



Department of Energy

Argonne Area Office
9800 South Cass Avenue
Argonne, Illinois 60439

MAY 11 2004

Dr. Thomas F. Rosenbaum
Vice President for Research and
Argonne National Laboratory
The University of Chicago
5801 South Ellis Avenue
Chicago, Illinois 60637

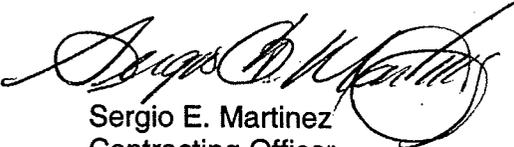
Dear Dr. Rosenbaum:

SUBJECT: CONTRACT W-31-109-ENG-38 FOR OPERATION OF ARGONNE
NATIONAL LABORATORY; MODIFICATION M411

Enclosed is a fully executed copy of Modification M411 which incorporates Prime
Contract Appendix B - FY2004 Performance Evaluation and Measurement Plan
(Performance Criteria and Measures).

Should you have any questions, please contact me at (630) 252-2075.

Sincerely,



Sergio E. Martinez
Contracting Officer

Enclosure:
As Stated

cc: H. A. Grunder, Laboratory Director, ANL, w/encl.
M. Bartos, Chief Financial Officer, ANL, w/encl.
M. Derbidge, Chief Operations Officer, ANL, w/encl.
R. Carder, University of Chicago, Assistant Vice President
for Program Development, w/encl.
D. M. Randel, President, University of Chicago, w/encl.
W. J. Hogan, Jr., Comptroller, University of Chicago, w/encl.
M. Jones, ANL-LEG, w/encl.
D. Schmitt, ANL, w/encl.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 1
2. AMENDMENT/MODIFICATION NO. M411	3. EFFECTIVE DATE 10/1/03	4. REQUISITION/PURCHASE REQ. NO. 02-04CHENG38.009	5. PROJECT NO. (If applicable) N/A
6. ISSUED BY CODE U.S. Department of Energy Chicago Operations Office/Argonne Site Office 9800 South Cass Avenue Argonne, IL 60439		7. ADMINISTERED BY (If other than Item 6) Code	
8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) University of Chicago 5801 S. Ellis Avenue Chicago, IL 60637		(<input checked="" type="checkbox"/>)	9.A. AMENDMENT OF SOLICITATION NO.
CODE N/A			9.B. DATED (SEE ITEM 11)
FACILITY CODE N/A			10.A. MODIFICATION OF Contract/Order NO. W-31-109-ENG-38
			10.B. DATED (SEE ITEM 13) October 1, 1999

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 ACKNOWLEDGEMENT 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)
N/A

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

<input checked="" type="checkbox"/>	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).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: Mutual Agreement of the Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not, is required to sign this document and return 4 copies to the issuing office.

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

Appendix B, FY2003 Performance Criteria and Measures (Modification No. M400) is hereby replaced with the attached Appendix B, FY2004 Performance Evaluation and Measurement Plan (Modification No. M411).

END

15A. NAME AND TITLE OF SIGNER (Type or print) Thomas F. Rosenbaum, Vice President for Research and Argonne National Laboratory		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Sergio E. Martinez, Contracting Officer	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED <i>Thomas F. Rosenbaum</i> 4/21/04 (Signature of person authorized to sign)	16B. UNITED STATES OF AMERICA BY <i>Sergio E. Martinez</i> (Signature of Contracting Officer)	16C. DATE SIGNED 4/13/04

October 1, 2003
Modification No. M411
Contract No. W-31-109-ENG-38
October 1, 2003 - September 30, 2004

Appendix B

FY 2004

Performance Evaluation and Measurement Plan

(Performance Criteria and Measures)

Performance Measures

PREAMBLE

This Appendix sets forth the procedure to be used in the evaluation of Argonne National Laboratory performance as required by Part I, Section H, Clause H.32 - Use of Objective Standards of Performance, Self Assessment and Performance Evaluation, and as referenced in Part II, Section I, Clause I.102 - Total Available Fee: Base Fee Amount and Performance Fee Amount, of the Contract. The procedure described in this Appendix utilizes, to the extent possible, a set of "Objectives", "Measures", and "Expectations" against which Argonne National Laboratory's (ANL) performance will be assessed for each area identified herein. In addition, this procedure encourages use of management systems/processes that ANL functional organizations operate under to assist in achieving organizational goals, fulfilling Laboratory missions, and reducing/mitigating the risks associated with performance shortfalls.

The overarching performance goals are as follows:

Science and Technology: ANL will deliver innovative, forefront science and technology aligned with DOE strategic goals, and conceive, design, construct, and operate world-class user facilities, all in a safe, environmentally sound and efficient manner.

Contractor Management: The University of Chicago will provide leadership, guidance, and oversight that adds value to the overall management of ANL.

Operations: ANL will conduct all work and operate facilities cost effectively and with distinction, integrated with and supportive of its missions in science, technology, energy, and environment, while being fully protective of its workers, its users, the public, and the environment.

Guidelines on the use of the performance objectives, measures, and expectations are set forth in Attachment 1, Performance-Based Management Guidelines.

For the period October 1, 2003, through September 30, 2004, the Parties have agreed to evaluate Contractor performance activities identified in Attachment 2, Performance and Functional Areas (Mission Critical Performance Measures). The Performance Areas identified as Mission Critical consist of incentivized (fee bearing) Performance Measures. The Contractor acknowledges that it shall also be evaluated in the area of General Operations, through the use of non-fee bearing Self Assessment Measures (SAM's) which may be negotiated with the Contractor under a separate agreement. The guidelines to be used in development and evaluation of the SAM's shall be the same as those stated herein for development and evaluation of Mission Critical Performance Measures. Each Functional Area will receive its own evaluation and rating. With respect to the Contractor's overall rating and performance fee, DOE reserves its rights specified elsewhere in this Contract, including those in Part I, Section H, Clause H.32 - Use of Objective Standards of Performance, Self Assessment and Performance Evaluation, and those in Part II, Section I, Clause I.102 - Total Available Fee:

Base Fee Amount and Performance Fee Amount and Clause I. 118 - Conditional Payment of Fee, Profit, or Incentives.

Attachment 3 lists the performance Objectives, Measures, and Expectations for the Mission Critical Performance Areas.

The schedule for performing the evaluation of the Laboratory is provided in Attachment 4. It is the intent of the Parties to adhere to this schedule although either Party may request to alter the proposed schedule.

Attachments 5 and 5a establish the maximum performance fee earnable by the Contractor, as well as the potential reductions to the performance fee, based on the individual ratings in the Section I - Mission Critical Performance Areas.

The Parties agree to work together to clarify and improve, when necessary, the process to be used to measure and validate the level of performance attained. In particular, the Parties agree to:

- check the validity of each respective Performance Objective, Measure, and Expectation as an accurate and meaningful reflector of performance and to replace them with more appropriate Performance Objectives, Measures, and Expectations if necessary.
- provide for an approach for validation/certification of ANL management systems to ensure the adequacy, effectiveness, and efficiency of the systems.
- consider adding to or subtracting from the complement of performance objectives, expectations and measures in order to more meaningfully and accurately track performance objectives.
- consider adding or subtracting Performance Objectives, Measures, and Expectations as appropriate in response to the evolving requirements of DOE; in particular, the Parties undertake to replace requirements contained in DOE Directives whenever feasible by performance measures.

The Parties acknowledge that continued changes to Departmental Directives are occurring and that implementation of such directives may require changes to refine selected performance Objectives, Measures, and Expectations, implement data collection and reporting mechanisms, and establish benchmarks against which to set targets for performance improvement and/or measurement.

The Parties recognize that the evaluation period will also be utilized to assure that systems and processes are implemented, tested, evaluated, and refined. The Department will use the results of these performance measures, the contractor's self-assessment of overall performance, and other inputs such as DOE's day-to-day operational awareness, DOE's annual business review, General Accounting Office or Inspector General reviews, or for-cause reviews, as appropriate, to evaluate the Contractor's performance for each performance period.

Attachments:

1. Performance-Based Management Guidelines
2. Performance and Functional Areas (Mission Critical Performance Measures)
- 2a. Performance and Functional Areas (General Operations Self Assessment Measures)
3. Performance Objectives, Measures, and Expectations (Mission Critical Performance Measures)
- 3a. Performance Objectives, Measures, and Expectations (General Operations Self Assessment Measures (SAMs))
4. Evaluation Schedule
5. Performance Fee
- 5a. Mission Critical Fee Distribution

Performance-Based Management Guidelines

1. The purpose of these Guidelines is to institutionalize a performance-based management system that encourages and rewards excellence, continuous improvement, cooperation and timely communication.
2. In keeping with the objectives set forth above, any performance-based management contract must begin with the establishment of contract performance objectives, measures, and expectations which may be linked to pre-established performance incentives that, if achieved, will:
 - a. Contribute directly to or enhance the Laboratory's ability to accomplish its R&D mission for DOE and the Nation.
 - b. Drive performance by concentrating on desired outcomes.
 - c. Compel the Laboratory to focus on systems performance, cost effectiveness and continuous improvement of functions and services essential to the mission.
 - d. Allow for meaningful analysis of trends and rates of change.
 - e. Add commensurate value in the context of the Laboratory's mission and the entire performance plan.
 - f. Encourage benchmarking (incorporation of best practices).
 - g. Ensure accurate and meaningful reflection of performance.
 - h. Encourage self-assessment and proactive improvement.
 - i. Correct an important problem or resolve a significant issue.
3. Performance-Based Contract Measures (PBCMs) which include Performance Measures and System Assessment Measures should be constructed to drive improvements and focus on effectiveness of systems and maintaining the appropriate level of internal controls. They should incorporate "best practices" and reflect DOE's and the Contractor's judgment as to the key performance elements which will enhance fulfillment of the Department's mission objectives. Mission Critical Performance Measures are tied directly to performance fee. General Operations System Assessment Measures are not directly tied to performance fee.
4. PBCMs are composed of three tiers:
 - Objective: Statements of desired outcomes for an organization or activity.
 - Measure: A quantitative or qualitative characterization of performance.

- **Expectation:** The desired conditions or target levels of performance for each measure.

5. **Adjectival Ratings** are as follows:

- Outstanding:** Significantly exceeds the standards of performance; achieves noteworthy results.
- Excellent:** Exceeds the standard of performance, although there may be room for improvement in some elements; better performance in all other elements more than offsets this.
- Good:** Meets the standard of performance. Deficiencies do not substantively affect performance.
- Marginal:** Below the standard of performance. Deficiencies are serious and may affect overall results; management attention and corrective action are required.
- Unsatisfactory:** Significantly below the standard of performance; deficiencies are serious, may affect overall results, and urgently require senior management attention.

6. **Self Assessment:**

In addition to the development of specific contract Performance Measures directly tied to incentives, an effective Performance-Based Management system should also be established which institutionalizes an internal self-assessment program which fosters assessment of existing internal systems, policies, and procedures and encourages continuous improvement. The Contractor's self-assessment program shall be developed in formal agreement with the Contracting Officer and provide for the following:

- an assessment of performance against Objectives, Measures and Expectations which have been identified under the category of "Mission Critical."
- an assessment of performance against Objectives, Measures and Expectations which have been identified by mutual agreement of the parties as being measures of system performance. These "System Assessment Measures" are not directly linked to any contract performance incentive and are in addition to the Mission Critical Performance Measures as specified in Attachments 2 and 3 of this Appendix B.
- an assessment of overall operations for:

- (1) compliance with the prime contract, law, or other DOE, Federal, and State requirements (such as regulations, directives, etc.) as may be applicable pursuant to the terms of the prime contract.
- (2) the adequacy and the degree to which internal policies, procedures and controls are implemented and are being met.

d. identification of improvement opportunities and improvement plans.

