for the concurrent evaluation period under the PEB evaluation of Section A. In order for the contractor to receive any fee under the Cost Performance criterion provisions of this MEP section, the contractor's average score for Section A for the annual period of the assessment must be an overall adjectival rating of "Good" or above.

B. EVALUATION CRITERIA DEFINITION

The evaluation criteria (i.e., Schedule Performance, Cost Performance, and Safety LTI Performance) specified in this section will provide the basis for determining the contractor's performance of the activities described herein and, as applicable, in the contract's Performance Work Statement (PWS). The following paragraphs define the evaluation criteria:

1. Schedule Performance

This criterion addresses timely completion of contract tasks under the technical direction provisions of the contract. The contractor will receive assignments with specified completion dates or milestone requirements. Success in meeting deadlines for performing these PWS tasks will be evaluated. Responsiveness to schedule changes and timely preparation, distribution, and delivery of items required by contract will also be evaluated.

Of the potential fee available in this section, sixty percent (60%) is apportioned to the Schedule Performance criterion. A performance-based approach will be used to evaluate the contractor's schedule performance, based on the elements and weightings (total to 100 percent) outlined in the list below. Description of what constitutes successful performance for fee determinations in the individual schedule elements is provided following the below list.

Schedule Performance Elements

1. Submittal of Data Requirements (DRs) (25 Percent)
2. Personnel Certification (20 Percent)
3. Safety Compliance and Hazardous Operations Inspections (15 Percent)
4. Real-time ALERT Availability (10 Percent)
5. Audit Action Item Status (10 Percent)
6. Recurrence Control Action Request (RCAR) Status (10 Percent)
7. Safety and Environmental Inspections (10 Percent)

a. Submittal of DRs (Reference PWS 2.0, 2.3, 5.5.9, & Attch J-2)

The objective of this schedule element is to emphasize the timely delivery of the following five (5) key data requirements:

DRD No.	Title
875MA-002	Financial Management Report (533M)
875MA-003	Progress Reports
875MA-007	Quarterly Open Problem List
875MA-008	Monthly Newly Opened/Closed Problem Summary
875SA-002	Mishap and Safety Statistics Reports

The initial submission and submission frequency for each of these DRs is specified in Attachment J-2. Of the schedule performance criteria, 25 percent of the total will be apportioned for the timely delivery of these DRs. Delivery of each DR has a equal value of 5 percent of the fee potential. The MSFC Office of Primary Responsibility (OPR) will record receipt of the DRs. For the mishap reporting required by DRD No. 875SA-002, the OPR will record receipt of the mishap reporting forms.

SUCCESSFUL PERFORMANCE (Element #1): Successful performance of this schedule element is defined as the receipt of the above data requirements as required during the semiannual evaluation period in accordance with the Attachment J-2 submission requirements. If every required submission of a DR during the evaluation period is received per the DRD requirements, the contractor will be entitled to the full 5 percent of the fee potential for that particular DR. The maximum allowable defect rate (MADR) for the delivery of these DRs is zero days. If the contractor fails, on one occurrence, to deliver a DR to ensure receipt in accordance with the DRD submissions requirements, the 5 percent fee potential for that DR will be forfeited.

b. Personnel Certification (PWS 2.5 & DRD 875MA-009)

The objective of this schedule element is to emphasize the timely and proper certification and re-certification of personnel engaged in training responsibilities, processes and potentially hazardous operations. Of the schedule performance criterion, 20 percent of the total will be apportioned for the timely certification/re-certification of personnel. The S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) maintains a certification database and will be responsible for issuance of certification cards. The contractor is responsible for providing evidence upon the completion of required training.

