



Department of Energy
National Nuclear Security Administration
Kansas City Field Office
2000 E. 95th Street
Kansas City, Missouri 64131-3030

DEC 07 2012

MEMORANDUM FOR: CHRISTOPHER C. GENTILE
PRESIDENT
HONEYWELL FEDERAL MANUFACTURING &
TECHNOLOGIES

FROM: DOUG DEAROLPH
ACTING MANAGER

A handwritten signature in black ink, appearing to read "Doug Dearolph", written over a white background.

SUBJECT: PERFORMANCE EVALUATION REPORT, FY 2012

In accordance with Contract No. DE-NA 0000622, I hereby determine that FM&T has achieved an adjectival rating of "Excellent" for FY 2012. The attached Performance Evaluation Report, for the period October 1, 2011 through September 30, 2012, provides the basis for NNSA's determination.

FM&T has received \$10,800,000 in advance fee payment. Therefore, FM&T may withdraw funds, in the amount of \$17,955,100, from the FM&T Special Bank Account.

If you would like to discuss the report please contact me at extension 3341.

Attachment

cc: w/attachment:

M. Lempke, NA-00, FORS, HQ
J. Waddell, NA-APM-10, FORS, HQ
B. Stearrett, NA-APM-13, FORS, HQ
K. Gallegos, NA-APM-133, FORS, HQ
A. Trujillo, NA-00, FORS, HQ
J. Pohorence, Albuquerque Complex, M&O Contract Support Section
M. Holecek, KCSO
P. Hoopes, KCSO
S. Kinsey-Cannon, KCSO
J. Shoulta, KCSO
M. Roberts, KCSO
R. Tennant, KCSO
A. Guarino, KCSO
C. Karney, KCSO
J. Wienberg, KCSO
B. Schmidt, KCSO
P. Dieckmann, KCSO
L. Hautala, KCSO
M. Drury, KCSO
S. Robinson, KCSO

U. S. Department of Energy
National Nuclear Security Administration
Kansas City Field Office

**AWARD FEE
PERFORMANCE EVALUATION
REPORT**

FOR THE PERIOD:
October 1, 2011 through September 30, 2012

Contract DE-NA 0000622

**Honeywell
Federal Manufacturing &
Technologies, LLC**

Date: DEC 07 2012



Doug Dearolph, Acting Manager
Kansas City Field Office

Date: DEC 07 2012



Jerry Wienberg, Contracting Officer
Kansas City Field Office

**Performance Evaluation Report (PER)
 Kansas City Plant
 October 1, 2011 through September 30, 2012
 Honeywell Federal Manufacturing & Technologies, LLC**

| | | |
|--------------------------|------------|----------------------------|
| Essential Targets | 68% | \$20,467,500 |
| Stretch Targets | 22% | \$ 6,532,500 |
| Multisite Targets | 10% | \$ <u>3,000,000</u> |
| Total | | \$30,000,000 |

| Performance Area | Award Fee (PO) Allocation/Weight | | Incentive Fee (PBI) Allocation/Weight | | Total Fee Allocation/Weight | |
|-----------------------------|---|------------|--|------------|--|------------|
| Program – Essential | \$8,330,000 | | \$1,500,000 | | \$9,830,000 | |
| Program – Stretch | \$170,000 | | \$500,000 | | \$670,000 | |
| Program Total | \$8,500,000 | % | \$2,000,000 | % | \$10,500,000 | 35% |
| Oper.– Essential | \$6,887,500 | | \$0 | | \$6,887,500 | |
| Operations – Stretch | \$2,612,500 | | \$1,000,000 | | \$3,612,500 | |
| Operations Total | \$9,500,000 | % | \$1,000,000 | % | \$10,500,000 | 35% |
| IM&B – Essential | \$3,750,000 | | \$0 | | \$3,750,000 | |
| IM&B – Stretch | \$250,000 | | \$2,000,000 | | \$2,250,000 | |
| IM&B Total | \$4,000,000 | % | \$2,000,000 | % | \$6,000,000 | 20% |
| Multisite –Essential | \$0 | | \$3,000,000 | % | \$3,000,000 | 10% |
| Totals | \$22,000,000 | 73% | \$8,000,000 | 27% | \$30,000,000 | |

The contract between NNSA and Honeywell Federal Manufacturing & Technologies (FM&T) states that the term Kansas City Plant, or KCP, covers operations at all FM&T locations. Those locations are: Kansas City, Missouri; Albuquerque, New Mexico; Los Alamos, New Mexico; and Fort Chaffee, Arkansas. However, for the purposes of clarifying when expectations are specific to one location or organization, the following terms are used in this PER.

Organizational References

FM&T = the overall organization Honeywell Federal Manufacturing & Technologies, LLC (In the PER, “FM&T” is used interchangeably with the term “Honeywell.”)

FM&T/KC = the organization that manages operations specifically located at the Kansas City, Missouri, facility

FM&T/NM = the organization that specifically manages operations at the facilities in New Mexico

KCFO = NNSA’s Kansas City Field Office

| OFFICIAL USE ONLY | |
|--|-----------------------|
| May be exempt from public release under the Freedom of Information Act (5. U.S.C. 552), Exemption number and category: _____ <u>3 Statutory Exemption</u> | |
| Department of Energy Review required before public release | |
| Name/Org: <u>Jerry Wienberg</u> | Date: <u>10/01/12</u> |
| Guidance (if applicable) <u>Source Selection Information, FAR 2.101 and 3.104</u> | |

Location References

Ft. Chaffee = the NNSA facility specifically located at the U.S. Army's Fort Chaffee in Ft. Chaffee, Arkansas

KCP = Kansas City Plant; in this case referring specifically to the facility in Kansas City, MO

KO = Kirtland Operations; all facilities FM&T/NM operates.

NNSA has attempted to state a specific organization or location when appropriate. When no reference is made to a specific location or organization, NNSA intends for the expectation to cover all locations mentioned above.

2012 Performance Summary Statements

| | |
|---|--|
| I. <u>Performance Area - Program</u> | <u>Adjective Rating/Score</u> (Excellent/92.2%) |
|---|--|

Performance Summary: FM&T effectively executed the Program performance area amidst continued W76-1 production challenges and an aggressive KCRIMS project execution schedule. In spite of existing challenges, FM&T maintained their exemplary ship performance trend by delivering weapon related components at a 99.99% on-time delivery rate. FM&T led improvements and shared best practices on multi-site improvement teams related to Requirements, Modernization and Integration (RMI), Quality Systems, Supply Chain Management Center, and other functional business areas. FM&T also completed Office of Secure Transportation (OST) deliverables, Engineering and Readiness Campaign Execution Plan requirements, and Quality performance based requirements.

Noteworthy accomplishments for FY 2012 include:

- Completed all 37 Directed Stockpile Work (DSW) milestones in the KCP DSW Execution Plan.
- Provided FY 2012 B61 Option 3B development hardware requirements; updated manufacturing readiness level assessments and maturation forecasts; and supported NNSA Federal Program Management and Design Laboratories on the issuance of a new Work Breakdown Structure.
- Contributed to closure of W76-1 Life Extension Program (LEP) Code Blue conditions for the MC4713 Launch Accelerometer and the MC4682 Dual Capacitor.
- Delivered the first shipment of B83 ALT 353 development hardware ahead of schedule.
- Developed production strategies for system and component level conceptual design reviews supporting W88 ALT 370 Integrated Phase Gate processes.
- Delivered all Base Spares and ERS-PCD equipment requirements including 30 each of UP1643 Power Modules, 30 days ahead of the First Production Unit schedule.
- Developed a reduced production strategy to accommodate delayed MC4682 Dual Capacitor deliverables to the KCP, avoiding discontinuity in production processing, minimizing risks and reducing costs associated with a complete production stop/restart.
- Supported the B61 LEP revised Option 3B, W88 technology maturation and Gas Transfer System (GTS) weld development, forging development and legacy tester development through Readiness Campaigns.
- Obtained Qualification Evaluation Release (QER) allowing acceptance of critical CF3352 cables to support W87 Joint Test Assembly (JTA) requirements.
- Met or exceeded FY 2012 targets for Honeywell FM&T New Mexico Kirtland Operations (KO) including:
 - Completed 100 percent deliverables without budgetary overruns.
 - Completed 11 unscheduled minor repairs in addition to 13 major Safeguard Transporter (SGT) repair/refurbishments.

- Delivered all Overland Palletized Unit Shipper (OPUS) hardware.
- Decommissioned 17 Safe-Secure Trailers (SST), exceeding the 10 scheduled and budgeted for by OST.
- Experienced 0% unscheduled downtime at both Missouri and New Mexico relay stations.
- Supported Advanced Radio Enterprise System (ARES) communication project, OST personnel readiness training, and the OST Web applications.