7. PBCMs should reference industry standards, best practices, or other standards which are meaningful, appropriate, and consistent with DOE requirements rather than trying to arbitrarily develop standards. To this end, benchmarking initiatives are strongly encouraged. When establishing benchmarks and setting targets the Parties should consider the return on the cost required to make further improvements.
8. The methodology for measuring each expectation shall be established by mutual agreement of the Parties (except as may be otherwise specified in this contract) prior to the start of the performance period.
9. The Parties acknowledge that the performance levels achieved against the specific performance Objectives, Measures, and Expectations established in the contract for each of the Performance and Functional Areas are the primary but not the sole criteria for determining the Contractor's final performance ratings and fee earned in any given performance period. With respect to determining the Contractor's final performance ratings and fee earned in any given performance period for each of the Functional Areas, the Contracting Officer shall also consider any other relevant information which is deemed to have had a significant impact (either positive or negative) on the Contractor's performance. Other relevant information may become available from a number of different sources including but not limited to the Contractor's self-assessment, DOE's day-to-day operational awareness, annual business reviews (if applicable), Inspector General reviews, General Accounting Office (GAO) audits, for-cause reviews, etc., as well as Contractor cooperation, interaction, and responsiveness to DOE throughout the performance period. This does not impact DOE's rights under Part II, Section I, Clause I.118 - Conditional Payment of Fee, Profit, or Incentives.

Should the Contracting Officer contemplate considering other relevant information in establishing the final performance rating for any of the Performance or Functional Areas for the performance period, the Contracting Officer shall give the Contractor written notice specifying such information at the appropriate and reasonable time, the reasons for considering it relevant and significant, and the intended effect on the performance rating for the year. The Contractor will be given the opportunity to respond in writing and, if the Contractor requests, in a meeting to respond to the Contracting Officer's intended action.

The Contracting Officer will issue his/her written assessment along with the proposed performance ratings to the Contractor within ten (10) working days of the above written notice.

10. The Contracting Officer shall review, approve and periodically verify how the Contractor collects, compiles and scores its performance against the measures established annually and incorporated into the contract as Attachment 3 to this Appendix B.
11. PBCMs are to be developed in a team approach involving appropriate Argonne Area Office, Chicago Operations Office, HQ, University of Chicago, and Argonne National Laboratory representatives.
12. Failure to include a specific objective and/or measure in the contract as part of Attachment 3 does not eliminate the need for the Contractor to comply with any contractual requirements, and failure to comply may result in the Contracting Officer modifying the performance rating achieved against a specific performance measure.
13. The Director of the Office of Science (SC-1) has the primary responsibility for evaluating Science and Technology performance but input also will be sought from cognizant DOE Assistant Secretaries, Office Directors and Program Managers. Primary input for ANL-W related work will be sought from the NE Program Office. The Contracting Officer has the primary responsibility for evaluating the Operational (Critical Operations and General Operations) performance in accordance with the Contractor Management, Objectives, Measures, and Expectations of Attachment 3 to this Appendix B. However, the Contracting Officer shall inform SC-1 of any issues or concerns that should be considered when evaluating the Contractor's performance in Science and Technology. This is especially important in those areas where operational performance could have a significant impact on the Contractor's ability to conduct successful research for the Department. The Contractor has primary responsibility to compile the data necessary to document its performance against all measures.
14. For reasons beyond the Contractor's control, certain data input may not be available to meet the appraisal schedules outlined in Attachment 4 to this Appendix. The evaluation shall proceed according to schedule for measures which have complete data. Final ratings shall not be determined until all ratings are completed. A final assessment report with final adjectival ratings will only be issued when sufficient data is available to evaluate the Contractor's performance against all measures. The Contracting Officer may, based upon the measures completed and the performance achieved, award a provisional portion of any performance incentive, pending the complete assessment of all measures, at which time the final incentives earned will be determined and awarded.
15. The Contractor and DOE agree to establish specific weights for the Mission Critical Performance Measures and General Operations Self Assessment Measures. In addition, within each of these areas, individual measures will have expectations established to gauge Laboratory performance. If the Parties cannot reach agreement on either, the specific weights for the evaluation criteria or the individual expectations, the Contracting Officer shall have the right to establish such weights and/or expectations.

16. In the event the Contracting Officer determines it necessary to exercise the right set forth in 15 above, the Contracting Officer will notify the Contractor in writing of the intended decision. The final weightings and/or expectations will be issued to the Contractor within 10 working days after written notification to the Contractor.
17. Subject to the paragraphs below, the Contractor shall have the ability to earn an annual performance fee as described in Attachments 5 and 5a of this Appendix.

If the Contractor's performance in any one of the Mission Critical Functional Areas identified in Attachment 2 receives a "marginal" or "unsatisfactory", the Contractor will not be entitled to any performance fee.

If the Contractor earns and receives any performance fee for its performance, the Contractor will devote \$375,000 from any such fee received each fiscal year of the contract, to Joint Research Projects between the Contractor and Laboratory scientists, as described in Part I, Section H, Clause 28 - Joint Research Projects, of this Contract.

Performance and Functional Areas

(FY04)

SECTION I - Mission Critical Performance Measures		
Section	Functional Areas	Weight
I.1	Science and Technology	65%
I.2	Contractor Management	5%
I.3	Critical Operations Performance Measures	
	a. Integrated Safety Management	20%
	b. Infrastructure	10%
	TOTAL	100%

Performance and Functional Areas

(FY04)

SECTION II - General Operations Self Assessment Measures		
Section	Functional Areas	Weight
II.1	Business Management	
	a. Counterintelligence	6%
	b. Cyber Security	8%
	c. Diversity	10%
	d. Financial Management	10%
	e. Human Resources	10%
	f. Information Management	4%
	g. Integrated Safeguards and Security Management	10%
	h. Legal Management	6%
	i. Personal Property	10%
	j. Procurement	10%
II.2	Stakeholders Relations	
	a. Communications and Trust	8%
	b. Technology Transfer	8%
	TOTAL	100%

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Modification No. M411
Contract No. W-31-109-ENG-38
October 1, 2003 - September 30, 2004
Attachment 3

Performance Objectives, Measures and Expectations

Section I

Mission Critical

(Performance Measures)

**MISSION CRITICAL PERFORMANCE MEASURES
ARGONNE NATIONAL LABORATORY
SECTION I.1 - SCIENCE AND TECHNOLOGY
PART I - ARGONNE EAST**

MEASURE 1: QUALITY OF RESEARCH

Reviewers will evaluate the overall quality of the research performed. Depending on the nature of the program, reviewers will consider the following:

SCIENCE: Success in producing original, creative scientific output that advances fundamental science and opens important new areas of inquiry; success in achieving sustained progress and impact on the field; and recognition from the scientific community, including awards, peer-reviewed publications, citations, and invited talks.

TECHNOLOGY: Whether there is a solid technical base for the work; the intrinsic technical innovativeness of the research; the importance of contributions made to the scientific and engineering knowledge base underpinning the technology program; and recognition from the technical community.

MEASURE 2: RELEVANCE TO DOE MISSIONS AND NATIONAL NEEDS

Reviewers will consider: whether the research fits within and advances the missions of DOE; contributions to U.S. leadership in the international scientific and technical communities; contributions to the goals and objectives of the strategic plans of DOE and other national programs; and the extent of productive interaction with other science and technology programs. Depending on the nature of the program, reviewers will consider the following:

SCIENCE: The program's track record of success in making scientific discoveries of technological importance to DOE missions and U.S. industry; the degree of industrial interest in follow-on development of current research results; and the effective use of national research facilities that serve the needs of a wide variety of scientific users from industry, academia, and government laboratories.

TECHNOLOGY: The value of successfully developing precommercial technology, to DOE, other federal agencies, and the national economy; the extent to which expected benefits justify the program's risks and costs; and, where appropriate, the degree of industrial interest, participation, and support.

MEASURE 3:

SUCCESS IN CONSTRUCTING AND OPERATING RESEARCH FACILITIES

Reviewers will consider whether the construction and commissioning of new facilities is on time and within budget; whether facility performance specifications and objectives are achieved; the reliability and safety of operations; adherence to planned schedules; and the cost-effectiveness of maintenance and facility improvements. For the Spallation Neutron Source (SNS) performance, to be measured as part of measure 3, a standard project management cost and schedule variance analysis will be performed and included as part of the evaluation. The performance expectation will be the same as the one included under Section I.3.b. - Infrastructure (ANL-E). This Measure includes but is not necessarily limited to ANL's performance related to aspects of the SNS project, for which ANL is the responsible Laboratory.

Reviews of user facilities will also consider whether the user access program is effective, efficient, and user-friendly; the quality of the proposal evaluation process; the strength and diversity of user participation; the productivity of the same research supported, both in science and technology; and the level of satisfaction among user groups.

The Advanced Photon Source (APS) is to maximize utilization of beam time at all operational beam lines and efficient access for general users (independent investigators) with quality proposals.

The Center for Nanoscale Materials (CNM) will integrate ANL's existing capabilities in synchrotron radiation, neutron scattering, and electron microscopy with new synthesis, imaging, temporal probes, and nanofabrication capabilities. The CNM will be complementary to and capitalize on the brilliance of the APS. The CNM will build on the strengths of ANL's Basic Energy Science programs in (1) nanomagnetism, (2) bio-inorganic interface, (3) complex oxides, (4) nanocrystalline diamond, and (5) nanophotonics. During FY04 ANL will accomplish the following CNM activities:

- a) Complete requirements for Critical Decision-3 (CD-3)
- b) Bid and award electron beam lithography tool
- c) Start CNM building construction in early spring 2004

MEASURE 4: EFFECTIVENESS AND EFFICIENCY OF RESEARCH PROGRAM MANAGEMENT

Reviewers will consider the quality of research plans; whether technical risks are adequately considered; whether use of personnel, facilities, and equipment is optimized; success in meeting budget projections and milestones; the effectiveness of decision-making in managing and redirecting projects; success in identifying and in avoiding or overcoming technical problems; the effectiveness with which technical results are communicated to maximize the value of the research results and to gain appropriate recognition for DOE and the Laboratory; effectiveness in developing, managing, and transferring to industry intellectual property and technical know-how associated with research discoveries; and, the degree to which customer and stakeholder expectations are consistently met.

(Total Weight for Part I Measures is 55%)

Notes and Assumptions:

Cognizant DOE Assistant Secretaries and Office Directors have primary responsibility for evaluating the performance of Laboratory Science and Technology programs. In carrying out this responsibility, the Assistant Secretaries and Office Directors are likely to request assistance from the Program Managers under whose jurisdiction the various individual Laboratory programs fall.

In performing this evaluation, the Assistant Secretaries and Office Directors have available input from the following sources:

- *DOE Program Managers who carry out periodic reviews of the programs they fund.* These reviews may include use of independent technical experts. Written reviews can be used by the Program Managers as a basis for evaluating the quality of the science and technology performed by the Laboratory and its relevance to their programmatic goals.
- *The University of Chicago and the Science and Technology Advisory Committee of the Board of Governors for Argonne, which oversee reviews of technical programs at Argonne.* Each major Laboratory program is reviewed on a 36-month cycle by an independent review committee whose membership is drawn from the external scientific, engineering, and business communities. The Committees evaluate Laboratory divisions and programs with respect to the quality and performance of the staff, the quality and timeliness of the work, and the relevance of the programs to the goals of the Laboratory and of sponsoring agencies. Reviews include consideration of the performance measures described below in this Appendix. The Committees' written reports and the Laboratory's responses are made available to the University, to the Board of Governors for Argonne, DOE Contracting Officers, and to relevant DOE Program Managers.

In addition, input from the following sources may be used:

- Advisory committees reporting to the cognizant DOE Assistant Secretaries or Office Directors that are appointed formally through the Federal Advisory Committee Act.
- Reviews of relevant Laboratory activities requested for the Secretary of Energy or for cognizant Assistant Secretaries and Office Directors.
- Program Guidance: Specific Program milestones/deliverables are communicated to the Contractor through Program Guidance documents. Program Offices will evaluate Contractor's performance against Programmatic Guidance provided during the evaluation period.