SUCCESSFUL PERFORMANCE (Element #2): Successful performance of this schedule element is defined as the timely completion of required training, and providing the supporting evidence to QS10, such that certifications do not expire or lapse for contractor personnel. If, during the evaluation period, the contractor maintains the timely certification and re-certifications of personnel engaged in training responsibilities, processes, and potentially hazardous operations, the contractor will be entitled to the full 20 percent of the fee potential for this schedule element. The maximum allowable defect rate (MADR) for the timely certification of personnel is zero occurrences of certification lapses or expirations. If the contractor fails, on

one occurrence, to maintain the timely and proper certification of personnel, the 20 percent fee potential for this element will be forfeited.

c. Safety Compliance and Hazardous Operations Inspections (PWS 4.1 and 4.2)

The objective of this schedule element is to emphasize the timely safety compliance and hazardous operations inspections of MSFC facilities and of MSFC construction sites. Of the schedule performance criterion, 15 percent of the total will be apportioned for the timely safety compliance and hazardous operations inspections. The contractor is responsible for developing a comprehensive schedule of all MSFC facility inspections and submitting to the S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) for approval. The QS10 approved comprehensive schedule will serve as the baseline requirement for evaluation of the contractor's performance of this schedule element.

SUCCESSFUL PERFORMANCE (Element #3): Successful performance of this schedule element is defined as the timely performance of the safety compliance and hazardous operations inspections of MSFC facilities and of MSFC construction sites. If, during the evaluation period, the contractor performs the required inspections per the QS10 approved schedule, the contractor will be entitled to the full 15 percent of the fee potential for this schedule element. The maximum allowable defect rate (MADR) for the timely performance of scheduled inspections is 10 days. If the contractor fails and is behind schedule by more than 10 days, the following deductions in fee potential will apply:

Contractor Behind Schedule < 10 days = No Potential Fee Reduction
Contractor Behind Schedule < 20 days = 5% Potential Fee Reduction
Contractor Behind Schedule < 30 days = 10% Potential Fee Reduction
Contractor Behind Schedule > 30 days = 15% Potential Fee Reduction

d. Real-time ALERT Availability (PWS 5.4.2)

The objective of this schedule element is to emphasize the timely distribution of ALERTS, generated through GIDEP or received from other Agency sources, to MSFC actionees. Of the schedule performance criterion, 10 percent of the total will be apportioned for the timely distribution of ALERTS. The S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) maintains and provides to the contractor a list of MSFC actionees for ALERTS. The contractor is responsible for entering ALERTS into the ALERT database and distribution of ALERTS to MSFC actionees for review and distribution. QS10 is responsible for monitoring the ALERT database to verify contractor's performance of this schedule element.

SUCCESSFUL PERFORMANCE (Element #4): Successful performance of this schedule element is defined as the timely database entry and distribution of ALERTS to MSFC actionees. If, during the evaluation period, the contractor enters and distributes all ALERTS to MSFC actionees within two working days of receipt, the contractor will be entitled to the full 10 percent of the fee potential for this schedule element. The maximum allowable

defect rate (MADR) for the timely distribution of ALERTS is two working days. If the contractor fails, on one occurrence, to enter and/or distribute ALERTS to the MSFC actionee list within the two working days, the 10 percent fee potential for this element will be forfeited.

e. Audit Action Item Status (PWS 6.2.8)

The objective of this schedule element is to emphasize the timely maintenance of an action item status system for S&MA participation in audits of MSFC internal organizations, MSFC vendors and suppliers, NASA Engineering and Quality Audits (NEQA), and other Government agencies. Of the schedule performance criterion, 10 percent of the total will be apportioned for the timely maintenance of the audit action item status tracking system. The S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) will monitor activity on the automated database to verify the contractor's performance of this schedule element. The contractor is responsible for maintaining status of all S&MA action items resulting from audits on the automated database.