As part of the Product Realization Integrated Digital Enterprise (PRIDE) initiative, FM&T identified a Commercial of the Shelf (COTS) application to replace Product, Process Test Data/Analysis (PPTD) database application and identified a vendor to capture unclassified “high-value, at-risk media” for Surveillance Data Delivery (SDD), exceeding this year’s expectations. FM&T’s collaboration with NSE sites in sharing enterprise risk and opportunity management plans and participating in Enterprise Modeling Consortium “What-If” modeling scenarios is also noteworthy.

Significant Issue

In FY 2012, Honeywell FM&T failed to provide an acceptable level of fidelity in a key business system, Enterprise Resource Planning (ERP), to estimate development costs. Cost estimating process and system validation gaps resulted in a significant cost estimation error in the B61 Life Extension Program Weapon Design Cost Report (WDCR) submitted to Headquarters during the first quarter of FY 2012. Although the error was self-identified and a corrective action has now been implemented, the magnitude and potential impact of the error was of significant concern. In addition, FM&T delayed implementing the Nuclear Plant Program (NPP) baseline management approach specifically related to Earned Value Management System (EVMS) performance measurements and resource loaded scheduling for the B61-LEP.

Weapon Quality Assurance

Throughout FY12 FM&T executed an effective quality assurance program that met and/or exceeded Weapon Quality Policy, QC-1 requirements. FM&T was responsive to KCFO-identified improvement opportunities in the areas of corrective action responses (CAR) and training system. FM&T developed and implemented a CAR dashboard that provided for visibility and accountability resulting in improved timely corrective action responses to KCFO. FM&T also made significant progress to address the root cause of a systemic training issue (completion scheduled November 2012). FM&T’s dedication and commitment to weapon quality assurance management was demonstrated by performance that included the following highlighted accomplishments:

- Two ISO 9001:2008 Standard periodical assessments were conducted resulting in no findings with seven noteworthy practices identified in each audit report.
- Advanced Mechanical Inspection Technology (AMIT) organizational structure and goals were formed in FY12 to serve as authority for measurement technology advancement.
- Supply Base Management (SBM) launched four teams that executed supplier performance improvement initiatives.
- Online Data Collection Project was executed that involves procurement of software to capture supplier data for analysis and process control.

- KCRIMS quality plan was finalized and released. The quality plan is a critical element of the overall strategy to ensure quality assurance during the plant move.
- FM&T Quality staff designed and implemented a Calibration Workload Planning Tool (CWPT) critical to enabling successful KCRIMS relocation of calibrated equipment.
- The FM&T Quality Director visited the United Kingdom to share best practices and lessons learned with quality and production operations staff.
- Production Strategies and internal Capability Gate reviews were developed for the B61 LEP and W88 ALT. The gate reviews allowed FM&T management to assess PRT progress and maturity, assure early engagement of appropriate FM&T staff on PRTs, assure PRT use lessons learned from prior programs, assure production risks are being identified and addressed, and remove barriers for the PRT.

KCFO measured FM&T's performance using a composite score made up of five quality indicators: Escapes, Scrap, Rework, Yield, and Percent Accepted Trouble Free (PATF). FM&T leveraged these quality measures to promote continuous process improvement activities and deploy best practices/lessons learned. These measures provided key quality and operations health indicators supported within FM&T daily Honeywell Operating System (HOS) Tier meetings which led to rapid identification of performance issues and risks, initiating the appropriate mitigation. FM&T achieved an outstanding year-end composite score of 135. A score from 120 to 140 was the Stretch Performance Target for this incentive.

In FY12, some significant weapon quality issues were identified as follows:

- Honeywell FM&T failed to disposition discrepant high-grade stainless steel in a timely manner and consistently return discrepant steel to the supplier.
- Two significant quality issues, loose screws on an assembly and an escape related to excess potting material, were not initially bounded appropriately by FM&T. Only after KCFO inquiries and requests for additional information were the issues effectively bounded by FM&T.
- An Engineering Evaluation Release (EER), 20101886SA, was issued detailing required product testing. Product was manufactured, then delivered and built into next assemblies without performance of EER-required testing.

Other Considerations - Program:

- (Unsatisfactory)** Despite noted improvements in day-to-day communications, Honeywell FM&T failed to provide timely communication to the Kansas City Field Office regarding weapon program impacts of a significant FM&T financial system failure affecting preliminary B61-LEP WDCR estimates; a FM&T vendor supplied B61 Flight Test Qualification Unit (FTQU) flight test/cable failure; and the late release of B83 Evaluation Test Unit (ETU) hardware design definition.

| | | |
|-------------------------------|--|--------------|
| <u>Program Rating:</u> | Milestone Composite Percentage: | 92.7% |
| | Other Considerations: | -0.5% |
| | Performance Area Rating | 92.2% |

II. Performance Area - Operations

Adjective Rating/Score
(Excellent/97.1%)

Performance Summary: FM&T performance in Operations was outstanding in FY12. All major objectives for the KCRIMS project were met or exceeded. FM&T partnered closely with the General Services Administration and the KCRIMS developer team to provide timely review of designs, formal submissions and cost reduction opportunities. FM&T completed 118 design reviews in support of the fast-paced design-build project. Design reviews were completed on time and corrected a number of critical deficiencies. This ensured mission requirements were met which did not delay the developer, avoiding \$190,000/day delay damages. FM&T implemented an effective inspection and facility walk-down process to support facility acceptance. These inspections were thorough and incorporated engineering and production personnel to ensure the Program of Requirements (POR) were met. The detailed POR continued to withstand developer challenges, and change orders are projected to be less than 1%, which is exceptional. The new state-of-the-art facility protects NNSA's ability to meet non-nuclear requirements while yielding a cost savings of about \$100 million/year. The Secretary of Energy stated, "The KCRIMS project, including the NSMC facility, is a cornerstone of the future success of the Department of Energy." The project is on pace to be brought on-line in record time and within the original budget profile.

Tenant Improvement (TI) costs increased significantly (\$20 million) in FY12 from original projections causing KCRIMS to baseline Tenant Improvements at a higher amount than was planned. TI was procured by GSA through the lease and FM&T had a limited role, primarily defining scope for TI. Designs and estimates by the developer were one year late, which reduced the opportunity to take corrective actions. FM&T implemented a number of cost savings opportunities to minimize the increase after it became visible. FM&T was able to accommodate the increase within the original budget request, due to savings realized at the existing KCP. Factors contributing to the TI increase were largely outside of FM&T's control. The overall increase will likely be significantly less after TI costs are reconciled by GSA and after the 50-50% core/shell savings are accounted for.

The KCRIMS Occupancy Project, in general, was well managed during FY12. FM&T has demonstrated effective management of scope, cost and schedule. FM&T is finalizing the detailed cost loaded schedule for relocation. FM&T is effectively utilizing project management processes. The level of rigor employed on the schedule, earned value management and project controls has been exemplary. Completion of several detailed planning milestones slipped. However, effective recovery plans were developed. FM&T also effectively managed impacts to planning as a result of the strike and implemented necessary recovery plans. Overall, detailed planning was successful and completed ahead of schedule. There are two areas of opportunities for improvement;

- The KCRIMS Occupancy Project has experienced problems with the accuracy of the government cost estimates. There have been cases where the estimates were either incomplete or inaccurate.
- Inaccuracies have been identified throughout the database. This has resulted in Baseline Change Requests and ultimately will result in change orders during relocation.

FM&T met expectations by incorporating internal resources into a cost loaded schedule into the Integrated Project Plan, identified by capital equipment number, using a hybrid approach. The two remaining relocation contracts were awarded and all (8) contractors are on-site finalizing detailed planning activities. FM&T continues to effectively manage risk and utilizes a strong risk management process.

Facility Operations at the existing KCP were well managed. KCP facilities engineering, maintenance, utilities management, and asset management continue to meet expectations while driving down cost. Effective project management was demonstrated on both small and large projects. FM&T is recognized for effectively managing the balance of maintaining a safe and secure facility while continuing to reduce costs within the Readiness in Technical Base and Facilities (RTBF). Facility-related capital and maintenance spending was limited to maintaining equipment and infrastructure in support of the mission and maintaining a safe and secure facility. Execution of the KCP Facility pause plan continues to be effectively managed.

FM&T continued its high performance in Health, Safety and Environment (HS&E) at both the KCP and KO. Illness/Injury statistics continue to be significantly better than comparable industry averages. This was accomplished while continuing to drive down cost. There were ten reportable injuries at the Kansas City Plant. Kirtland Operations recorded three reportable injuries in FY2012. FM&T is no longer following the DOE VPP Star Program as a result of the work force withdrawal from VPP. There is still a strong plantwide commitment to safety. Facility Engineering Services (FES) (a contractor to FM&T) was recertified in FY2012 and VPP star has been recommended. ISO 14001 and strong Honeywell Corporate requirements continue to provide externally-validated bases for HS&E adequacy.

FM&T did an outstanding job managing the Roof Asset Management Program (RAMP), which continues to provide significant value and responsiveness to the needs of NNSA and Idaho National Engineering Laboratory (INEL). FM&T executed approximately \$25 million of construction during FY12.