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Attachment 3

Summaries of recent documented reviews and ratings of Laboratory programs are provided to cognizant Assistant Secretaries and Office Directors and to Program Managers at DOE for their use in evaluating Laboratory performance.

The performance measures described in this Appendix will be used by cognizant DOE Assistant Secretaries, Office Directors and Program Managers to evaluate Laboratory performance. Listed under each performance measure are potentially significant considerations that may apply to a given program. For the program being evaluated, the cognizant Assistant Secretaries, Office Directors and DOE Program Managers are responsible for assigning a weighting factor for each included performance measure that reflects its relative importance. The weighting factors will then be used to develop a composite (overall) rating for the program.

Based on information obtained by cognizant DOE Assistant Secretaries and Office Directors, the Contracting Officer will then develop an overall performance rating for the Laboratory's science and technology by weighting the overall rating for each program area by its total budget.

**MISSION CRITICAL PERFORMANCE MEASURES
ARGONNE NATIONAL LABORATORY
SECTION I.1 - SCIENCE AND TECHNOLOGY
PART II – ARGONNE WEST**

OVERALL OBJECTIVE: This Core Operation includes the Office of Nuclear Energy, Science and Technology (NE) work performed at Argonne-West. Consistent with the objectives of DOE Order 430.1B, Real Property Asset Management and Order 413.3, Program and Project Management for the Acquisition of Capital Assets, the intent of these performance expectations is to ensure that the work at ANL-W is managed in an effective manner to maximize its value to DOE.

Three programs have been identified that include all of the NE work at ANL-W. These three programs are:

1. Infrastructure/Operation
2. Advanced Fuel Cycle Initiative Program (including Spent Fuel Treatment/Disposition Technology)
3. Radioisotope Power System/Heat Source Testing Program

Measures

OBJECTIVE 1: Project Management Performance - ANL-W work shall be managed efficiently and within DOE approved baselines. All approved ANL-W work is completed on time, within budget, and meets baseline scope requirements. The following indicator for ANL-W work examines compliance with the approved project baselines.

MEASURE 1: Project Schedule Compliance - This performance expectation is intended to encourage schedule implementation in accordance with the approved baselines.

Description of Method:

$$\text{Schedule Compliance} = \frac{\text{Sum of Budgeted Cost of Work Performed (BCWP)}}{\text{Sum of Budgeted Cost of Work Scheduled (BCWS)}}$$

EXPECTATION: (Weight - 35%)

<u>Performance Level</u>	<u>Metrics</u>
Outstanding (4)	0.97 and above
Excellent (3)	0.90 to 0.96
Good (2)	0.83 to 0.89
Marginal (1)	0.75 to 0.82

(3/5/04)

A cumulative rating for schedule compliance will be based on the performance of the Advanced Fuel Cycle Initiative (AFCI) and the Radioisotope Power System/Heat Source Program (RPS/HS), and adjusted by the weighting factors of 0.65 and 0.35, respectively. A schedule compliance rating for each project will be developed.

A calculation for the Cumulative Rating for the Schedule Compliance will be determined as follows:

Cumulative Rating for the Schedule Compliance = AFCI rating x 0.65 + RPS/HS rating x 0.35.

MEASURE 2: Project Cost Compliance - This performance expectation is intended to encourage compliance within the approved cost baselines.

Description of Method:

Cost Compliance = $\frac{\text{Sum of BCWP}}{\text{Sum of Actual Cost of Work Performed (ACWP)}}$

EXPECTATION: (Weight - 35%)

<u>Performance Level</u>	<u>Metrics</u>
Outstanding (4)	0.97 and above
Excellent (3)	0.90 to 0.96
Good (2)	0.83 to 0.89
Marginal (1)	0.75 to 0.82

A cumulative rating for the program cost compliance will be based on the performance of the AFCI and the RPS/HS, and adjusted by the weighting factors of 0.65 and 0.35, respectively. A cost compliance rating for each project will be developed.

A calculation for the Cumulative Rating for the Cost Compliance will be determined from:

Cumulative Rating for the Cost Compliance = AFCI rating x 0.65 + RPS/HS rating x 0.35.

OBJECTIVE 2: Infrastructure Management Performance - Departmental expectations are that its contractors manage the stewardship of facility assets in a cost-effective manner that ensures their safe and reliable operations consistent with and in support of program missions. This objective focuses on ensuring that the appropriate infrastructure/operations components exist to satisfy safety and environmental requirements; maintain facilities in a user ready status and provide support functions for ongoing program work. This also includes associated management and administrative activities. It is the intent of this performance objective to ensure that facilities assets do not become liabilities and the necessary managerial and operational support exist to facilitate the accomplishment of program/project goals.

MEASURE 1: ANL-West Infrastructure Performance - This performance indicator is intended to assure high quality management of the Infrastructure Program to assure that important milestones are met in support of DOE goals.

Infrastructure Management Performance is measured by the number of level one (1) and level two (2) baseline milestones successfully completed on schedule.

EXPECTATION: (Weight - 10%)

<u>Performance Level</u>	<u>Milestones Completed on Schedule</u>
Outstanding (4)	13 of 13
Excellent (3)	11 of 13
Good (2)	10 of 13
Marginal (1)	9 of 13

MEASURE 2: ANL-West Infrastructure Level of Effort - This performance indicator is intended to measure the level of effort (expressed as cost compliance) expended in meeting the approved Infrastructure Implementation Plan baseline.

Level of Effort (expressed as Cost Compliance) is measured by BCWP (i.e. the planned level of effort described in the approved Implementation Plan) divided by the ACWP.

EXPECTATION: (Weight - 10%)

<u>Performance Level</u>	<u>Metrics</u>
Outstanding (4)	0.97 and above
Excellent (3)	0.90 to 0.96
Good (2)	0.83 to 0.89
Marginal (1)	0.75 to 0.82

Cumulative Rating for Infrastructure Management Performance Objective = .75 (Measure 1) + .25 (Measure 2)

OBJECTIVE 3: ANL-West Management - Departmental expectations are that overall ANL-West management is conducted effectively and all ANL-W operations and activities are coordinated in a cost-effective, safe and reliable manner consistent with and in support of program missions. This objective includes an expectation that the Laboratory will respond effectively to new initiatives and provide assistance to NE in responding to stakeholders. Additionally, this objective is intended to enable evaluation of management factors not specifically captured in Performance Objective 1 or 2.

MEASURE: Performance in meeting this objective is measured according to the following expectation.

EXPECTATION: (Weight - 10%)

- Outstanding (4) - significantly exceeds average standards of performance; achieves noteworthy results; accomplishes very difficult tasks in a timely manner.
- Excellent (3) - exceeds average standards of performance, although there may be room for improvement in some elements; better performance in all other elements more than offsets this.
- Good (2) - meets average standards of performance; assigned tasks are carried out in an acceptable manner - timely, efficient and economical; deficiencies do not substantially affect performance.
- Marginal (1) - below average standard of performance; deficiencies require management attention and corrective action.

Final Cumulative Rating: Unless designated otherwise, the rating for Objective 1 will have a 70% weighted value in determining a final cumulative rating, Objective 2 will have a 20% weighted value in determining a final cumulative rating, and Objective 3 will have a 10% weighted value in determining a final cumulative rating. The final cumulative rating will be used to determine fee.

Notes and Assumptions:

1. ANL prepares an approved baseline, such as an Implementation Plan (IP) for each of the three ANL-W programs. Approval of the scope, cost, and schedule baselines occurs with the approval of the IP. Performance is measured against the approved baselines.
2. Each baseline will include a description of the following project management systems for that project:
 - a. Earned value system for measuring performance
 - b. Reporting system for reporting performance and issues
 - c. Change control system to control and approve changes
3. A major milestone shall be considered complete when the scope for the major milestone has been completed. Typically, completion can include a limited number of punch list items or equivalent. The significance of the punch list items or equivalent and time required to resolve them will be factored into a judgment on their significance.
4. Cost and schedule performance will be judged at the end of each performance period (fiscal year). Performance will be based upon cumulative scope, schedule, and cost performance.
5. Any Baseline Change Requests submitted by ANL will be approved or disapproved by CH-AAO, or the Program Sponsor, as appropriate, within 30 calendar days.

6. All performance measurement values shall be based on the earned value system in the IP for that project.

Where: BCWS = Budgeted Cost of Work Scheduled
BCWP = Budgeted Cost of Work Performed (earned value)
ACWP = Actual Cost of Work Performed

7. The performance metrics are based on the cancelled DOE Order 4700.1 Project Management Systems, which defines the significance of variances as:

0 to 10% variance - acceptable (Excellent and above performance)
10% to 25% variance - minor concern (Marginal to Good performance)
greater than 25% variance - major concern (Unsatisfactory performance)

8. The schedule variance and the scope variance both measure the amount of work accomplished compared to the amount of work planned to be accomplished (BCWP/BCWS). In determining the earned value for accomplished work, some judgment will be needed to determine if the delivered scope meets the requirements of the proposed scope. If the accomplished work does not meet requirements then full credit for the deliverable cannot be obtained. The earned value system does allow partial credit for work.
9. For the calculations of the Cumulative Rating for the Cost and Schedule Compliance, the end of year budget numbers will be used. This will allow the effect of any baseline changes to be considered in the calculation.

2. Compliance Items

DOE Order 430.1B, Real Property Asset Management and Order 413.3, Program and Project Management for the Acquisition of Capital Assets

3. Reporting Requirements

Monthly reporting in accordance with expectations defined in DOE program guidance and approved implementation plans.

4. Assessment Scope/Operational Awareness

None

(Total Weight for Part II Measure is 10%)

**MISSION CRITICAL PERFORMANCE MEASURES
ARGONNE NATIONAL LABORATORY
SECTION I.2 - CONTRACTOR MANAGEMENT**

OBJECTIVE: The University of Chicago will provide leadership, guidance, and oversight that add value to the overall management of Argonne National Laboratory (ANL).

MEASURE 1: Skilled and competent managers are in place at Associate Laboratory Director (ALD) levels and above, with staffing supported by succession plans and development opportunities to cultivate management talent for the future.

EXPECTATION:

The University of Chicago will:

1. Review the leadership of ANL on at least an annual basis.
2. Ensure that effective succession plans are in place for all ANL Associate Laboratory Directors and above.
3. Ensure that acting or interim manager assignments will not exceed a reasonable duration under normal conditions, consistent with the national norm for positions of comparable level and specialty, and the acting managers will be supported sufficiently to provide effective stewardship for the interim period.

MEASURE 2: Strategic guidance provided by the University focuses on Argonne's science, engineering, and operations in serving DOE missions now and into the future, prevents or promptly resolves issues and problems, and enhances the overall quality of Argonne.

EXPECTATION:

The University of Chicago will:

1. Provide timely strategic guidance to ANL.
2. During the performance period identify and resolve strategic issues that impact the overall performance of the Laboratory.

MEASURE 3: The University of Chicago will conduct reviews and provide an overall assessment of key ANL programmatic areas, operations functions and management systems.

EXPECTATION:

The University of Chicago will:

1. Perform regular peer reviews of each major programmatic (Science & Technology) area at least once every three years.
2. Perform regular reviews of critical and general operations areas at least once every three years. The University may conduct such reviews on a combined or separate basis.
3. Ensure the quality of the Laboratory's annual self assessment.
4. Ensure the Laboratory effectively resolves any important issues arising as a result of such reviews referenced above.