SUCCESSFUL PERFORMANCE (Element #5): Successful performance of this schedule element is defined as the timely maintenance of the database of all S&MA audit actions. If, during the evaluation period, the contractor updates the database of audit action items on a periodic basis of at least monthly, the contractor will be entitled to the full 10 percent of the fee potential for this schedule element. The maximum allowable defect rate (MADR) for the timely maintenance of the database is 30 days. If the contractor fails, on one occurrence, to maintain/update the audit actions database within a 30 day period, the 10 percent fee potential for this element will be forfeited.

f. Recurrence Control Action Request (RCAR) Status (PWS 6.3.3 and MPG 1280.4))

The objective of this schedule element is to emphasize the timely generation of Recurrence Control Action Requests (RCARs). Of the schedule performance criterion, 10 percent of the total will be apportioned for the timely generation of RCARs. Hardware or software nonconformances, quality system deficiency notices, and quality comments may result in the generation of RCARs. The contractor is responsible for generating the RCAR for notification to the responsible organization(s). The S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) is responsible for monitoring the generation of RCARs to verify contractor's performance of this schedule element.

SUCCESSFUL PERFORMANCE (Element #6): Successful performance of this schedule element is defined as the timely generation of RCARs for notification to responsible organizations to investigate nonconformances. If, during the evaluation period, the contractor generates all required RCARs within five working days of receipt, the contractor will be entitled to the full 10 percent of the fee potential for this schedule element. The maximum allowable defect rate (MADR) for the timely generation of RCARs is five working days. If the contractor fails, on one occurrence, to generate an RCAR within the five working days, the 10 percent fee potential for this element will be forfeited.

g. Safety and Environmental Inspections (PWS 2.3)

The objective of this schedule element is to emphasize the timely performance of safety and environmental inspections of employee worksites. Of the schedule performance criteria, 10 percent of the total will be apportioned for the timely performance of worksite inspections. The contractor is responsible for conducting, and recording the results of, safety and environmental worksite inspections at a rate of at least one per month per onsite contractor supervisor. The contractor is also responsible for providing a copy of the documented results of the worksite inspections the S&MA Safety, Reliability and Quality Assurance (SR&QA) Department (QS10) upon completion of the inspections.

SUCCESSFUL PERFORMANCE (Element #7): Successful performance of this schedule element is defined as the timely performance of safety and environmental worksite inspections. If, during the evaluation period, the contractor performs worksite inspections at a rate of at least one per month per onsite supervisor, the contractor will be entitled to the full 10 percent of the fee potential for this schedule element. The maximum allowable defect rate (MADR) for the timely performance of worksite inspections is 30 days. If the contractor fails, on one occurrence, to perform worksite inspections of at least one per month per supervisor, the 10 percent fee potential for this element will be forfeited.

2. Cost Performance

This criterion addresses the contractor's effectiveness in managing contract cost. The objective of the cost performance criterion is to emphasize effective management and control of contract cost. Of the potential fee available in this section, thirty percent (30%) is apportioned to the Cost Performance criterion.

NOTE: In order for the contractor to earn any fee for the cost performance criterion based upon this assessment, the total actual cost incurred for the period cannot exceed the total contract estimated cost for that period. The Government will review and take into consideration evidence submitted by the contractor of mission changes that had a cumulative and adverse affect on the actual cost incurred for which no equitable adjustment was provided to the contractor in accordance with contract Clause H.6 Special Provision for Contract Changes.

Cost performance is an annual assessment of the contractor's actual composite direct labor rate incurred (calculated at the fully burdened level) to the composite direct labor rate (fully burdened) negotiated for the contract evaluation period. The composite direct labor rate is fully burdened when it includes all fringe, overhead, indirect, and G&A allocations. Fully burdened costs for the purposes of this evaluation do not include any subcontract, inter-company work transfers, travel, or miscellaneous other direct costs (ODC). The following table depicts the negotiated fully burdened direct composite labor rates by contract period:

Period	Negotiated Composite Direct Labor Rate (CDLR)
Base Year	
Option Year 1	
Option Year 2	(b)(4)
Option Year 3	
Option Year 4	

A performance-based metric will be used to score the contractor's achievement of cost performance criteria. The metric will be the composite actual fully burdened labor rate, in comparison to the composite fully burdened negotiated labor rate for the contract period.