Significant accomplishments include:

- Construction was initiated early in the FY to assure timely obligation of Facilities and Infrastructure Recapitalization Program (FIRP) funding.
- Work funded by the HQ RAMP program directly to the KCP was expended by the end of FY12 to support closure of the FIRP program.
- Significant health and safety issues were mitigated throughout the complex created by record high temperatures during the Summer of 2012.
- The program received a letter of appreciation for the efforts of a construction subcontractor exhibiting exemplary safety performance at Pantex while completing a project six weeks ahead of schedule.
- Development of additional roofing subcontractors was emphasized, including small business concerns, to ensure the long-term success of the program.

FM&T made significant progress in supporting efforts for rapid sale/reuse of the existing Kansas City Plant. A developer has been selected as the preferred planning partner to develop a strategy

for transfer of the KCP Real Property to a non-federal owner.

Modifications to the Resource Conservation and Recovery Act (RCRA) permit were approved by the Missouri Department of Natural Resources (MDNR) and the Environmental Protection Agency (EPA). Actions regarding National Environmental Policy Act (NEPA) are in progress to support disposition.

The NC-135 disposition and closeout activities for NC-135 proceeded on schedule. The leasing strategy for acquiring replacement work space was successful in identifying properties, which will not require direct payment for the required tenant improvement projects. Supplemental agreements outlining the tenant improvements have been developed in cooperation with the landlords. KO continues to identify additional efficiencies in order to reduce the cost of NC-135 transition.

Honeywell FM&T Physical and Cyber Security organizations have been actively engaged in construction activities, developing detailed relocation plans and participating in a multitude of relocation planning activities for the new Kansas City Plant. The staff has worked to ensure that the construction, move and final operations meet security requirements while enabling operational efficiency at every phase. The same staff has worked on new lease proposals and modifications to existing facilities in Albuquerque in preparation for relocation activities there as well. FM&T continued to support NSE security reform initiatives - providing subject matter experts for every activity. As evidenced by assessments conducted throughout the year, the security organizations are performing satisfactorily - there were no significant security concerns identified during the fiscal year. Despite the enormous workload and without increase to staffing levels, both organizations have done an admirable job maintaining effective security programs at its existing facilities.

The FM&T Information Technology organization successfully transitioned to a third party service Helpdesk contract and in spite of initial service delivery issues was able to recover to finish the year with acceptable customer satisfaction rates. This transition resulted in a net savings of \$125,000 per year. The organization continued to lead the NNSA in multiple IT initiatives including: Right Path One Network, enterprise Oracle working groups, and One ID. Plans to implement One Network have been finalized and are awaiting funding; plans for One ID implementation at the NSC have been finalized as well and are currently being implemented – the first in NNSA. The organization successfully deployed \$7.65 million worth of network infrastructure equipment to the NSC and has been working diligently ensure the IT infrastructure is in place to support construction and relocation activities.

Other Considerations - Operations:

- a. **(Excellent)** FM&T is recognized for pulling the Mover w/Utilities scope and self-performing. This is anticipated to save a minimum of \$1.5 million and reduce RTBF expenditures by \$3 million.
- b. **(Excellent)** Procurement of fiber optic cables was pulled from the KCRIMS developer and accomplished by FM&T in a very compressed timeframe and resulted in an RTBF savings of \$650,000.

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|----------------------------------|--|--------------|
| <u>Operations Rating:</u> | Milestone Composite Percentage: | 96.1% |
| | Other Considerations: | 1.0% |
| | Performance Area Rating | 97.1% |

III. Performance Area – Institutional Management and Business (IM&B)
Adjective Rating/Score (Excellent/97.9%)

Performance Summary: FM&T has effectively managed the IM&B program areas, supporting mission requirements in a cost effective manner and in accordance with applicable laws, regulations and directives. FM&T’s efforts to support numerous initiatives and share best practices with NSE-wide implications, such as KCRIMS, Supply Chain Management Center (SCMC), Honeywell Operating System (HOS), KCP Oversight Model, Public and Congressional Affairs and Contractor Human Resources, demonstrate FM&T’s understanding of the KCP posture to drive future improvements throughout the NSE. The management of business areas continues to move upward while maintaining steady performance through budgetary, cost management, public relations and transformation challenges.

Noteworthy Highlights include:

- Successfully negotiated a six-year Machinist labor agreement within NNSA parameters significantly enhancing the long term viability of the business. FM&T successfully managed operations during a 42-day strike, meeting shipments and deliveries while maintaining safe operations.
- Achieved \$9.6 million cost savings, exceeding the target of \$8 million, with savings being reapplied to future KCP scope. Functional Transformation Initiative goals were met.
- Effectively led NSE and EM sites in achieving and exceeding SCMC goals and objectives. Over \$74 million was saved at NNSA sites and \$2.2 million was saved at EM sites after EM authorized SCMC to lead its eSourcing effort. Targeted projects were completed and substantial training was provided throughout DOE. The DOE Secretary's multi-year goal of \$450 million in strategic savings was exceeded by \$69 million.
- Exceeded FM&T targets in support of the SCMC, increasing utilization spend to \$39.7 million and surpassing the goal of \$20 million, resulting in a savings of \$5.3 million.
- Maintained NNSA Capabilities in Work for Others generating greater than \$82 million in overhead recovery.
- The FY11 business oversight dashboard/objectives matrix performance resulted in an “Outstanding” rating for procurement. Contractor human resources management was rated as “Excellent”.
- Achieved a “good” (highest rating) for all FY12 OFFM Performance Measures with numerous process improvements.
- The Communications office effectively supported internal and external requirements, congressional activities, community outreach and public involvement. FM&T provided effective support to activities such as KCP/Botts Road tours, media

interactions and responses, talking points, presentations, fact sheets, stakeholder strategic plans, and community outreach activities on behalf of the Kansas City Plant. One significant achievement involved the completion of the RCRA Community Involvement Plan and comment response document.

- FM&T Legal acquired responsibility for Export Control Act and Import/Export Compliance and helped build the program much further. The office garnered a near-perfect score in the Corporate Export Compliance Audit, and shared its expertise with other NSE sites and government agencies to institutionalize programs to prevent the illegal transfer of technology. The Legal office identified a tax-payment oversight, researched remedies for the problem and instituted a comprehensive fix to ensure the continued success of the Roof Asset and Management Program at NNSA New Mexico locations.
- Effectively addressed records management issues, minimizing decentralized records and relocating archived records to offsite storage as needed to support facility relocation.
- Achieved savings and improved processes through the utilization of Balanced Scorecard comparative tracking, Six Sigma, and Honeywell Operating System (HOS) operating philosophy.

FM&T's efforts to work across sites with multiple program officials are commendable.

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|--------------------------------|--|--------------|
| <u>IM&B Rating:</u> | Milestone Composite Percentage: | 97.9% |
| | Other Considerations: | 0% |
| | Performance Area Rating | 97.9% |

IV. Multisite

Adjective Rating/Score
(Excellent/100%)

Performance Summary:

Overall multi-site milestone performance evaluation, grade and score are assigned by NNSA/HQ with no additional input from the KCFO.

Rating: **Milestone Composite Percentage: Excellent/100**

The following table depicts Multi-Site available and earned fee.

| <u>MSPBI No.</u> | <u>Multi-Site Target</u> | <u>Met or Not</u> | <u>Available \$</u> | <u>Earned \$</u> |
|-------------------------|---------------------------------|--------------------------|----------------------------|-------------------------|
| 1.1 | Surveillance Program | Met | \$540,000 | \$540,000 |
| 1.2 | Navy W76 Deliverables | Met | \$1,080,000 | \$1,080,000 |
| 1.3 | B-61 LEP Milestones | Met | \$810,000 | \$810,000 |
| 1.4 | W78 Phase 6.X Activities | Met | \$270,000 | \$270,000 |
| 3.1 | BMAC Savings (\$450M) | Met | \$300,000 | \$300,000 |
| Totals | | | \$3,000,000 | \$3,000,000 |

FEE CALCULATION

| Performance Area | Fiscal Year 2011 | | | Fiscal Year 2012 | | |
|------------------------|------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| | Weight | Adjective/Score | Weighted Rating | Weight | Adjective/Score | Weighted Rating |
| Mission/Program | 35% | Excellent/91.4 | 31.99 | 35% | Excellent/92.2 | 32.27 |
| Operations | 35% | Excellent/98.1 | 34.34 | 35% | Excellent/97.1 | 33.99 |
| Business | 20% | Excellent/97.7 | 19.54 | 20% | Excellent/97.9 | 19.58 |
| Multisite | 10% | Excellent/100 | 10.00 | 10% | Excellent/100 | 10.00 |
| Total | | Excellent/95.9 | | | Excellent/95.9 | |

| <u>Fee Summary</u> | <u>Total Available Fee</u> | <u>% Fee Earned</u> | <u>Amount Earned</u> |
|--------------------|----------------------------|---------------------|----------------------|
| Essential Fee | \$20,325,000 | x 95.4 % | \$19,392,850 |
| Stretch* | \$ 6,675,000 | x 95.3% | \$ 6,362,250 |
| Multisite | \$ 3,000,000 | x 100% | \$ 3,000,000 |
| Total | \$30,000,000 | 95.9% | \$28,755,100 |
| | FY12 Provisional Fee Paid | | \$10,800,000 |
| | Balance Remaining | | \$17,955,100 |

*Stretch Fee earnings: A “gateway” approach related to Essential performance was used to determine stretch fee. Irrespective of performance in Stretch, to be eligible to earn any Stretch fee, the Essential performance had to be at least 80% success.