ASSUMPTIONS:

1. Key personnel as identified in the Prime Contract (Appendix F) are considered to be part of the University's Contractor Management.
2. The year-end self assessment will briefly summarize the results of University of Chicago reviews and resolution of important issues.
3. In the self assessment, the University will provide evidence of success in meeting the nine Expectations for Contractor Management. The performance rating for Contractor Management will be determined as follows:

Outstanding	9 Expectations achieved
Excellent	8 Expectations achieved
Good	7 Expectations achieved
Marginal	6 Expectations achieved
Unsatisfactory	Less than 6 Expectations achieved

2. Compliance Items

None

3. Reporting Requirements

None

4. Assessment Scope/Operational Awareness

None

**MISSION CRITICAL PERFORMANCE MEASURES
 ARGONNE NATIONAL LABORATORY
 SECTION I.3.a. - INTEGRATED SAFETY MANAGEMENT**

OVERALL OBJECTIVE: Manage and continuously improve the implementation of Integrated Safety Management to protect workers, users, the public, and the environment.

Measures

OBJECTIVE 1: Manage and continuously improve the implementation of Integrated Safety Management (ISM) and promote an improving safety culture throughout Argonne.

MEASURE: Measure the effectiveness of implementation of ISM System by measuring intermediate outcomes and leading indicators. (25%)

Metrics	Criteria	Points
1-1 Percentage of Lab employees who have completed mandatory ES&H training requirements (Note 1)	98% 95%	10 5
1-2 Divisions completing < 96% of mandatory ES&H training requirements (Note 2)	0 1	10 5
1-3 Divisions completing < 90% of mandatory facility inspections (Note 3)	0 1	10 5
1-4 Percentage of OSHA recordable incidents where ANL meets ANL and DOE notification and reporting requirements	95% 90%	10 5
1-5 Percentage of ORPS (DOE O 231.1A) reportable occurrences where ANL meets reporting requirements	97% 95%	10 5
1-6 Develop and implement for ANL-E Environmental Management System (EMS) training program by end of FY04	Training program implemented by end of FY	5
1-7 For ANL-E, reduce waste generation rates for the routine waste streams identified in the overall DOE pollution prevention goals. Routine waste excludes disposal of legacy waste and waste from other non-routine activities. (Note 4)	FY04 waste generation rates for routine waste lower than FY03 or justification provided and accepted by DOE for why the generation will be higher (e.g., significant change in work).	10

1-8 Develop comprehensive FY05 EMS objectives and targets for ANL-E. (These will include waste minimization and pollution prevention goals, land management habitat restoration goals as well as other goals to improve environmental protection and stewardship performance.)	FY05 objectives and targets developed and agreed to by AAO	15
1-9 Implement EMS requirements at ANL-W	Implement EMS requirements per DOE Order 450.1 by the end of FY04	5
1-10 Percentage of Corrective Actions completed by target date (reviews external to ANL) (Note 5)	95% 90% 85%	20 10 5

EXPECTATION:

<u>Performance Level</u>	<u>Metrics</u>
Outstanding	95 points (105 points possible)
Excellent	85
Good	75
Marginal	65
Unsatisfactory	< 65

Note 1: The metric will be the average of the FY04 quarterly levels of training completion.

Note 2: Divisions smaller than approximately 50 personnel will all be combined into one grouping for the purposes of this metric.

Note 3: Divisions responsible for performing less than 14 facility inspections per year will all be combined into one grouping for the purposes of this metric. Inspections include ANL-E monthly life safety inspections required in all major occupied buildings and the semiannual facility inspections required of line management. At ANL-W, inspections will include similarly scheduled inspections.

Note 4: Track and provide current status of progress toward each DOE P2/E2 goal for waste reduction for FY03. This status report must be submitted to DOE-AAO in January 2004.

Note 5: Target dates may be changed only with DOE concurrence.

OBJECTIVE 2: Manage and continually improve effective radiological and nuclear safety programs.

MEASURE: Monitor laboratory performance in specified elements of the radiological and nuclear safety programs. (25%)

Metrics	Criteria	Points
2-1 Any exposure exceeding 10CFR835 limit during FY04	each	-20
2-2 Collective exposure to workers (Total Effective Dose Equivalent) (Note 6)	< goal – 5% < goal	10 5
2-3 Number of Divisions >110% of their ALARA goals (Notes 6,7)	0 or 1 2 or 3	10 5
2-4 Number of workers exceeding 1.5 rem in FY04	0	5
2-5 Number of workers with unplanned exposure (internal plus external) >100 mrem. (Note 8)	0 1	10 5
2-6 Accessible uncontrolled areas with radiation levels 100 mrem/yr (inside buildings) or 1000 mrem/yr (outside) above background	0-1	10
2-7 Contamination Index (Notes 6,9)	< target level - 10 < target level	10 5
2-8 Radiological protection occurrences meeting ORPS Significance Categories 1 and 2.	0	5
2-9 Criticality safety infractions meeting ORPS reportability criteria	0	5
2-10 Radioactive material or contamination outside appropriate controls meeting ORPS reportability criteria (Note 10)	0 or 1 2 or 3	10 5

EXPECTATION:

<u>Performance Level</u>	<u>Metrics</u>
Outstanding	65 points (75 points possible) (Note 11)
Excellent	55
Good	45
Marginal	35
Unsatisfactory	< 35

Note 6: The collective exposure goal and contamination index target level will be established in a joint ANL/AAO Radiological Performance Measures meeting in November 2003. Thereafter, this same group will meet quarterly and agree to any adjustments deemed appropriate.

Note 7: This excludes divisions with collective doses of less than 300 person-mrem.

Note 8: For internal exposure, the dose is in Committed Effective Dose Equivalent (CEDE).

Note 9: The contamination index is determined by summing a) the number of contamination events reportable via ORPS and b) the number of personnel contaminated (above the ORPS threshold) during the contamination events, and dividing by two.

Note 10: This does not include personnel contamination events.

Note 11: An occurrence involving one mode of failure will not result in penalties in multiple metrics.

OBJECTIVE 3: Improve worker safety performance.

MEASURE: Measure specified worker safety performance. (25%)

Metrics	Criteria	Points
3-1 Total Recordable Injury/Illness Case Rate (Note 12)	< a – 30%	20
	< a – 20%	15
	< a – 10%	10
	< a	5
3-2 Days Away, Restricted, or Transferred Case Rate (Note 12)	< b – 30%	20
	< b – 20%	15
	< b – 10%	10
	< b	5
3-3 Days Away from Work Rate (Note 12)	< c – 30%	20
	< c – 20%	15
	< c – 0%	10
	< c	5
3-4 Percent exceedance of exposure standard for chemical, physical, or biological agents (Note 13)	< 1%	10
	< 2%	5
3-5 Accidents requiring Type A or B investigations (Note 14)	Each	-10 (Type A)
	Each	-5 (Type B)
3-6 Damage to facilities or equipment above CAIRS thresholds	0 to 3	10
	4 to 6	5

EXPECTATION:

Performance Level	Metrics
Outstanding	60 points (80 points possible)
Excellent	45
Good	35
Marginal	30
Unsatisfactory	<30

Note 12: Values for “a”, “b”, and “c” will be the average of the values for FY02 and FY03.

Note 13: Exposure standard (workplace monitoring, excluding ionizing radiation) is the Permissible Exposure Limit (PEL), Threshold Limit Value (TLV), or applicable DOE standard. When respiratory protection is worn, the standard is adjusted based on the assigned protection factor of the respiratory protection worn.

Note 14: Requirements for Type A and B investigations are presented in DOE Order 225.1A.

OBJECTIVE 4: Improve environmental protection and stewardship performance.

MEASURE: Measure specified environmental protection and environmental stewardship performance. (25%)

Metrics	Criteria	Points
4-1 Complete Land Management and Habitat Restoration Implementation Plan tasks by due dates and demonstrate to AAO committed ecological stewardship	Meet due dates and demonstrate stewardship	10
4-2 Complete FY04 Land Management and Habitat Restoration work plan activities (Note 15)	Complete work plan activities by end of FY04	10
4-2 Number of reportable unpermitted releases at ANL-E and -W (including wastes and leachates, but not including effluent limit violations)	0-1	15
	2-4	10
	5-8	5
4-3 Cumulative costs from incidents resulting in environmental cleanup or remediation at ANL-E and -W	> \$100,000	-10
	> \$500,000	-20
4-4 Quarters with air effluent violations at ANL-E boiler house (Note 16) <ul style="list-style-type: none"> • Low significance ----- • High significance 	0	5
	Each	-10
4-5 Number of water effluent violations at ANL-E (Note 17) <ul style="list-style-type: none"> • Low significance ----- • High significance 	0-3	15
	4-8	10
	Each	-10
4-6 RCRA permit condition violations at ANL-W identified by DOE or regulator	0	5
	1-4	0
	> 4	-5
4-7 Enforcement action at ANL-E not withdrawn by regulator	Each	-10

EXPECTATION:

<u>Performance Level</u>	<u>Metrics</u>
Outstanding	50 points (60 points possible)
Excellent	40
Good	30
Marginal	20
Unsatisfactory	< 20

Note 15: FY04 Land Management and Habitat Restoration work plan will be developed and agreed to between ANL and AAO by October 31, 2003.

Note 16: Low significance air effluent violations: Emissions exceed limit less than 5% of operating time in a quarter.

Note 17: Low significance water effluent violations: Fewer than four violations of monthly average permit limit for a pollutant and no more than one violation exceeds 1.4 times the monthly average limit for Group I Pollutants or 1.2 times the monthly average limit for Group II Pollutants (see 40 CFR Section 123.45). For a pollutant with no monthly average permit limit, we will assume a monthly average is exceeded if the daily maximum is exceeded any time during the month.

2. Compliance Items

Objective: Improve environmental protection and stewardship performance

Report quarterly on progress toward meeting the commitments in the Environmental Assessment for Enhanced Operations of the Advanced Photon Source.

3. Reporting Requirements

N/A

4. Assessment Scope/Operational Awareness

Objective: Improve worker safety performance

Report in the mid-year and final self-assessment reports, progress toward correction of findings identified from the 2003 OSHA inspection. This includes correction of findings and prioritization of actions requiring specific funding.

Objective: Improve radiological protection program

Report the number of uncontrolled areas where annual exposure could exceed 100 mrem above background, how these areas were identified, and actions taken to minimize or eliminate such areas.

ANL will include, in its mid-year and end-of-year self-assessments, summaries of the status and progress of ISM at the Laboratory. The self-assessments will consider all aspects of ISM, including the ESH&I process as well as those factors which impact ES&H.

**MISSION CRITICAL PERFORMANCE MEASURES
ARGONNE NATIONAL LABORATORY
SECTION I.3.b. - INFRASTRUCTURE**

OVERALL OBJECTIVE:

This Critical Operation includes both Project Management and Facility Management activities at the Laboratory.

Project Management

The Project Management objective is to be consistent with the DOE requirements as they pertain to Program and Project Management for the Acquisition of Capital Assets. The intent of these performance expectations is to ensure that facilities, facility improvements, or other projects are managed in an effective manner to maximize their value to DOE. The construction and environmental activities related to ANL-E Infrastructure are managed as projects with an approved scope, cost, and schedule baseline. These projects directly support the ANL mission. Types of projects to be assessed include:

- 1) Multiprogram Energy Laboratories - Facilities Support (MEL-FS) - Line Item Projects
- 2) General Plant Projects (GPP)
- 3) Environmental Management Projects
- 4) SC Funded Excess Facility Projects
- 5) Any Other Selected Infrastructure Related Projects

Facility Management

The Facility Management objective is to ensure that facilities are adequately maintained and operated to minimize life-cycle costs. The net effect is to ensure that the stewardship of the physical assets is accomplished in a cost-effective manner. ANL is required to have and implement a program for the operation and maintenance of its physical assets. This includes identifying the condition of the physical assets; establishing maintenance requirements; and establishing budgets to maintain the physical assets; implementing preventive, predictive, or corrective maintenance to ensure the assets are available for use. It is the intent of this performance objective to ensure that facility assets do not become liabilities. The price of a poor maintenance program is damage to facilities that could be avoided; disruption of normal activities within buildings; and threats to the health and safety of building occupants. The parties acknowledge that Third-Party Financing is an important DOE initiative, and may prove beneficial to supporting laboratory infrastructure operations.