SUCCESSFUL PERFORMANCE (Cost Criterion): Successful performance of the cost performance criterion is defined by the effective management of the actual incurred, fully burdened, direct labor cost in comparison to the negotiated, fully burdened, direct labor rate. If, during the evaluation period, the contractor's cost performance results in an actual incurred rate that is 95 percent or less in comparison to the fully burdened direct labor negotiated for the contract, the contractor will be entitled to the full 30 percent of the fee potential for this cost performance criterion. The maximum allowable defect rate (MADR) for the cost performance criterion is an actual incurred rate that is .95 when compared to the negotiated direct labor cost rate. If the contractor fails to control the actual incurred direct labor cost rate and it exceeds the negotiated direct labor cost rate, the full 30 percent fee potential for this criterion will be forfeited.

The table below relates cost performance to the potential fee deductions that will apply above the MADR of 0.95:

Actual Incurred Rate (AIR) Divided By Negotiated Rate for the Period	Deduction in Potential Cost Performance Fee
< 0.95	0%
If ≥ 0.95 but < 0.96	10%
If ≥ 0.96 but < 0.97	20%
If ≥ 0.97 but < 0.98	30%
If ≥ 0.98 but < 0.99	40%
If ≥ 0.99 but ≤ 1.0	50%
> 1.0	100%

Annual determinations against the cost performance criterion will occur at completion of the base period and, as applicable, each option period of the contract (i.e. periods 2, 4, 6, 8, and 10).

3. Safety Lost Time Incident (LTI) Performance (PWS 2.3 and DRD 875SA-002)

This criterion addresses the contractor's effectiveness in reducing the occurrences of lost time incidents. The objective of the Safety/LTI performance criterion is to emphasize workplace safety. Of the potential fee available in this section, ten percent (10%) is apportioned to the Safety/LTI Performance criterion.

Lost Time Incident (LTI) data as defined by OSHA will be used to measure the effectiveness of the contractor's safety program. OSHA defines a "lost time case" as a nonfatal traumatic injury that causes any loss of time from work beyond the day or shift it occurred; or a nonfatal nontraumatic illness/disease that causes disability at any time.

SUCCESSFUL PERFORMANCE (LTI Criterion): Successful performance of the safety LTI criterion is defined as the absence of lost time cases. If, during the evaluation period, the contractor's safety LTI performance results in an actual incurred rate of zero lost time cases, the contractor will be entitled to the full 10 percent of the fee potential for this cost performance criterion. The maximum allowable defect rate (MADR) for the safety LTI performance criterion is zero actual occurrences. If the contractor incurs two or more LTI cases during the period, the 10 percent fee potential for this criterion will be forfeited.

The table below relates safety LTI performance to the potential fee deductions that will apply above the MADR of 0.0:

Number of LTI's	**Deduction in Potential LTI Performance Fee**
If LTI = 0	0%
If LTI = 1	50%
If LTI's $\geq$ 2	100%

If the Government determines that any lost time incident was caused by conditions completely outside the control or responsibility of the contractor, that incident will be considered a non-event for the purposes of assessing the contractor's LTI performance under this criterion.

NOTE: If the contractor fails to report LTI(s) in accordance with this contract and DRD 875SA-002, notwithstanding the actual number of LTI(s) in the period, all potential fee for this criterion will be forfeited. In addition, the contractor's failure to report LTI(s) will be considered a significant weakness in the Management Performance criterion of Section A.

C. CONTRACTOR'S REPORTING REQUIREMENTS

The Contractor must submit a self assessment of performance under the criteria of this section (Section B Metrics Evaluation Plan) to the COTR on a Semiannual basis. DRD 875MA-003 provides the format requirements for submission of the quarterly report."