Attachment 1 – KCP FY12 PEP Milestone Final Performance Report

(see attached Excel milestone spreadsheet)

**Attachment 1, FY 12 Final
KCP FY 12 PEP Milestone Final Performance**

| PO/PBI# (MRT ID#) | Performance Target | Comments |
|--|---|---|
| Program PO/PBI | | |
| <p>Program PO 01 DP Level II Milestones</p> <p>(4138, 4140-4145, 4148-4149, 4157-4163, 4165-4167, 4169-4171, 4173-4178, 4181, 4184-4185, 4187-4189, 4193, 4225, 4331-4332)</p> <p>(4252, 4285, 4287-4288, 4290, 4294-4297)</p> | <p>Accomplish the NNSA Mission within cost, scope, and schedule through the effective resource allocation and prioritization of funded tasks identified in the NNSA HQ Level II Milestones. The KCP Milestones will be grouped into the following categories and documents:</p> <p>> FY2012 Directed Stockpile Work Execution Plan</p> <p>> FY2012 KCP Engineering and Readiness Campaigns Execution Plan</p> | <p>Essential: Excellent</p> <p>In FY2012 the Kansas City Plant (KCP) was tasked with 39 Level 2 Milestones containing 108 unique elements for completion. During the FY, two milestones were cancelled. The remaining 37, encompassing the areas of studies, ongoing production, surveillance, limited life components, RMI, Enterprise Modeling, PRIDE, and dismantlement, were successfully completed with the following exceptions:</p> <ul style="list-style-type: none"> • Submittal of inaccurate weapon program cost data for the B61 Life Extension Program to Headquarters' during the first quarter of FY12. • Re-scheduling of FY12 B61 surveillance activities associated with the MC2901 Fireset into FY13 due to FM&T's inability to bring on-line the associated PT4210 tester. <p>Noteworthy accomplishments are:</p> <ul style="list-style-type: none"> • Provided FY 2012 B61 Option 3B development hardware requirements, updated manufacturing readiness level assessments and maturation forecasts and supported NNSA Federal Program Management and Design Laboratories on the issuance of a new Work Breakdown Structure. • Delivered the first shipment of B83 ALT 353 development hardware ahead of schedule. • Developed production strategies for system and component level conceptual design reviews supporting W88 ALT 370 Integrated Phase Gate processes. • Delivered all Base Spares and ERS-PCD equipment requirements including 30 each UP1643 Power Modules, 30-days ahead of the First Production Unit schedule. • Improved production yield on W76-1 MC4713 Launch Accelerometers from a projected 70% to approximately 85%. • Developed a reduced production strategy to accommodate delayed MC4682 Dual Capacitor deliverables to the KCP, avoiding discontinuity in production processing, minimizing risks and reducing costs associated with a complete production stop/restart. • Completed all dismantlement and disposal activities in accordance with the FY 2012 site component disposition plan. • Executed LLNL and LANL priority aging studies and surveillance development tasks according to planned schedules. • Satisfied W78 JTA6-2 deliverables and successfully completed SA4045 transmitter qualification. • Collaborated with other NSE sites in sharing enterprise risk and opportunity management plans and participated in Enterprise Modeling Consortium "What-If" modeling scenarios. <p>Milestones all complete. Readiness milestones successfully supported the process technology maturation needs of the B61 LEP and W88 Alt. Enhanced Surveillance milestones supported reporting requirements, non-nuclear component testing support, sensor development, and providing W76/W78 data to LANL.</p> |