(1/15/04)

Overall Weight for Project Management Critical Operations Performance Objective 1: 60%

Overall Weight for Facility Management Critical Operations Performance Objective 2: 40%

Measures

OBJECTIVE 1: Project Management - Projects shall be managed efficiently and within DOE approved baselines. All approved projects are completed on time, within budget, and meet baseline scope requirements. The performance indicator for projects examines compliance with the approved project baselines.

MEASURE 1: Project Schedule Compliance - This performance indicator is intended to encourage project schedule implementation in accordance with the approved baselines.

Description of Method:

$$\text{Project Schedule Compliance} = \frac{\text{Sum of BCWP}}{\text{Sum of BCWS}}$$

EXPECTATION:

Measure	Outstanding	Excellent	Good	Marginal
1.3.b.1	≥.97	≥.93 <.97	≥.88 <.93	<.88

Weight: 25%

MEASURE 2: Project Cost Compliance - This performance indicator is intended to encourage project compliance within the approved cost baselines.

Description of Method:

$$\text{Project Cost Compliance} = \frac{\text{Sum of BCWP}}{\text{Sum of ACWP}}$$

EXPECTATION:

Measure	Outstanding	Excellent	Good	Marginal
1.3.b.2	≥.97	≥.93 <.97	≥.88 <.93	<.88

Weight: 35%

Notes and Assumptions for Project Management Performance Measures 1 and 2:

1. ANL and CH-AAO to reach agreement on the scope, schedule and cost baselines prior to project funding. (Not all projects are approved at the beginning of the evaluation period.)

2. An infrastructure construction project shall be considered complete upon beneficial occupancy/use of the facility/system/equipment, as appropriate, provided that the remaining construction activities are limited to minor punch list items, and that such occupancy/use can be conducted in a safe manner and without interruptions by the remaining construction activities.
3. This measure will only measure those multi-year projects that are completed during the performance period, with the exception of ongoing EM projects. The performance will be based upon cumulative scope, schedule, and cost.
4. Performance for EM projects will be based upon annual fiscal scope, schedule and cost baselines and will be adjusted during the performance period to reflect DOE directed changes.
5. The total of all GPP funded projects completed in a single fiscal year will be treated as a separate funded line item project.
6. Any Project Baseline Change Requests submitted by ANL will be approved or disapproved by CH-AAO, within 30 calendar days.
7. All performance measurement values shall be based on the Earned Value System (EVS).

EVS Legend: BCWS = Budgeted Cost of Work Scheduled
BCWP = Budgeted Cost of Work Performed
ACWP = Actual Cost of Work Performed

OBJECTIVE 2: Facilities Management – Manage the stewardship of facility assets in a cost-effective manner that ensures their safe and reliable operation that is consistent with program missions. A key success factor for meeting this objective is implementation of an effective preventive and corrective maintenance program.

MEASURE 1: Preventive Maintenance – This measure is intended to measure the effectiveness and timeliness of the Laboratory's facility maintenance program by monitoring the performance in the area of preventive maintenance.

Description of Method:

Percent of scheduled building preventive maintenance (PM) work orders completed within 30 days of scheduled date.

PM Program =
$$\frac{\text{No. of Building PM's completed within 30 days of scheduled date}}{\text{Number of Building PM's scheduled}}$$

EXPECTATION:

Measure	Outstanding	Excellent	Good	Marginal
1.3.b.3	≥.95	≥.85 <.95	≥.75 <.85	<.75

Weight: 20%

MEASURE 2: Corrective Maintenance – This measure is intended to measure the effectiveness and timeliness of the Laboratory’s facility maintenance program by monitoring the performance in the area of corrective maintenance.

Description of Method:

Percent of building corrective maintenance (CM) work orders completed within 90 days of their identification date.

CM Program =

$$\frac{\text{No. of Building CM's completed within 90 days of their need identification date}}{\text{Number of Building CM's identified}}$$

EXPECTATION:

Measure	Outstanding	Excellent	Good	Marginal
1.3.b.4.	≥.95	≥.85 <.95	≥.75 <.85	<.75

Weight: 20%

Notes and Assumptions for Facility Management Performance Measures 3 and 4:

1. Preventive Maintenance: Those periodic and planned actions taken to maintain a piece of equipment within design operating conditions and extend its life and is performed prior to equipment failure or to prevent equipment failure.
2. Corrective Maintenance: The restoration of failed or malfunctioning equipment, systems or facility to its intended function or design condition. Repair does not result in a significant extension of the expected useful life.
3. Corrective maintenance work orders are assigned a priority by PFS-Building Maintenance. The priorities are described below. For this measure the need identification date will be the date that the work request is logged into the computerized work control system. The measure includes only Emergency, Urgent and High priorities. Medium and Low priorities are excluded to provide flexibility so that, in the interests of meeting an arbitrary measure, resources are not allocated to older lower priority items at the expense of newer, higher priority items.

Corrective Maintenance Work Order Priority Codes

Code	Priority	System Status	Condition
60-EM	Emergency	Down	A "breakdown" of a key system. Immediate attention is required due to one or more of the following: - A serious threat to personnel safety must be corrected. - A failure in a scientific program must be avoided. - An interruption of site utility operations must be corrected.
50-UR	Urgent	Running	This involves a key system that DOES NOT have standby capabilities. A diagnosis of the problem indicates an "Emergency" condition will occur if a correction is not made.
40-HI	High	Running	This involves a key system to which ALL of the following apply: - The key system <u>does not</u> have standby capabilities. - The key system supports either scientific programs or site utility operations. - A breakdown is <u>not</u> imminent.
30-MED	Medium	Running	This involves a key system to which BOTH of the following apply: - The key system <u>does have</u> standby capabilities - The key system either supports scientific programs or site utility operations.
20-LO	Low	Down or Running	This involves general building systems which do not support scientific programs or site utility operations

2. Compliance Items

- Prime Contract Requirements
- DOE O 413.3 Program and Project Management for the Acquisition of Capital Assets
- DOE O 430.1b Real Property Asset Management

3. Reporting Requirements

As determined by program requirements.

4. Assessment Scope/Operational Awareness

- Report on opportunities for improvement identified in prior years' self assessments, if any, and compare performance with past years.
- Describe the status of updating and populating the new FIMS requirements.
- Assess the status of the Laboratory's efforts to achieve the federal goals for energy conservation by 2005.
- Report on progress made during the year regarding the disposal of both newly generated and legacy wastes.
- Report on the Laboratory's efforts in reducing the overall footprint of the Waste Management Operations (WMO) facilities complex in order to achieve further improvements in efficiency and cost control.
- Describe Laboratory's achievements in the area of pollution prevention/waste minimization.

In addition, the Laboratory will provide assessment of performance against the following departmental energy management and maintenance objectives:

- 1) Energy Management; a Comprehensive Energy Management Program and Plan (CEMP) that meets a minimum of 75 percent of requirements consistent with DOE O 430.2A, Departmental Energy and Utilities Management, by March 31, 2004.
- 2) Energy Use Reductions and Green House Gas Reductions; degree to which reductions are on target to meet or exceed a 1.5 percent reduction compared to previous year.
- 3) Water Efficiency Program and Plan (WEP&P); demonstrate implementation of at least four (4) of the Best Management Practices (BMP) of the Federal Energy Management Program (FEMP) for facility planning processes and operations by the end of FY04.
- 4) Alternatives to Energy Management Program Funding; develop and/or award at least one Energy Savings Performance Contract (ESPC) or Utilities Energy Savings Contract (UESC) project or contract; in accordance with DOE O 430.2A, Headquarters policies, ESPC rules, and DOE legal opinions by the end of FY04.
- 5) Achieve an adequate maintenance investment index (MII) of 1.4 percent by FY04, which is "maintenance funding for "operational" conventional facilities as percentage of their Replacement Plant Value (RPV)." Information pertaining to the MII shall be implemented in DOE's Facility Information and Management System (FIMS) and the quarterly maintenance reports.

October 1, 2003
Modification M411
Contract No. W-31-109-ENG-38
October 1, 2003 - September 30, 2004
Attachment 3a

Performance Objectives, Measures and Expectations

Section II

General Operations

Self Assessment Measures (SAM's)

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.a. - COUNTERINTELLIGENCE**

OVERALL OBJECTIVE: ANL will conduct Counterintelligence (CI) operations to ensure effective protection of national security interests, proprietary information, personnel, property and the general public.

1. Measure

MEASURE: DOE HQ Office of Counterintelligence will provide an evaluation of the ANL-CI Program on an annual basis. DOE HQ Office of Counterintelligence typically conducts an on-site review every two years and these reviews will serve as the basis of the evaluation of the ANL-CI Program. In years where an on-site review does not take place, ANL-CI will provide DOE HQ Office of Counterintelligence with a self-assessment of performance. In addition, the evaluation may include a review of ANL-CI performance against any DOE HQ Office of Counterintelligence developed measures/metrics.

2. Compliance Items

ANL-CI will notify DOE HQ Office of Counterintelligence of any violations of the following:

- ✓ Public Law 106-65
- ✓ PDD-61 (C/NSI), February 11, 1998
- ✓ PDD/NSC-12, August 5, 1993
- ✓ DOE CI Implementation Plan (S/NF), March 1999
- ✓ Atomic Energy Act of 1954, as amended
- ✓ Defense Authorization Act of 2000-1
- ✓ Federal, state, and local laws; and all DOE Orders applicable to the CI Program

3. Reporting Requirements

The Laboratory shall report to the appropriate DOE HQ Office of Counterintelligence Program Managers and/or the Director, Office of Counterintelligence all significant CI Administrative Inquiries, any contacts or elicitation attempts with the people of any nationality who seek classified or sensitive unclassified information (i.e., proprietary, export control, or Cooperative Research and Development Agreement (CRADA) information) without proper authorization by any means. This includes any compromising situation or other inconsistencies associated with foreign travel or a visit or assignment. The CH Argonne Area Office Manager and/or designee will be notified of all significant CI activity including the above stated notifications.

(1/15/04)

4 Assessment Scope/Operational Awareness

The scope of the self-assessment will be determined by DOE HQ Office of Counterintelligence, however, at a minimum, it will include a description of actions taken to address any opportunities for improvement and/or findings resulting from on-site inspections of the ANL-CI Program.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.b. – CYBER SECURITY**

OVERALL OBJECTIVE: Ensure that ANL develops and implements the elements of a sound cyber security program that establishes appropriate protection for the ANL computer systems and data while maintaining the environment necessary to effectively conduct the Laboratory's business.

Measures

OBJECTIVE: Continue to implement and improve the cyber security program at ANL that is consistent with DOE directives and guidelines.

MEASURE 1: Minimize network vulnerabilities and promptly correct vulnerabilities detected by either network scans or security advisories.

EXPECTATION: The intent is to patch systems with high and medium vulnerabilities within 45 working days.

ASSUMPTIONS: Network vulnerability scans will be performed so that all hosts are scanned each year and ensure that identified high and medium vulnerabilities are addressed through corrective actions or document the reasons for accepting the risk. Rating of vulnerabilities as high or medium will be determined by the DOE Licensed Internet Security Systems (ISS) Vulnerability Scanner Database.

Rating	Performance
Outstanding	95% - 100% of vulnerabilities addressed within schedule
Excellent	90% - 94% of vulnerabilities addressed within schedule
Good	85% - 89% of vulnerabilities addressed within schedule
Marginal	80% - 84% of vulnerabilities addressed within schedule
Unsatisfactory	Less than 80% of vulnerabilities addressed within schedule

MEASURE 2: Control foreign national access to cyber systems to ensure that access is approved based on a documented risk assessment and subject to audit.

EXPECTATION: All ANL divisions hosting cyber access for foreign nationals should complete risk assessments. Foreign nationals with cyber access have documented approval for specific cyber access based on a documented risk assessment.