**Attachment 1, FY 12 Final
KCP FY 12 PEP Milestone Final Performance**

| PO/PBI# (MRT ID#) | Performance Target | Comments |
|--|---|---|
| | <ul style="list-style-type: none"> > Plant-Directed Research & Development (PDRD) program guidance > Product Realization Integrated Digital Enterprise (PRIDE) Program Plan volumes and site implementation plans, capturing high-value at-risk media. > RMI Milestones | <p>PDRD met program objectives. Supported the NNSA mission by funding 60 projects that supported technology research, manufacturing process improvement, and retention of critical skill needs across the KCPs three business units.</p> <p>Through the PRIDE initiative, FM&T identified a COTS application to replace Product, Process Test Data/Analysis PPTD database application and identified a vendor to capture unclassified "high-value, at-risk media" for Surveillance Data Delivery (SDD), exceeding this year's expectations.</p> <p>FM&T provided outstanding support for RMI, providing leadership and team members for the Value Stream Analysis. FM&T met or exceeded all milestones in support of RMI.</p> |
| <p>Program PO 02 Weapon Quality Management</p> | <p>Execute an effective weapon quality assurance program.</p> <p>2a. Manage weapon production in a manner that meets or exceeds Weapon Quality Policy, QC-1 requirements including:</p> <ul style="list-style-type: none"> > Improve Acceptance Technology and Methodology > Improve Supplier Quality > Develop the people and talent within FM&Ts <p>Quality Division</p> <p>2b. Develop a Quality Assurance Plan for the KCRIMS transformation executing applicable quality elements in FY12</p> <p>2c. Strengthen Quality Assurance Partnerships with:</p> <ul style="list-style-type: none"> > KCFO > DA and PA NSE counterparts <p>2d. Implement the HOS, following the Standard Implementation Framework, in alignment with FM&T HOS strategy</p> | <p>Essential: Excellent</p> <p>Throughout FY12 FM&T executed an effective QAP and addressed KCFO identified improvement opportunities. FM&T implemented a CAR dashboard to improve timely corrective action responses to KCFO and FM&T made significant progress to readdress the root cause of a systemic training issue (cmplt. implementation Nov/2012). FM&T Quality staff designed and implemented a Calibration Workload Planning Tool (CWPT) critical to enabling successful KCRIMS relocation of calibrated equipment. 2a. The Advanced Mechanical Inspection Technology (AMIT) team was formed in FY12 to serve as the authority for measurement technology advancement and consistency within the KCP. Organization structure and goals are in place. An AMIT Governance Board was created, comprised of FM&T Quality leadership, that meets monthly to provide guidance to the AMIT team and coordinate with FM&T ISC operations leadership. In FY12 the AMIT team identified inspection equipment improvements to aid in reduction of human interaction for piece part inspection and reduce costly Coordinate Measurement Machine usage. An AMIT business case justification (scope) was submitted to the Federal Program Mgr for multi-year Production Support funding. This request for funding will cover both AMIT specific equipment and labor to support identification of need, procurement, implementation, and training of advanced inspection and measuring equipment. The Supply Base Management (SBM) team initiated efforts for improved supplier performance. Four teams were launched focusing on: Key Training Requirements for Buyers, Product and Quality Engineers; development of Standard Work for the Purchase Product Teams (PPT), supplier training, and a standard check list of activities to perform during supplier visits and automated reporting of nonconformances to suppliers. Significant progress was achieved in all of these areas with completion of most initiatives. In addition, there was an Online Data Collection Project that involves software procurement for capture of supplier data for analysis and process control, VCFR Supplier improvement initiative and a project to develop software that can make decisions for sampling of supplied product based upon supplier performance. FM&T Quality staff: There were a number of internal promotions and external hiring, to support both increased workload and attrition replacement. Numerous quality training initiatives were completed. Two Quality staff achieved ASQ Certified Quality Auditor certifications and one participated on an NQA-1 audit at SRS Tritium Operations. This participant completed requirements for qualification to perform NQA-1 audits. FM&T and Savannah River Site quality staff partnered through reciprocating site visits to improve and understand the business systems that enhance quality on mutual product.</p> |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| | | <p>Significant Weapon Quality Issues: 1) Honeywell FM&T failed to disposition discrepant high-grade stainless steel in a timely manner and consistently return discrepant steel to the supplier. 2) Several significant quality issues, including loose screws on an assembly and an escape related to excess potting material, were not initially bounded appropriately. The issues were eventually bounded correctly after KCFO intervention. 3) An Engineering Evaluation Release (EER), 20101886SA, was issued detailing required product testing. Product was manufactured then delivered and built into next assemblies without performance of EER required testing.</p> <p>2b. Throughout FY12 the KCRIMS quality plan was revised and improved based on various reviews and comments FM&T solicited from key stake holders. Issue C of the KCRIMS quality plan was released in September after reviews with KCFO, Design Agencies, and FM&T leadership. The quality plan is a critical element of the overall strategy for quality assurance during the plant move.</p> <p>2c. Meetings have been established twice weekly between FM&T Quality Management and KCFO Weapon Quality Assurance Program Mgr to discuss current topics, issues, and actions. During the FY12 labor strike these meetings occurred daily facilitating a proactive and responsive quality assurance program. FM&T Quality has improved timely communication of quality issues and responsiveness to any issues raised by KCFO (i.e. Corrective Action Response dashboard). FM&T Quality Engineering organization continues to develop a strong partnership with the SNL Quality Engineering organization. Regular telecons and personal visits between KCP and SNL Sr. Quality Engineering Managers have been maintained throughout the year. This has resulted in design agency willingness to engage FM&T early in the LEPs, enhanced communications regarding KCRIMS Re-Qualification, and FM&T inclusion as a stakeholder for the Nuclear Safety team pentagon S improvement initiative. FM&T quality provided NSE sites with support for multiple assessments and developed and hosted a Design for Manufacturing through Mistake Proofing Workshop. The FM&T Quality Director visited the United Kingdom to share best practices and lessons learned with quality and production operations staff.</p> <p>2d. FM&T successfully completed all requirements for Phase 2 HOS full scale deployment and exited Phase 2. In preparation for KCRIMS relocation, KCP is going through "Intensified 5S" to be completed prior to detailed move planning in production areas. Rapid Problem Solving has been deployed throughout Quality and ISC.</p> |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| <p>Program PO 03 B61 LEP, W88 ALT and W78 LEP Quality</p> | <p>Identify, analyze, and implement continuous product quality improvements for authorized B61 LEP, W88 ALT and W78 LEP activities. 3a. Identify and demonstrate integration of lessons learned from W76 LEP to prevent recurrence of similar product quality issues during the B61 LEP, W88 ALT and W78 LEP. 3b. Continue development and implementation of qualification planning and strategy for the B61 LEP.</p> | <p>Essential: Excellent</p> <p>3a. FM&T utilized similar approaches for the B61 LEP and W88 ALT regarding development of Production Strategies and internal Capability Gate reviews. Internal FM&T Production Strategy reviews were completed for both programs. The reviews included areas such as manufacturing strategies, use of lessons learned from prior projects, qualification, quality acceptance strategies, testing, potential new materials, facility needs, procurement strategies, and Manufacturing Readiness Levels (MRL). Gate Reviews were conducted where product teams presented to FM&T Senior Technical Managers from Integration Engineering, Product Engineering, Quality Engineering, Program Management, and ISC. The gate reviews allowed FM&T management to assess PRT progress and maturity, assure early engagement of appropriate FM&T staff on PRTs, assure PRT use lessons learned from prior programs, assure production risks are being identified and addressed, and to remove barriers for the PRT. One example of successful lesson learned incorporation was related to identification of pentagon S implementation without a graded approach as a significant risk to the new programs due to projected escalating costs and overhead with nuclear safety component production. A joint SNL/KCP team was created to develop improvements to Sandia's process for implementing pentagon S while maintaining the Nuclear Safety design intent. The team created recommendations that were approved by the Chief Engineer at Sandia Labs and implementation has started for application to the B61LEP and W88ALT programs. FM&T also had multiple presentations during the weekly KCfO quality meeting providing examples of how lessons learned were being incorporated into the B61LEP and W88ALT.</p> <p>3b. The qualification strategy document originally started in FY11 continued to be worked FY12. Progress was slow early on. SNL and KCP Quality Managers discussed strategy concepts and increased efforts to ensure joint agreement on quality strategies and application. Three SNL Quality Engineers, a KCP Quality Manager, and an Integration Quality Engineer were appointed to drive progress. The team developed a draft Qualification Strategy implementation plan for FY13 which included outlines for Objectives, Implementation Strategy, Goals, and Timelines to implement initial strategies. The implementation plan is expected to drive expectations to the PRTs to more fully utilize the strategy elements.</p> |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| <p>Program PO 4 OST Support</p> | <p>Achieve FY12 OST Task Agreements and promote efficient and effective use of NNSA transportation resources</p> <p>4a. Accomplish milestone OST Task Agreements on time.</p> <p>4b. Staff, equip, and operate a VMF and two MEMF, and provide mechanical and electrical services to the STA fleet. Provide mission-ready vehicles and trailers to meet STA operational and training schedules.</p> <p>4c. Maintain the Electronic Systems Depot and provide engineering support for all communication Relay Stations.</p> <p>4d. Manage the Missouri and New Mexico Relay Stations to remain operational 24-hours per day, 7 days per week with unscheduled downtime less than 1% throughout the year.</p> <p>4e. Staff, equip, and operate modification/refurbishment facilities to meet the annual targets for Safeguard Transporters and other transport systems as required. Deliver prototypes and FPU as scheduled, when required.</p> <p>4f. Provide training-realism support and training simulation systems that maintain Federal Agent readiness.</p> <p>4g. Provide integrating business services.</p> | <p>Essential: Very Good</p> <p>4a. All milestones identified in the Task Agreements have been met on time or ahead of schedule and within budget.</p> <p>4b. Operational convoy support was provided to the mobile electronic systems of vehicles assigned to the Western Command Federal Agent Facility for Agent trip departures with zero delays. The Albuquerque Mobile Electronics Maintenance Facility (MEMF) also supported the ARES team with technical input on equipment selection, testing, and integration. The Fort Chaffee, AR Vehicle Maintenance Facility (VMF) and the MEMF provided excellent support to the OST training fleet and occasional unscheduled operational support.</p> <p>4c. The Electronic Systems Depot supported the OST fleet by performing operational checks, repairs, and PMIs on over 2,300 pieces of equipment and processed over 11,500 pieces of property. A 24 hour response to customer equipment requests requirement was also met.</p> <p>4d. Unscheduled downtime for both stations was maintained at 0% in FY2012.</p> <p>4e. KO completed 13 scheduled SGT major repair/refurbishments and 11 unscheduled minor repairs. Deliveries for all the Overland Palletized Unit Shipper (OPUS) hardware have been on schedule and within budget. KO decommissioned 17 SST trailers exceeding the 10 trailers scheduled and budgeted for by OST.</p> <p>4f. KO successfully supported all OST training exercises in FY2012 including HSS Testing, Designated Marksmanship, SRF, ORT 1, VFoF, ORT 2, Advanced Drive Training, Drive Check Rides, Western Command Simulator familiarization training, and Unit Training Qualifications.</p> <p>4g. KO continued to execute in accordance with a superior corporate quality assurance program. KO provided maintenance and support of the OST-Web applications, web site, and hardware with no unplanned outages for FY2012.</p> |
| <p>Program PO 5 Critical Process Improvement</p> | <p>Continue to improve critical processes related to best practices and share them with other NSE sites.</p> <p>5a. Achievement of continuous improvement and process automaton in critical processes.</p> <p>5b. Achievement and support of FM&Ts sharing and collaboration of best practices with other NSE sites not addressed in other performance objectives.</p> <p>STRETCH: Share KCPs best practices and collaborate to help drive improved practices and better integration in areas of:</p> <ul style="list-style-type: none"> > Business Processes > Technical Capabilities > Sourcing Strategies > Misc. Other Areas | <p>Essential: Excellent Stretch: 100</p> <p>5a. FM&T successfully continued efforts to identify critical processes and related best practices and share them throughout the Nuclear Security Enterprise in FY 2012. This year's achievement of continuous improvement and process automation in critical processes included continuations of previous successes. The areas of Risk & Opportunity Management, Scope Management, and Project Oversight & Control all experienced notable advances and deliverables for continuous improvement.</p> <p>5b. FM&T continued to support the sharing and collaboration of best practices with other entities throughout the Nuclear Security Enterprise. The proliferation of best practices and collaboration to improve practices and integration was well documented. FM&T documented 45 activities and outreach examples in Business Processes, Technical Capabilities, Sourcing Strategies, and other areas.</p> <p>STRETCH: These activities included sharing the risk management process and KCP Enterprise risks with other NSE sites, and developing collaborations with those sites on increased visibility and communication on shared KCP Enterprise risks. In addition, there was increased deployment and emphasis on enterprise opportunity management, and socialization of enterprise risk and opportunity management processes with senior NNSA Headquarters Management.</p> |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| Program PBI 01 Quality Performance Index | NNSA will measure FM&T's performance through the use of a composite score of five quality indicators: Escapes, Scrap, Rework, Process Yield, and Vendor Escapes [Percent Accepted Trouble Free (PATF)]. The composite score will be calculated based on FY2012 Quality Performance Index Definition document and the FY2012 Rating Category Table. Achieve a baseline composite score of 120. STRETCH: Achieve a baseline composite score of greater than 120 up to 140. | Essential: Excellent Stretch: 75 KCFO measured FM&T's performance through the use of a composite score of five quality indicators: Escapes, Scrap, Rework, Yield, and Percent Accepted Trouble Free (PATF). FM&T leveraged Quality Index measures to promote continuous process improvement activities and deployment of best practices/lessons learned. These measures provided key quality and operations health indicators supported within FM&T daily HOS Tier meetings and led to rapid identification of performance issues and risks, initiating the appropriate mitigation. FM&T achieved the following year end scores: Composite Score: 135 Escapes: 12 against a goal of 17, 140 CONC: Scrap = 2.49% against a Goal of 4.09%, 140; Rework = .66% against a goal of .65%, 100 Yield: 88.69% against a goal of 88.01%, 140 PATF: 96.15% against a goal of 96.77%, 120 |
| OPERATIONS PO/CPO/PBI | | |
| Operations PO 06 KCP Transformation | Achieve FY12 performance targets as identified in the FY2012 KCP Transformation Plan. The Essential milestones will be worth 50% of the fee associated with the Transformation PO. The STRETCH milestones will be worth 50% of the fee associated with the Transformation PO. | Essential: Excellent Stretch: 95 All milestones have been met. FM&T was able to accomplish this despite the work strike. Workforce transformation progress continues to be made to reduce potential layoffs. Fifty four percent of the employees in a potential layoff pool have been addressed. All action items from peer review reports were fully addressed. KCFO validated KCRIMS labor cost savings plans and FM&T is significantly ahead of schedule with \$69M of \$100M goal already reached. FYNSP submission fully supported the KCRIMS funding requirements. The KCRIMS final Business Case was updated and the overall program/project execution is still less than at steady state case saving about \$185M to date. Relocation contracts were placed and detailed planning has been done ensuring a well managed move. A HSE quality assurance plan for relocation has been established and is very thorough. Critical design elements of the project have been rigorously reviewed ensuring mission requirements will be met. Furniture orders have been placed for all items per schedule. Relocation briefings are held weekly at a minimum. Tenant Improvement (TI) costs exceeded original projections and were realized late. However, GSA had the primary responsibility for TI execution. Increase costs were due largely to better information at final design but were also impacted by the GSA contracting mechanism which resulted in sole source labor for about \$60M. This was required due to the nature of the project but was not communicated to NNSA until after estimates were complete. The TI cost increase was not understood until late as the developer's design for TI was one year late. FM&T has recovered from this by making cost reductions in the project where possible and by cost savings in RTBF which kept the TI increase within the original plant budget request. Build-aheads were completed on or ahead of schedule. The project was baselined in August, 2012 incorporating the change in TI. Re-qualification planning has ensured complex wide participation and has been outstanding to date. The Integrated Project Plan is very detailed and ties all of the work to deliverables for build aheads, re-qualification, move, new facility etc. Inventory reduction is on target to have reduced stores requirements and the overall goal should be met in FY13. FM&T has worked to ensure disposition of parts was fully vented to the appropriate parties. |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| Operations PO 07 KCRIMS Occupancy | <p>Effectively manage all activities associated with the KCRIMS and NSMC Occupancy Project.</p> <p>7a. Finalize and incorporate FM&T resources into a cost loaded schedule, to insure adequate internal support, for all phases of relocation. Identify any resource gaps and propose mitigation solutions.</p> <p>7b. Manage the NNSA KCRIMS Occupancy project using effective project management systems and processes necessary to meet scope, cost and schedule milestones.</p> <p>7c. Complete detailed planning milestones and activities on schedule.</p> <p>7d. Aware remaining relocation subcontracts on schedule.</p> <p>7e. Review and report risk mitigation activities on a monthly basis to ensure mitigation strategies are both current and effective.</p> | <p>Essential: Very Good</p> <p>The KCRIMS Occupancy Project, in general, is being well managed. FM&T has demonstrated effective management of scope, cost and schedule. FM&T is finalizing the detailed cost loaded schedule for relocation. FM&T is effectively utilizing project management processes. The level of rigor employed on the schedule, earned value management and project controls in general is outstanding. Completion of several detailed planning milestones did slip. However, effective recovery plans were developed. FM&T also effectively managed impacts to planning as a result of the strike and implemented necessary recovery plans. Overall, detailed planning was successful and completed ahead of schedule. There are two areas where opportunities for improvement have been identified. The KCRIMS Occupancy Project has experienced problems with the accuracy of the government cost estimates. There have been several cases where the estimates were either incomplete or simply inaccurate. This has hindered the ability to ensure best value in contract negotiations resulting in increased costs. Inaccuracies have also been identified in the database. This has resulted in Baseline Change Requests. FM&T met expectations by incorporating internal resources into a cost loaded schedule into the IPP, by capital equipment number, using a hybrid approach. The two remaining relocation contracts were awarded and all (8) contractors are on-site finalizing detailed planning activities. FM&T continues to effectively manage risk and utilizes a strong risk management process which includes monthly reviews.</p> <p>OTHER CONSIDERATIONS:</p> <p>a. FM&T is recognized for pulling the Mover w/Utilities scope and self performing. This is anticipated to save a minimum of \$1.5 million and reduce RTBF expenditures by \$3 million.</p> <p>b. Procurement of fiber optic cables was pulled from the KCRIMS developer and accomplished by FM&T in a very compressed timeframe and resulted in an RTBF savings of \$650,000.</p> |
| Operations PO 08 Property Disposition | <p>Position KCP for Disposition with an emphasis on identifying opportunities for rapid reuse of redevelopment of the property.</p> <p>8a. Support NNSA and the federal NEPA contractor in development of NEPA documentation for disposition of the KCP real property</p> <p>8b. Schedule and complete mitigating actions once identified in MOA with the Missouri State Historic Preservation Office.</p> <p>8c. Support evaluation of reuse and redevelopment proposals received for the KCP, and, if appropriate, the property transfer agreement associated with a favored proposal.</p> | <p>Essential: Excellent</p> <p>a. FM&T provided timely support and expert guidance to NNSA during preparation of the Disposition EIS.</p> <p>b. FM&T has been proactive in the development and execution of all actions required for historic preservation. Significant changes have been necessary to ensure that requirements are properly executed with the appropriate federal and state authorities.</p> <p>c. Honeywell FM&T was able to work with the development community to get them to provide reuse and redevelopment proposals. This will greatly minimize future cost to the Bannister Federal Complex, be perceived very positively by the public, and be a positive impact on the City. A preferred planning partner was selected in August, 2012.</p> |
| Operations PO 09 RAMP | <p>Effectively manage NNSA RAMP by supporting NNSA program direction and meeting scope, cost and schedule milestones.</p> | <p>Essential: Excellent</p> <p>The RAMP program continues to be a successful, complex-wide program for the NNSA. FM&T executed approximately \$20M of construction projects at NNSA sites and the Idaho National Engineering Laboratory. Projects were awarded early in the FY which mitigated some of the impacts due to record high summer temperatures.</p> |