(10/1/03)

Rating	Performance
Outstanding	95% - 100% of foreign nationals have risk assessments
Excellent	90% - 94% of foreign nationals have risk assessments
Good	85% - 89% of foreign nationals have risk assessments
Marginal	80% - 84% of foreign nationals have risk assessments
Unsatisfactory	Less than 80% of foreign nationals have risk assessments

2. Compliance Items

None

3. Reporting Requirements

None

4. Assessment Scope/Operational Awareness

The Cyber Security Program Plan is the basis for ANL's Cyber Security Program. This Plan is subject to biannual review by:

- DOE and
- Peer Review body.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.c. - DIVERSITY**

OVERALL OBJECTIVE: Strengthen commitment and accountability for equal employment opportunity, affirmative action and workforce diversity.

Measures

MEASURE 1: Number of women in the combined Officials & Managers and Professionals Equal Employment Opportunity (EEO) job categories/total number of employees in the combined Officials & Managers and Professionals EEO job categories.

EXPECTATION: Where opportunities exist, create a more diverse workforce at Argonne National Laboratory (ANL) by maintaining and/or increasing representation of women in the combined Officials & Managers and Professionals EEO job categories as follows:

<u>Performance Level</u>	<u>Metrics*</u>
Outstanding	Women represent greater than 22.22%
Excellent	Women represent 21.73% to 22.22%
Good	Women represent 21.23% to 21.72%
Marginal	Women represent 20.73% to 21.22%
Unsatisfactory	Women represent less than 20.73%

Weight: 50%

MEASURE 2: Number of historically underrepresented minorities (Black, Hispanic, American Indian/Alaskan Native) in the combined Officials & Managers and Professionals EEO job categories/total number of employees in the combined Officials & Managers and Professionals EEO job categories.

EXPECTATION: Where opportunities exist, create a more diverse workforce at ANL by maintaining and/or increasing representation of historically underrepresented minorities in the combined Officials & Managers and Professionals EEO job categories as follows:

<u>Performance Level</u>	<u>Metrics*</u>
Outstanding	Historically underrepresented minorities represent greater than 4.24%
Excellent	Historically underrepresented minorities represent 3.75% to 4.24%
Good	Historically underrepresented minorities represent 3.25% to 3.74%
Marginal	Historically underrepresented minorities represent 2.75% to 3.24%
Unsatisfactory	Historically underrepresented minorities represent less than 2.75%

Weight: 50%

* Percentages in metrics derived by using data from the end of the third quarter of FY2003 as the baseline (the top of the Good range). As of 6/30/03, representation for occupations in the combined Officials & Managers and Professionals EEO job categories was 21.72% for women and 3.74% for historically underrepresented minorities.

2. Compliance Items:

None

3. Reporting Requirements:

In addition to data provided for the System Assessment Measures, provide data for women and historically underrepresented minorities in the following job categories and/or level:

- number of women in the combined Officials & Managers and Professionals job categories by each ALD level divided by the total number of employees in the combined Officials & Managers and Professionals job categories for each corresponding ALD level.
- number of historically underrepresented minorities in the combined Officials & Managers and Professionals job categories by each ALD level divided by the total number of employees in the combined Officials & Managers and Professionals job categories for each corresponding ALD level.

4. Summary Assessment/Operational Awareness:

ANL will prepare a summary assessment that responds to the following:

- Report on opportunities for improvement.
- Identify any significant changes in system procedures or practices, including reason(s) for change and expected improvements and/or outcomes.
- Describe effectiveness and outcomes of outreach/recruitment activities.
- Describe effectiveness of partnering with minority-serving institutions.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.d. - FINANCIAL MANAGEMENT**

OVERALL OBJECTIVE: The Laboratory shall ensure that its financial system is sound, responsive, and has economical financial management programs to assure the safeguarding of DOE financial assets. The Laboratory's financial system shall support an aggressive Laboratory-wide overhead management program.

Measures

OBJECTIVE 1: Effective cash and debt management practices.

MEASURE: Vendors are paid on time.

EXPECTATION:

<u>Performance Level</u>	<u>Metrics</u>
Outstanding	97 - 100%
Excellent	93 - 96%
Good	89 - 92%
Marginal	85 - 88%

Weight: 25%

Notes and Assumptions:

1. For purposes of this measure, vendor invoices subject to measurement include: Automated Material Purchasing System (AMPS) Purchase Orders (PO's), manual PO's, Procurement and Requisition Integrated System (PARIS) PO's, Argonne Material Ordering System (AMOS), gas credit cards, subcontracts, World Travel Partners (WTP) and telephone.
2. Definition of "paid on time" is per the terms of individual purchase orders.

OBJECTIVE 2: Adequacy and Effectiveness of Internal Management Controls

MEASURE: Contractor's Internal Management Control programs maintain accuracy of business management data, safeguards DOE, ANL and other assets, and prevents fraud, waste and abuse.

Number of audit findings contained in the below stated documents which state recommendations for ANL's business and management control structure for which ANL management acknowledges corrective action should be taken but has: (1) not initiated corrective action within forty-five (45) days of receipt or (2) failed to complete implementation action within ANL management defined time:

(1/15/04)

- * Contractor internal audit department reports issued to Laboratory management
- * DOE-OIG audit reports issued to the Laboratory Director
- * GAO audit reports issued to the Laboratory Director
- * Contractor's external independent auditor reports issued to the Laboratory Director

The Contractor's Board of Governors Audit Committee will annually issue a letter to DOE that provides an assessment of the above measure.

EXPECTATION: Number of Corrective Actions Not Implemented in a Timely Manner

<u>Performance Level</u>	<u>Number of Exceptions</u>
Outstanding	0 - 2
Excellent	3 - 5
Good	6 - 8
Marginal	9 - 11

Weight: 40%

OBJECTIVE 3: Control Uncosted Balances

MEASURE: The measure will address fiscal year end program funding balances for programs funded through the Office of Science (SC) and Office of Nuclear Energy, Science & Technology (NE).

Operating Obligation Control Levels (OCL's)

The number of OCL uncosted balances in excess of \$1.0M and greater than 13% of the Total Available to Cost (TAC).

Equipment Obligation Control Levels

The number of OCL unencumbered balances in excess of \$1.0M and greater than 50% of the TAC.

DOE program funds will be monitored and tracked to insure that such funds are costed and encumbered as planned. This measure will be rated as follows:

Percentage of OCLs in SC and NE are within the defined measures for operating and equipment and the uncosted percentage for operating and unencumbered percentage for equipment are maintained or reduced in future fiscal years.

EXPECTATION: OCL Compliance Percentage

<u>Performance Level</u>	<u>Metrics</u>
Outstanding	90 - 100%
Excellent	85 - 89%
Good	80 - 84%
Marginal	< 80%

Weight: 35%

Exclusions:

Program funding that is:

- Authorized by DOE in a particular fiscal year that is intended to cover future fiscal year expenditures as directed by DOE program sponsor and/or as defined in the work authorization/program guidance.
- Received at a point in the fiscal year that does not allow sufficient time to complete the program objectives as originally established and defined in the program proposal scope of work.
- Reconciling Transfers

2. Compliance Items:

- A. Contractor's cost accounting system is in compliance with CAS and the Disclosure Statement is current, accurate and complete.
- B. Internal audit review for unallowables.

3. Reporting Requirements:

- A. Quarterly indirect cost data.
- B. Yearly functional cost data.
- C. Quarterly Washington Travel data.
- D. Annual Laboratory Directed Research & Development (LDRD) Certification

4. Assessment: Scope/Operational Awareness:

Provide DOE with a self assessment in accordance with the "GAO Core Financial Systems Requirements", February 2000, (GAO/AIMD-00-21.2.2) addressing the seven functions of the Core Financial Systems Requirements as follows:

1. Core financial management
2. General ledger management
3. Funds management
4. Payment management
5. Receipt management
6. Cost management
7. Reporting

In addition to the above Core Financial Systems Requirements, the self-assessment as identified above should incorporate the following sub-elements:

1. Cost accounting
2. General accounting (accounts receivable, accounts payable, and financial statements)
3. Payroll system
4. Labor Distribution system
5. Budget formulation system
6. Asset reporting system
7. Financial management computer information system
8. Review for unallowable costs
9. Review and assessment of divisional burdens
10. Budget funds management.

For purpose of supporting a certified ANL Financial System, identify any internal or external reviews performed on the above areas with appropriate corrective action plans, if any, developed to address any findings identified in the reviews.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
 ARGONNE NATIONAL LABORATORY
 BUSINESS MANAGEMENT
 SECTION II.1.e. - HUMAN RESOURCES**

Measure

OBJECTIVE: To assure that ANL maintains a viable human resource management system that meets DOE requirements.

MEASURE: The Laboratory will analyze its Balanced Scorecard (BSC) Plan in the human resources area in order to show a continued effort in FY04 toward meeting the targets in the areas of employee learning and growth, internal business processes, customer satisfaction, and prudent financial management.

EXPECTATION: Below is the Expectation Matrix and Evaluation Scale for Assessment of Human Resources using the BSC.

**ASSESSMENT OF HUMAN RESOURCES FOR FY 2004
 AT ARGONNE NATIONAL LABORATORY**

MEASURE	TARGET
LEARNING AND GROWTH	
Attrition Rate of Top Performers	< 5%
Number of Supervisors Attending One Supervisory Course	≥ 25%
INTERNAL BUSINESS PROCESS	
Number of First Year Terminations	< 10%
HR Functional Areas Reviewed at Least One Policy or Process	100%
Self Audits Conducted Annually	≥ 15
CUSTOMER PERSPECTIVE	
Employee Benefit Value Index	< 5%
FINANCIAL PERSPECTIVE	
Hourly Rate Charged for TSPs	< avg local rates
Benefits as % of Payroll	Track and report only

EVALUATION SCALE:

- 7-6 Performance Targets Met = Outstanding
- 5 Performance Targets Met = Excellent
- 4 Performance Targets Met = Good
- 3 Performance Targets Met = Marginal
- ≤ 2 Performance Targets Met = Unsatisfactory

(9/4/03)

2. Compliance Items

N/A

3. Reporting Requirements

Provide DOE with a quarterly report summarizing the data collected on the measure.

4. Assessment, Saqpa/Other

Provide DOE with a self assessment of the following Human Resources system: Applicant Flow System. Structure the self assessment according to the guidelines described below.

Assessment of the above topical area should address in sufficient detail:

- What is system designed to achieve/control?
- What recent changes/improvements have been incorporated in the system, if any?
- How effectively is current system working?
- What problems/issues have been identified?
- What improvement(s) could/will be made?

Describe basis for determining effectiveness and any notable practices.

DOE Operational Awareness shall consist of the following:

- Periodic meetings to discuss initiatives, problems and issues.
- Review and analysis of Personnel Reports required by DOE Order 350.1.
- Review of quarterly performance measure reports posted to the ANL Home Page.
- Review of mid-year and year-end self-assessment.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.f. - INFORMATION MANAGEMENT**

OVERALL OBJECTIVE: To manage ANL information management activities in accordance with applicable laws, regulations, and contract terms and conditions; and to employ sound business practices for information management to achieve strategic information technology (IT) goals.

1. Measure

Fully implement the management processes related to IT that were developed during FY03 by 9/30/04*. The processes incorporate management reviews of Operations (OPS) and programmatic planned business system projects, identifying shared OPS/programmatic solutions, and incorporating programmatic business information needs into planned OPS project proposals. The new processes address:

- Align the information management (IM) decision making process with the long-term ANL business goals and objectives
- Encouraging IM decisions with a lab-wide focus
- Ensuring that only products and services supporting business needs are implemented, systems and capabilities will be interoperable, data will be shared, and corporate needs are placed before individual needs.

* Mid-year and year-end evaluation will be based on progress towards meeting this date.

2. Compliance Items

None

3. Reporting Requirements

Provide quarterly status regarding progress towards accomplishing lab-wide information architecture strategic planning processes.

4. Assessment Scope/Operational Awareness

ANL will prepare a summary assessment that responds to the following:

- Report on opportunities for improvement.
- Identify any significant changes in system procedures or practices, including reason(s) for change and expected improvements and/or outcomes.
- Report on status of key projects.