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| Operations PO 10 RCRA | <p>Complete or initiate deliverables that will become regulatory requirements in the modified Resource Conservation and Recovery Act (RCRA) Permit.</p> <p>10a. Prepare a Qualitative Risk Assessment for the Bannister Federal Complex (BFC).</p> <p>10b. Prepare a Community Relations Plan for the BFC.</p> <p>10c. Initiate preparation of a Description of Current Conditions Report.</p> <p>10d. Initiate preparation of a PCB Fate and Transport Study.</p> | <p>Essential: Excellent</p> <p>The modified RCRA Permits were finally issued by MDNR and EPA on August 24, 2012, and required a comprehensive approach that would address the entire Bannister Federal Complex. FM&T took the proactive initiative to prepare or begin preparation of all required modified RCRA Permit deliverables ahead of schedule, and established timely coordinated relationships with the General Services Administration and U.S. Army Corps of Engineers technical staff. All of the 60 day deliverables required by the new RCRA Permit are ready for early submission, except for one which requires external approval. A draft Community Involvement Plan has been completed and submitted to MDNR and EPA. The Qualitative Risk Assessment, DCCR and PCB Fate and Transport Study have been initiated and early outlines and work plans have been shared with MDNR.</p> |
| Operations PO 11 NC-135 Transition | <p>Perform activities to transition Kirtland Operations.</p> <p>11a. Establish Detailed Design Criteria for each functional area on the selected properties.</p> <p>11b. Initiate high level relocation planning consistent with NC-135 timeline.</p> <p>11c. Proceed with lease negotiations according to preferred lease strategy.</p> <p>11d. Support the NNSA Site Office Disposition and Closeout Activities for NC-135.</p> | <p>Essential: Excellent</p> <p>11a. Detailed layouts and scopes of work on the selected properties are in place as part of the Detailed Design Criteria.</p> <p>11b. The high level relocation planning is proceeding, needed inputs identified, and milestones established.</p> <p>11c. Leases for replacement leased properties (Air Park and Alamo) have been procured, ensuring mission will be met. Supplemental agreements for tenant improvements, which will not require direct payments, have been solicited, significantly reducing upfront funding.</p> <p>11d. FM&T completed all required activities to keep the NC-135 site disposition on schedule.</p> |
| Operations PO 12 Energy and Sustainability | <p>Update and continue implementation of a plan to address Departmental multi-year energy and environmental sustainability goals through 2016.</p> <p>12a. Implement actions identified in the multi-year plan for FY2012 and update the multi-year plan to capture changes as agreed to with NNSA.</p> <p>12b. Support HQ requests for information and participate in initiatives involving Energy and Environmental Sustainability, Long-range Integrated Infrastructure planning, D&D planning, EMC, and other initiatives that span the NSE.</p> <p>12c. Develop a strategy for reducing KCP and KO Scope 3 Greenhouse Gas Emissions that could include initiatives for the increased use of telecommuting, ridesharing, and the use of energy efficient private vehicles for commuting to the KCP.</p> | <p>Essential: Excellent</p> <p>FM&T submitted the 2012 Site Sustainability Plan (SSP) in accordance with the sustainability guidance provided, and is currently updating the KCP Energy and Environmental Sustainability Site Standard. The KCP is moving from the existing facility and therefore FM&T determined greenhouse gas reductions and metering would not be cost effective due to the relocation from the Bannister Federal Complex. FM&T was proactive in this area through the identification and execution of a new, smaller efficient building. FM&T continues to support requests for information and DOE/NNSA long range planning initiatives. The KCFO is beginning to see forward progress on the development of a Scope 3 Greenhouse Gas reduction strategy.</p> |

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| Operations CPO 01 Cyber Security | NNSA expects Honeywell to plan, resource and operate an effective and efficient cyber security program in accordance with the Annual Cyber Security Operating Plan, including KCP applicable OCIO/Cyber MYSO elements. | <p>Essential: Excellent</p> <p>All Cyber Security AOP elements have been GREEN for much of the year. A number of accomplishments stand out for the year:</p> <ol style="list-style-type: none"> 1. FM&T's staff lead the NSE in the NNSA OCIO Continuous Monitoring project funded by OMB. 2. Leadership in the NNSA OCIO Risk Based Cyber program has positively influenced much of the NSE. 3. FM&T received positive recognition from the NNSA OCIO for the FY12 detection of the APT attack that caused ORNL to disconnect from the Internet. |
| Operations CPO 02 Facilities Management | NNSA expects Honeywell to provide effective and efficient management of facility operations to include project management, facilities engineering, construction, maintenance, utilities management and asset management while reducing the direct cost. | <p>Essential: Excellent</p> <p>Facility Operations at the KCP is being well managed. KCP facilities engineering, maintenance, utilities management, and asset management continues to meet or exceed expectations. Effective project management was demonstrated on both small and large projects. FM&T is recognized for effectively managing the balance of maintaining a safe and secure facility while continuing to reduce costs within the Readiness in Technical Base and Facilities (RTBF). Facility-related capital and maintenance spending was limited to maintaining equipment and infrastructure in support of the mission and maintaining a safe and secure facility. Execution of the KCP Facility pause plan continues to be effectively managed.</p> |
| Operations CPO 03 Security | NNSA expects Honeywell to plan, resource and operate an effective and efficient physical security program in accordance with the Annual Physical Security Operating Plan, which includes KCP applicable DNS MYSO elements. | <p>Essential: Excellent</p> <p>Over the last year the FM&T Security organization has been actively engaged in construction activities, developing detailed relocation plans and participating in a multitude of relocation planning activities for the new Kansas City Plant. The staff has worked hard to ensure that the construction, move and final operations meet security requirements while enabling operational efficiency at every phase. The same staff has also been working diligently on new lease proposals and modifications to existing facilities in Albuquerque in preparation for relocation activities there as well. Security continued to support NSE security reform initiatives - providing subject matter experts for every activity. As evidenced by assessments conducted throughout the year, the security organization is performing satisfactorily - there were no significant security concerns identified during the fiscal year. Despite the enormous workload and without increase to staffing levels, Security has done an admirable job maintaining an effective security program at its existing facilities.</p> |

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| Operations CPO 04 HS&E | NNSA expects Honeywell to provide health, safety, environmental, long-term stewardship, waste management and emergency management programs that protect people, property and the environment in accordance with the FY12 HS&E Management System Description, including applicable NSA-SH MYSO elements as agreed between KCFO and FM&T. | Essential: Excellent Operational awareness activities and injury/illness statistics indicate that HS&E programs are being managed responsibly to maintain safe and healthful working conditions. Kansas City and Kirtland illness/ injury statistics continue to be better than comparable industry averages. Long Term Stewardship, Waste Management, Air and Water Protection Programs are effectively and efficiently managed by FM&T, in accordance with applicable laws, regulations and orders. The emergency management program is accomplishing all performance indicators. All required program documents and regulatory submittals were submitted on schedule. |
| Operations CPO 05 Information Technology | NNSA expects Honeywell to plan, resource and operate an effective and efficient information technology program in accordance with the Annual IT Implementation Plan, including KCP applicable NA-IM MYSO elements. | Essential: Excellent The overall IT Index is GREEN for the year. A number of accomplishments stand out for the year: 1. Completed transition of the Helpdesk contract to another vendor, saving \$250K in the first 2 year term. 2. Successfully deployed to Botts, \$7.65 million worth of network infrastructure equipment, to meet the KCRIMS goals. 3. Successfully upgraded enterprise major applications, enabling the business to meet other POs. |
| Program PBI 02 Functional Transformation Initiative (FTI) | Achieve FY12 FTI Plan goals and objectives. NNSA will measure the rate achievement of FM&Ts goals related to targets. STRETCH: NNSA expects Honeywell to achieve total labor and expense spending within the FY12 cost targets established in the KCRIMS FTI plans published in the FY12 Adjusted FTI Plan of the FTI Financial Baseline Summary document located in ECM plus any approved baseline change documents. FM&T will meet the objective if it meets or exceeds its FTI plan plant cost target for FY12. | Stretch: 95 Baseline changes and workload alignment adjustments continue according to established processes. At the end on this fiscal year, the FTI spend plan was \$314.7 million versus a target of \$367.9 million or 85.5% of the target. Spend finished lower than normal due to the strike and initial Continuing Resolution. FTI metrics are updated at the end of each quarter. |
| Institutional Management & Business PO/CPO/PBI | | |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| IM&Business PO 13 SCMC Leadership | <p>Lead the NSE in achieving SCMC goals and objectives.</p> <p>13a. Lead multi-site commodity teams utilizing the SCMC Strategic Sourcing Process. Interface with multi-site functional groups (i.e. IT, Security, HR, Finance) to identify demand management opportunities.</p> <p>13b. Complete FY12 SCMC projects.</p> <p>13c. Provide training to NSE sites on use of SCMC tools and acquisition vehicles and DOE sites/organizations as needed.</p> <p>13d. STRETCH: Support DOE-EM strategy to expand the use of "SCMC like" tools and processes to include DOE-EM contractor sites as identified by DOE-EM and concurred by NNSA. Target SRNS Implementation Project if approved by DOE-EM.</p> | <p>Essential: Excellent Stretch: 100</p> <p>a. The SCMC is effectively led teams related to travel management, bulk gas, electronic components, industrial supplies, Oracle software, and laptop/desktop computers. Awards were made on agreements for bulk gas, travel, and laptop/desktop computers. FY12 awards will save NNSA \$7.6 million. SCMC also led a value stream analysis (VSA) mapping event in May related to the Commodity approval process.</p> <p>b. MASL 2.0 Project - The MASL 2.0 development, testing and training were completed on schedule. This enabled new functionality to be operational 9/30.</p> <p>SRNS Implementation/Integration - eSourcing, eStores, eProject and the Portal were implemented at SRNS. SRNS was able to demonstrate cost savings by 9/30.</p> <p>c. Commensurate with the expansion of the SCMC to DOE/EM sites, SCMC expanded its training and assistance to other sites. SCMC completed over 1190 hours of training for NSE and DOE/EM sites and proved to be a helpful resource in increasing the use of tools at multiple sites.</p> <p>In addition to these accomplishments the SCMC led the NSE to surpass the Secretary of Energy's goal of achieving \$450 million in strategic sourcing savings. Final savings exceeded \$515 million.</p> <p>d. The SCMC successfully led the expansion of its tools and processes to DOE-EM. On January 20, 2012, Undersecretary D'Agostino signed a direction memo to officially implement SCMC tools at EM sites. Initial implementation steps included a teleconference with EM sites in January, a DOE/EM Industry Day meeting in February, and signatures by all 18 EM Contractors of the EM MOU. SCMC worked with SRNS, WRPS, SRR, LATA and Swift & Staley to enable eSourcing. With only five months to work with in FY12, events through September yielded over \$2.2 million in cost savings compared with EM's target of \$1.5 million. Additionally SRNS has successfully implemented eStores, eProject and the Portal.</p> |
| IM&Business PO 14 Financial Management | <p>Continue to improve financial management reporting, including cost accounting practices, budget formulation and execution, and internal controls.</p> <p>NNSA expects Honeywell to achieve the goals delineated in the FY12 KCP financial management Implementation Plan. Topics include the FY12 OFFM Performance measures, enhanced reporting and transparency, the CAS project plan, and standardized financial and cost reporting structures.</p> | <p>Essential: Excellent</p> <p>FM&T earned a Good (highest level) rating from the NNSA Office of Field Financial Management for all four quarters. FM&T completed all financial submissions required in a timely fashion, were very responsive to requests for information from the site office, OFFM, and NNSA HQ, and continued to implement automation process improvements. They supported the completion of the plant-wide PeopleSoft 9.1 system upgrade, completed an extension of the banking contract, worked with OFFM to reduce WFO account receivables, implemented an Accounts Payable electronic workflow and Payroll 9/80 alternative work schedule, modified the general ledger to tie projects and contracts, and automated the month end OFA reporting process, New Mexico Gross Receipts Tax calculation, and Funds In Sales Accrual process. Finance took over the Sales, Resources and Operations Planning function, and through process improvements, was able to put FY13 rates into place a month earlier than previous years. FM&T partnered with NNSA organizations to implement the National Work Breakdown Structure and new Budget and Reporting code structure, including recasting the DSW funds. FM&T managed the financial challenges driven by the strike, resolving payroll and disbursement issues, developing weekly cost projections, and providing decision support to management. A minor issue was noted with a financial reporting process not being up to date and a lack of site office access to MAS data.</p> |