(1/15/04)

DOE Operational Awareness includes the following activity:

Periodic meetings and interaction with DOE.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
 ARGONNE NATIONAL LABORATORY
 BUSINESS MANAGEMENT
 SECTION II.1.g – INTEGRATED SAFEGUARDS & SECURITY MANAGEMENT**

1. Measures

OBJECTIVE: Implement an Integrated Safeguards and Security Program at Argonne National Laboratory that ensures compliance and performance to protect special nuclear materials, classified matter, and property against theft, diversion, or destruction; to prevent radiological, toxicological, and other malevolent acts that may have adverse impacts on National Security, the public, facilities, or employees; and, to protect facility occupants.

MEASURE 1: Information Security – The Laboratory will maintain a Classified Matter Protection Control (CMPC) Program which includes procedures and systems to protect and control Classified Information, Unclassified Controlled Nuclear Information (UCNI), and Naval Nuclear Propulsion Information (NNPI), as well as the elements of Classification, Technical Surveillance Countermeasures, and Operations Security (OPSEC).

EXPECTATION: Weight - 25%

OUTSTANDING	No compromise of classified documents.
EXCELLENT	One (1) Impact Measurement Index (IMI)-4 Incident of Security Concern regarding Information Security.
GOOD	One (1) IMI-3 or two (2) to five (5) IMI-4 Incidents of Security Concern regarding Information Security.
MARGINAL	One (1) IMI-1 (not involving confirmed public compromise, loss, or unauthorized disclosure), or two (2) IMI-2, or two (2) to three (3) IMI-3 Incidents of Security Concern regarding Information Security.
UNSATISFACTORY	Any IMI-1 Incident of Security Concern regarding Information Security resulting in confirmation of public compromise, loss, or unauthorized disclosure of classified information. Two (2) or more IMI-1 Incidents of Security Concern regarding Information Security <u>not</u> resulting in confirmation of public compromise, loss, or unauthorized disclosure of classified information. Three (3) or more IMI-2 Incidents of Security Concern regarding Information Security.

MEASURE 2: Personnel Security – The Laboratory will maintain a Personnel Security Program, including procedures and systems, that ensures only authorized individuals access classified matter or information and that access to security areas containing classified matter or special nuclear material is consistent with DOE policy. The Laboratory will maintain a Foreign Visits and Assignments vetting process, procedures and systems to ensure review and approval of individual visits and assignments by export control, security, counterintelligence officials, and cyber security, as appropriate.

EXPECTATION: Weight - 25%

- Foreign visits and assignments associated with sensitive countries have documented export control, security, counterintelligence, and cyber security review and approval (where necessary and appropriate) prior to start of visit or assignment.

OUTSTANDING	100%
EXCELLENT	95% to 99%
GOOD	90% to 94%
MARGINAL	85% to 89%
UNSATISFACTORY	Below 85%

MEASURE 3: Material Control and Accountability -- The Laboratory will establish a graded nuclear material control and accountability program, procedures, and systems to ensure that 1) nuclear materials are in authorized locations; 2) protection measures are in place; 3) unauthorized activities, material flows, and material transfers are detected; 4) protective measures are in place for transfers of nuclear materials; and 5) anomalies are reported, investigated and resolved.

EXPECTATION: Weight - 25%

- Maintain a cumulative (ANL-E and ANL-W) data submission error rate detected by Nuclear Materials Management and Safeguards System (NMMSS) of less than 3%.

OUTSTANDING	NMMSS error rate of 2.00% or less.
EXCELLENT	NMMSS error rate > 2.01%, but < 3.00%.
GOOD	NMMSS error rate > 3.01%, but < 4.00%.
MARGINAL	NMMSS error rate > 4.01%, but < 5.00%.
UNSATISFACTORY	NMMSS error rate of 5.01% or more.

MEASURE 4: Program Management – The Laboratory will revise the existing Vulnerability Assessment (VA) and Site Safeguards and Security Plan (SSSP) to incorporate requirements identified in the latest Design Basis Threat.

- Submit final updated VA and SSSP to DOE-CH for review and approval by February 28, 2004.

OUTSTANDING	Submittal of ANL-W VA & SSSP to DOE-CH for review/approval prior to February 28, 2004
EXCELLENT	Submittal of ANL-W VA & SSSP to DOE-CH for review/approval on February 28, 2004
GOOD	Submittal of ANL-W VA & SSSP to DOE-CH for review/approval prior to March 31, 2004
MARGINAL	Submittal of ANL-W VA & SSSP to DOE-CH for review/approval prior to April 15, 2004
UNSATISFACTORY	Submittal of ANL-W VA & SSSP to DOE-CH for review/approval after April 15, 2004

2. Compliance Items

Prime Contract Clause I.61 - DEAR 952.204-2, Security (SEP 97); Federal, state, and local laws; and all DOE Orders applicable to Safeguards and Security.

3. Reporting Requirements

Annual Review and Revision of Illinois Site Security Plan by May 30, 2004
Annual Review and Revision of Illinois and West OPSEC Master Plans by April 30, 2004
Monthly and Quarterly LANMAS and NMMSS Reports
Mid-Year and Annual Self Assessments consistent with DOE P 470.1 and DOE O 470.1

4. Self-Assessment Scope/Other

The scope of the self assessment is identified in Chapter X of DOE Order 470.1. Supporting documentation should be referenced and available for review as determined necessary by AAO.

GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.h. - LEGAL MANAGEMENT

OVERALL OBJECTIVE: The Laboratory shall ensure quality, timely, and cost effective legal services, and shall promote the protection and utilization of inventions and Laboratory-generated data, in support of its Research and Development (R&D) mission.

Measures

OBJECTIVE 1: Management of legal services in an efficient and cost-effective manner that protects the interests of the Laboratory and the Government.

MEASURE 1: Number of non-compliances with Contractor's DOE-approved litigation management procedures.

ASSUMPTIONS:

- "Minor" generally involves non-compliances relating to invoices;
- "Major" generally involves non-compliances relating to the contractor/law firm relationship, including documents other than invoices and documentation supporting disbursements.

EXPECTATION: (Weight – 25%)

Performance against this measure will be rated using the following scale. The scale is based on number of major non-compliances; however, DOE reserves the discretion to factor in an excessive number of minor non-compliances if such non-compliances bring into question the validity of the system.

Outstanding	Excellent	Good	Marginal
0	1	2	3

MEASURE 2: The Laboratory will utilize appropriate mechanisms to protect Laboratory-generated data (i.e., trademarks, copyrights, and CRADA data protection) and will conduct periodic meetings and communicate with DOE Patent Counsel regarding pertinent Intellectual Property (IP) data rights issues.

EXPECTATION: (Weight – 15%)

This measure will be evaluated in a subjective manner, considering, for example:

1. The appropriateness and completeness of Laboratory requests for DOE permission to assert copyright in computer software.

(10/1/03)

2. The appropriateness of Laboratory-proposed duration of limited U.S. Government licenses, and, if appropriate, the justification provided for any duration beyond five (5) years.
3. The effectiveness of the Legal Department's instruction to Laboratory employees of practices for protecting CRADA and commercially valuable data, as demonstrated by the extent to which employees appropriately utilize such protections and request DOE permission to extend protection to commercially valuable data generated at the Laboratory.

OBJECTIVE 2: Work Products submitted by the Contractor for DOE approval or use are supported by timely, sound and thoroughly researched legal advice.

MEASURE: Pursuant to Laboratory policy and procedures, the Legal Department provides sound analysis and counsel on issues requiring legal attention.

EXPECTATION: (Weight – 60%)

The measure will be evaluated in a subjective manner, considering, for example:

- Proactiveness and timeliness of identification by the Legal Department of legal issues for review;
- Timeliness of work products;
- The results obtained by the work products;
- The level of satisfaction expressed by the Contractor management and staff, as determined through customer surveys, client group meetings, and/or other feedback methods.

2. Compliance Items

Compliance with 10 CFR Part 719 and Contractors Legal Management Plan
31 U.S.C. Section 3515
Annual Request for Contingent Liabilities Reports
10 CFR Part 719
Contractor's DOE-approved Legal Management Procedures
FOIA requirements
10 CFR Parts 1004 and 1008
Ownership of Records Clause
Contractor's DOE-approved Document Release Protocol
Administrative Dispute Resolution Act of 1996
DOE *Statement of Policy on Alternative Dispute Resolution*, September 18, 1995

3. Reporting Requirements

Litigation Notifications
Annual Legal Budget
Statements of Work for Outside Counsel (e.g., Basic Ordering Agreements, Work Plans, Litigation Plans, Staffing & Resource Plans)
Approved Updated Fee Schedules for Outside Counsel

Approved Staffing Changes for Outside Counsel
Alternate Dispute Resolution (ADR) Checklists
Quarterly Litigation Status Reports (including insurance cases)
Mid-year Self Assessment
Final Self Assessment (including Year-end IP Report)
Freedom Of Information Act (FOIA) request responses
Discovery request responses
Contingent Liabilities Opinions
Invention Disclosures
Confirmatory Licenses
Title Elections
Proposed WFO and CRADA IP Provisions
Semi-Annual Statement Containing Subcontract Action-IP Provision Information
Copies of Patent Applications Filed

Assessment Scope/Operational Awareness

ANL will prepare a summary assessment that addresses the following:

1. Thoughtful consideration to the advantages and disadvantages of ADR techniques.
 - "Thoughtful consideration" can be demonstrated by a memorandum to the file reflecting, at a minimum, timely evaluation of relevant case factors, and consultation with the DOE ADR Liaison, and shall explain any decision not to engage the services of an internal or external third party "neutral".
 - "Timely" means as appropriate during the litigation process, and at a minimum, should be undertaken in conjunction with case/settlement evaluations at the close of pleadings and at the close of discovery, in accordance with the Contractor's DOE-approved litigation management procedures.
2. Benchmarking Activities, if any.
3. Number and significance of innovative improvements to the Laboratory's management of legal matters attributable to the efforts of the Legal Department.
 - Activities undertaken to identify practices employed by industry clients of law firms and benchmarking organizations and others;
 - Innovative measures incorporated by the Laboratory to minimize legal costs through litigation avoidance/early dispute resolution mechanisms and through management of the cost and performance of outside counsel;
 - Effectiveness of such innovations.
4. Opportunities for Improvement, and proposed corrective actions.
5. On-time responses to DOE-requested legal work products.
 - Timeliness takes into consideration the amount of advance notice and the availability of prerequisite documents and other inputs, as well as extensions granted by DOE.
 - Work products include, but are not limited to the reporting requirements in Section 3.
6. Focus Group Results/Customer Survey Results (discretionary).

DOE Operational Awareness may include the following activities:

7. Tracking the timeliness of deliverables
8. Audits to validate mid-year and final self assessments
9. Review of Deliverables (above)

10. Periodic case evaluation and strategy discussions
11. Quarterly Meetings between CH-OCC and ANL-LEG
12. Work Products submitted for CO approval
13. Work Products submitted for DOE use
14. Review of ANL Copyright requests
15. Periodic Meetings between CH-OCC-IPL and ANL-LEG-IPL
16. Verification of Corrective Actions

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.I. – PERSONAL PROPERTY**

OVERALL OBJECTIVE: To establish and maintain an ANL program for managing property consistent with applicable laws, regulations, and contract terms and conditions.

SYSTEM/PROCESS STATUS: ANL has a formal management system in place for controlling the receipt, inventory, and disposal of government-owned property. During FY02, DOE-AAO provided a certification of the property management system consistent with Federal Property Management Regulations. This certification is in effect through December 2004.

1. Measure

Performance will be evaluated based on the mid-year and year-end self assessment with a focus on results of the FY04 Property Management Balanced Scorecard and completion of the corrective actions associated with the observations from the DOE Office of Science Personal Property Management Assessment - Interim Report.

2. Compliance Items

None

3. Reporting Requirements

None

4. Assessment Scope/Operational Awareness

ANL will prepare a mid-year and year-end summary assessment that addresses the following areas:

- Quarterly status of Divisional Property Representative (DPR) training enhancements.
- Quarterly status of walk throughs for operating and storage areas consistent with a walk-through schedule (provided during the first quarter) that covers all operating and storage areas over a two year period (DOE-PMR 109-25.109-1).
- Opportunities for improvement.
- Significant changes in system procedures or practices, including reason(s) for change and expected improvements and/or outcomes.

(1/15/04)

DOE Operational Awareness may include the following activities:

- Review of reports, e.g., Laboratory prepared Personal Property Management reports and Security and Internal Audit reports.
- Periodic participation in Laboratory property walk throughs.
- Validation of Balanced Scorecard Self Assessment (BSCSA) results.
- Verification of corrective actions, as necessary.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
BUSINESS MANAGEMENT
SECTION II.1.J. - PROCUREMENT**

OVERALL OBJECTIVE: To establish and maintain an ANL program for self assessment of delivery of the best value products/services to ANL Procurement Department customers consistent with applicable laws, regulations, and contract terms and conditions.

1. Measures

N/A

2. Compliance Items

N/A

3. Reporting Requirements

N/A

4. Assessment Scope/Operational Awareness

The Laboratory will provide a summary of Laboratory performance based on the results of the FY04 Balanced Scorecard (BSC) and specifically address the status of the BSC review.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
STAKEHOLDERS RELATIONS
SECTION II.2.a. – COMMUNICATIONS AND TRUST**

Measure

OVERALL OBJECTIVE: The objective of communications and stakeholder relations at Argonne is to provide coordinated and effective communications and outreach to the Laboratory's stakeholders that serve the Laboratory's needs. The communications program should reflect an understanding of the information and communication needs of external and internal stakeholders and the need to keep them adequately informed of Argonne's programs and activities, as well as DOE-sponsored programs that impact Argonne. A successful communications program should also help align Argonne's and DOE's institutional goals and programs with the needs and expectations of external customers, business partners, community leaders, and other stakeholders.

MEASURE: To be successful, Argonne's communications need to contain elements that are both proactive and reactive. Proactive issues are those planned by Argonne. To be successful, proactive communications need to be identified, planned, and successfully implemented. To be effective, reactive communications need to be timely, effective in responding to issues that are initiated or controlled by others, and consistent with DOE and Argonne policies.

EXPECTATION: Development of Communications Plan

1. Timely development of Communications Plan
Updated FY04 Communications Plan to be approved by Argonne by 1st Quarter of FY04.
2. Communication Plan to include the following components:
 - a. Description of planned "proactive" communication activities, both internal and external.
 - b. Methodology for assessing the effectiveness of the Laboratory's external communications.
 - c. Milestone schedule for planned external communications activities.
 - d. Description of alignment of external communication activities with DOE/Argonne objectives.
 - e. Description of system that ensures that communication activities are effectively coordinated and cost effective.
 - f. Overall objectives and strategy of the ANL Communications Program.
3. Maintain an effective working relationship with the local surrounding community.
 - a. Conduct periodic Community Leaders Round Table (CLRT) meetings.
 - b. Timely response to public questions.

(9/3/03)

4. Maintain effective communication channels between ANL and DOE Argonne Area Office and DOE-HQ Office of Science.

2. Compliance Items:

None

3. Reporting Requirements:

None

4. Assessment Scope/Operational Awareness:

The overall ANL rating will be based on the ANL Communications Plan, the ANL Self Assessment, and will include a peer review if performed.

**GENERAL OPERATIONS SELF ASSESSMENT MEASURES (SAM'S)
ARGONNE NATIONAL LABORATORY
STAKEHOLDERS RELATIONS
SECTION II.2.b. - TECHNOLOGY TRANSFER**

OVERALL OBJECTIVE: To support DOE's missions through partnerships having the potential to benefit the nation through support of national policy objectives, or to contribute to the national economic and scientific base. This will be accomplished through technology characterization and marketing leading to Work for Others (WFO), Cooperative Research and Development Agreements (CRADAs), licensing and other contracts to facilitate efficient and expeditious development, transfer, and exploitation of Federally owned or originated technology.

Measures

OBJECTIVE 1: Other Federal Agency (OFA) funding and close out agreements are processed in an effective and timely fashion.

MEASURE 1: Processing of OFA funding agreements is timely.

EXPECTATION:

<u>Performance Level</u>	<u>Metrics (Avg. Cycle Time, Working Days)</u>
Outstanding	5 days or less
Excellent	6 - 10 days
Good	11 - 15 days
Marginal	16 or greater

Weight: 18%

Notes and Assumptions:

1. It is ANL's responsibility to review OFA agreements for consistency with scope of work, and funding requested. Cycle times are measured from the day ANL's Office of Technology Transfer receives the OFA agreement from DOE-AAO, until the date DOE-AAO receives ANL's letter recommending DOE accept the Interagency Agreement.
2. Year-end score will be the total average for the year.

(9/5/03)

MEASURE 2: Processing time for responses to Other Federal Agency requests for close-out/deobligation, or funds status, is timely.

EXPECTATION:

<u>Performance Level</u>	<u>Metrics (Avg. Cycle Time, Working Days)</u>
Outstanding	10
Excellent	11 - 15
Good	16 - 20
Marginal	21 or greater

Weight: 16%

Notes and Assumptions:

1. Processing time is the period between the date of receipt in ANL's Office of Technology Transfer until date of notification to DOE-AAO of project status, or funds available for deobligation.
2. Closeouts in direct response to a customer's request will be counted. Other closeout actions will be tracked by ANL, but will not be counted under this measure.

OBJECTIVE 2: Quality and timeliness of research and administration of contract-related activities (including WFOs and CRADAs) meets the sponsor's needs.

MEASURE: The level of sponsor satisfaction in response to ANL surveys indicates the quality and timeliness of research and administration.

EXPECTATION:

<u>Performance Level</u>	<u>Metrics</u>	<u>Definition</u>
Outstanding	4.00 - 5.00	Among the Very Best
Excellent	3.00 - 3.99	Exceeds Expectations
Good	2.50 - 2.99	Meets Expected Levels
Marginal	1.50 - 2.49	Less Than Expected Levels
Unsatisfactory	0.00 - 1.49	Less Than Acceptable Levels

Weight: 33%

Notes and Assumptions:

1. Each contract sponsor will be surveyed upon closeout, by hard copy or electronically. Active agreements will be sampled as follows:
 - New multi-year active projects, 9th month into project:
 - One-year active projects, 6th month into project
 - Technical Service Agreement (TSAs) short-term projects, end of project.

This sampling will be at a level sufficient to maintain a statistical confidence level of 95%.

- The metric is an average of all sponsor responses to the survey for all closeouts plus active contracts that are sampled.

A combined monthly data display will be presented for WFO and CRADA surveys.

OBJECTIVE 3: Technology transfer is advanced through the development and execution of contracts with public and private organizations.

MEASURE: Laboratory patents and copyrights are characterized, appropriate potential technology transfer partners are identified, and focused marketing activities are initiated.

EXPECTATION:

<u>Performance Level</u>	<u>% of Patents Characterized & Marketed during FY04</u>
Outstanding	15 or greater
Excellent	10-14
Good	5-9
Marginal	0-4

Weight: 16%

Notes and Assumptions:

The total number of patents owned by the Laboratory on October 1, 2003 is the basis for the percent calculations.

OBJECTIVE 4: Licensing with partners transfers Argonne technology to the commercial marketplace and adds value to DOE programs.

MEASURE: Laboratory technologies are licensed.

EXPECTATION:

<u>Performance Level</u>	<u>Technologies Licensed Annually</u>
Outstanding	10 or greater
Excellent	8-9
Good	6-7
Marginal	4-5

Weight: 17%

Notes and Assumptions:

"Technologies" are defined as packages of one or more intellectual properties that are "bundled" together for licensing. The metrics indicated were used to establish a baseline in FY02 and will be evaluated by DOE annually.

2. Compliance Items

Consistency with DOE Prime Contract requirements.

3. Reporting Requirements

None

4. Assessment Scope/Operational Awareness

Self Assessment Scope

- Organizational structure of the Office of Technology Transfer (OTT) and how it interfaces with other organizations at the Laboratory and the University of Chicago
 - Are existing system controls adequate to ensure that partnerships are formed in a fair and open manner?
- Education and training of staff
- How does performance compare with last year's performance and/or other DOE laboratories?
 - Results of customer surveys, copy of blank customer survey form to be included with the self assessment
 - Statistical/graphical data on CRADAs, WFOs, licenses, etc. (funding summaries, intellectual property generation, processing times, etc.)
 - Marketing activities
- Opportunities for improvement: Do you feel that current administrative management and administrative systems are working well, or could improvements be made in the coming fiscal year? If improvements are needed, where?
- Identify significant achievements and actions taken for improvements
- Rationale for overall assessment rating: On what basis was the determination of the rating made?

Other

Operational awareness is maintained through daily interactions, transactional reviews, quarterly meetings with the OTT, and attendance at the University of Chicago Visiting Committee reviews. DOE will review the year-end self-assessment report and determine the need for an on-site validation.

Evaluation Schedule

<u>DATE</u>	<u>ACTIVITY</u>
10/1/03	Performance/Evaluation period starts.
5/15/04	ANL submits mid-year status report to DOE-AAO Manager.
9/30/04	Performance/Evaluation period ends.
11/30/04	ANL submits self-assessment report to DOE-AAO Manager.
1/15/05	DOE develops draft report and transmits to ANL.
1/31/05	ANL comments on draft report due.
2/15/05	DOE transmits final report with fee determination to ANL.

Performance Fee

	Rating	(FY00) Science 70%	(FY00) Critical Operations 30%	Total Available Fee
FY 2000	Outstanding	\$1,925,000	\$825,000	\$2,750,000
	Excellent	\$1,750,000	\$750,000	
	Good	\$700,000	\$300,000	
	Marginal	\$0	\$0	
	Rating	(FY01) Science & Technology 55%	(FY01) Critical Operations 45%	Total Available Fee
FY 2001	Outstanding	\$1,557,875	\$1,274,625	\$2,832,500
	Excellent	\$1,417,666	\$1,159,909	
	Good	\$567,066	\$463,964	
	Marginal	\$0	\$0	
	Rating	(FY02-04) S&T 65%	(FY02-04) CM ISM Infrastructure 35%	Total Available Fee
FY 2002	Outstanding	\$1,894,750	\$1,020,250	\$2,915,000
	Excellent	\$1,705,275	\$918,225	
	Good	\$682,110	\$367,290	
	Marginal	\$0	\$0	
FY 2003	Outstanding	\$1,948,375	\$1,049,125	\$2,997,500
	Excellent	\$1,753,537	\$944,213	
	Good	\$701,415	\$377,685	
	Marginal	\$0	\$0	
FY 2004	Outstanding	\$2,002,000	\$1,078,000	\$3,080,000
	Excellent	\$1,801,800	\$970,200	
	Good	\$720,720	\$388,080	
	Marginal	\$0	\$0	

**ANL
 Mission Critical Fee Distribution
 (FY2004)**

Rating	SCIENCE & TECHNOLOGY \$2,002,000 *(65%)	Mission Critical (35%) **\$1,078,000		
		CONTRACTOR MANAGEMENT (5%)	ISM (20%)	INFRASTRUCTURE ANL-E (10%)
Outstanding	\$2,002,000	\$154,000	\$616,000	\$308,000
Excellent	\$1,801,800	\$138,600	\$554,400	\$277,200
Good	\$ 720,720	\$ 55,440	\$221,760	\$110,880
Marginal	\$ 0	\$ 0	\$ 0	\$ 0

* Science & Technology Fee Distribution consists of two parts. Part I (ANL-E) consists of 55% of total fee. Part II (ANL-W) consists of 10% of total fee.

** Represents Total Critical Operations Fee attainable at an "Outstanding" level of performance.