**Attachment 1, FY 12 Final
KCP FY 12 PEP Milestone Final Performance**

| PO/PBI# (MRT ID#) | Performance Target | Comments |
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| IM&Business PO 15 Purchasing Management | <p>Support all supply chain management goals and objectives.</p> <p>15a. Optimize utilization of e-Procurement tools (i.e. eSourcing, eStore) or resident equivalent tools as a means to drive supply chain cost savings.</p> <p>15b. Provide personnel who actively participate on SCM commodity teams.</p> <p>15c. Optimize the utilization of SCMC developed acquisition vehicles as a mean to drive supply chain cost savings.</p> <p>15d. Achieve the site's eSourcing spend goal of 10% of its total site commitment spend.</p> | <p>Essential: Excellent</p> <p>15a. Honeywell had a eSourcing spend of \$39.714M, which exceeded the fiscal year goal of \$20M and resulted in a cost savings of \$5.301M. Honeywell also completed 51 auction events, which substantially surpassed the fiscal year goal of 44 events.</p> <p>15b. Buyers participated on ten commodity teams which resulted in the development of multi-site eCatalogs and increased usage of agreements at FM&T.</p> <p>15c. FM&T continues to partner with SCMC to identify new eCatalog opportunities and review rogue spend. FM&T processed 1230 eCatalog transactions, which far exceeded the fiscal year goal of 600.</p> <p>15d. FM&T had a fiscal year commitment spend of \$249.763 million, of which \$39.714 million was contributed to eSourcing. The eSourcing spend (\$39.714 million) represents 15.90% of the total commitment spend, exceeding the FY12 goal of 10%.</p> |
| IM&Business PO 16 Work for Others | <p>NNSA will measure Honeywell's compliance with DOE Order 481.1 and IAW/WFO customer expectations.</p> <p>16a. Ensure IAW/WFO activities offset operational/overhead cost for IAW/FO customers and NNSA.</p> <p>16b. Manage IAW/WFO to assure the new NSMC is fully funding its operational costs.</p> <p>16c. Ensure IAW/WFO activities help maintain critical NNSA capabilities.</p> <p>16d. Ensure IAW/WFO products are delivered on time with high quality as demonstrated by IAW/WFO customer satisfaction (VOC) results.</p> <p>16e. Utilize financial controls to ensure direct costs and applicable indirect costs are allocated to IAW/WFO customers consistent with disclosed practices.</p> <p>16f. Evaluate the Institutional Programs of IAW/WFO and Technology Transfer for potential process improvement opportunities.</p> | <p>Essential: Very Good</p> <p>16a. Through September 30, the KCP NSMC business reported \$118.2M in reimbursable revenue against a \$122M goal, the KCP KO business reported \$16.4M in reimbursable revenue against an \$18M goal and the KCP traditional business reported \$59.1M in reimbursable revenue against a \$52.1M goal. The total KCP revenue goal of \$192.1M was exceeded due to additional execution in the traditional KCP reimbursable business. KCP NSMC fell just short of established internal goals which were developed to ensure NSMC executes according to a viable growth model, ultimately enabling support of a new NSMC facility.</p> <p>16b. NSMC fully funded FY 2012 operational costs.</p> <p>16c. FM&T provided an array of technical services and products supporting National Security. FM&T provided trusted Digital Media Services to University Multispectral Laboratories (UML) for a large scale, week-long, US civilian and military emergency response training exercise. NSMC delivered Optical Firing Sets and Electronics Modules, supporting integration tests at Applied Research Laboratory Penn State, on-time. The Optical Firing Set deliverables support KCP's partnership with the Naval Surface Warfare Center's Anti Torpedo program and is a major milestone for the Countermeasure Anti-Torpedo (CAT). Through reverse engineering, FM&T is also developing new propeller molds to replace existing C130 Propeller molds that have been used over 40 years. KO evaluated new technologies for tunnel detection as part of a DHS Customs and Border Protection project.</p> <p>16d. NSMC January - September 2012 VOC rating was 92%. NSMC September ship performance was 99.67% (4,213 delivered against 4,227 planned). NSMC yearly ship performance was 99.91% (40,698 delivered against 40,734 planned).</p> <p>16e. FM&T customers are billed according to rates disclosed to KCFO and using cost data extracted from automated Enterprise Resource Planning (ERP) database.</p> <p>16f. NSMC actively participated in developing a singular set of NNSA Interagency Agreement Guidelines for use by all NNSA sites when communicating with Interagency customers. NSMC is continuing work on a new pipeline tool to track internal WFO business growth.</p> |

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| IM&Business CPO 06 Business Management | NNSA expects Honeywell to maintain business management services that support mission requirements, are cost effective and are in accordance with all applicable laws, regulations, and directives. | Essential: Excellent Institutional Management and Business functions were managed effectively. High priority activities received appropriate attention and reported timely such as: successfully negotiating a six year labor agreement within approved parameters, mitigating the impacts of a work stoppage with no detriments to shipments or safety; cost savings and Functional Transformation Initiative goals exceeded; NSE Supply Chain Management initiatives exceeded; Work for Others capabilities and overhead recovery maintained; procurement, human resources and financial management performance exceeded; congressional and public affairs support to significant issues impacting the KCP; improved legal export control processes and sharing expertise with other government agencies; proactive records management needed to support facility relocation; and, improved processes using Balanced Scorecard, Six Sigma, and Honeywell Operating philosophy. |
| IM&Business PBI 03 Cost Savings/ Productivity | Generate validated program cost savings/productivity per the established baseline. STRETCH: NNSA expects Honeywell to achieve programmatic productivity efficiencies and savings. Included, but not limited to, are cost/productivity achievements in the areas of: > Program and/or Project management > Product design, development, production and/or post production process/hardware improvements > Reduction in cost as compared to the WDCR baseline, for programs in design phase > Material and/or labor savings while still achieving required program, product or service scope > Material procurement and/or outsourcing strategies > Requirements management to more efficiently complete required scope > System, product, and/or component-level testing/evaluation > Functional and/or Enterprise-level Quality process improvements > Functional and/or Enterprise-level business, engineering, and/or operations processes > RTBF facility management and operations processes | Stretch: 100 FM&T's Productivity Savings validation and approval process was, once again, proven to be robust and accurate. The pre negotiated threshold of \$8 million in achieved savings was met and exceeded. The program generated and validated program cost savings/productivity per the established guidelines for a total of \$9,859,673 in total savings. |
| Multisite PBI | | |
| MS PBI No. | Multi-Site Target | |

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| PO/PBI# (MRT ID#) | Performance Target | Comments |
|-----------------------------------|--|--------------------|
| MS PBI 1.1 Stockpile (4450) | Execute the defined Surveillance Program. | NNSA/HQ Evaluation |
| MS PBI 1.2 Stockpile (4451) | Ensure 76 LEP production for subassemblies (except the MC4700 AF&F) remains on schedule as identified in the W76-01 PCD. Ensure MC4700 AF&Fs are available for Pantex assembly and W76-01/Mk4A Reentry Bodies are available for delivery to U.S. Navy in accordance with FPM recovery schedules. | NNSA/HQ Evaluation |
| MS PBI 1.3 Stockpile (4452) | Complete FY12 B61 Phase 6.3 Development Engineering activities that enable a 2017 FPU. | NNSA/HQ Evaluation |
| MS PBI 1.4 Stockpile (4453) | Conduct Phase 6.X activities for the W78 LEP. | NNSA/HQ Evaluation |
| MS PBI 3.1 Enterprise | BMAC Savings (\$450M) | NNSA/HQ Evaluation |