U.S. Customs and Border Protection

System Task Order (STO) Award Fee Plan

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U.S. Customs and Border Protection SBI*net* Program

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Approval

Approved (b) (6) 4/24/08
Date

STO Project Manager
SBI*net* Systems Program Office

Approved by (b) (6) 5/01/08
Date

Director, SBI*net* Acquisition Division
SBI Acquisition Office

Approved by: (b) (6) 4/24/08
Date

Deputy Program Manager
SBI*net* Program

Record of Changes

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1. Overview

The Department of Homeland Security (DHS) has the statutory authority to develop and implement a comprehensive strategy for securing America's borders and reducing illegal immigration. The Secure Border Initiative (SBI) was created to achieve this strategy and the following core objectives: gain effective control of the borders, strengthen interior enforcement and compliance with immigration and customs laws, and support passage of a temporary worker program. A critical component of the SBI is the SBI*net* Program. DHS has designated U.S. Customs and Border Protection (CBP) as the executive agent for the contracting and implementation of the SBI*net* program, which will provide the technical solution required to detect, identify, and classify Items of Interest crossing the border, and support law enforcement officials in responding to border incursions.

The system engineering and program execution activities required to support the Department of Homeland Security (DHS) Customs and Border Protection (CBP) SBI*net* Program are to be performed in the System Task Order (STO). The objective of the STO is to acquire Boeing's systems engineering and program execution services to allow the SBI*net* System Project Office (SPO) to effectively and efficiently deliver the SBI*net* solution. The following key objectives are associated with the STO:

Outcome 1: Ensure the SBI*net* technology solution is successfully deployed and performs as specified.

Observable Objectives:

- Successful qualification of Block 1.0 SBI*net* System
  - Successful completion of the Block 1.0 System Critical Design Review
  - Successful completion of the Block 1.0 System Test Readiness Review
  - Successful completion of the Block 1.0 System Production Readiness Review
  - Successful completion of TUS-1 Operational Assessment.
- Successful completion of the Block 2.0 System Requirements Review

Outcome 2: The task orders are managed within cost, schedule, and technical parameters.

Observable Objectives:

- Cost, schedule, and performance status are known, measured, and accurately reported, and controlled to deliver the desired system within cost and schedule
- Technical Performance measures for Block 1 are identified, tracked and reported.

- Task orders' risks, issues, and action items are identified, tracked, and effectively mitigated / resolved in a timely manner,
- Task orders' dependencies (internal and external) are identified and actively managed,
- Task orders' management plans, processes, and procedures are in place, being followed, and updated as needed, and
- There are no breaches to the task orders' baseline.

1.1 Justification

The cost-plus-award-fee (CPAF) contract has been deemed suitable for use for the STO in accordance with Federal Acquisition Regulation (*FAR) 16.301-2 Application* and *FAR 16.405-2 Cost-plus-award-fee contracts*. The following paragraphs document compliance.

FAR 16.301-2 Application

STO uncertainties involved in contract performance do not permit costs to be estimated with sufficient precision to use a fixed price contract. Uncertainties include the exact, versus planned, component / sub-system level reviews, System Integration Laboratory tests, management performance, and overall SBI*net* performance. The Government desires effective management by the contractor, and management objectives are difficult to quantify.

FAR 16.405-2 Cost-plus-award-fee contracts

1. The STO work to be performed is such that it is neither feasible nor effective to devise predetermined objective incentive targets applicable to cost, technical performance, or schedule: It is not possible to establish objective incentive criteria and evaluation factors due to the complex nature of the work. Cost and schedule can be measured by Earned Value Management, but technical is inherently subjective.
2. The likelihood of STO meeting acquisition overall goals will be enhanced by using a contract that effectively motivates the contractor toward exceptional performance and provides the Government with the flexibility to evaluate both actual performance and the conditions under which it was achieved: Motivate Boeing to excel in the areas discussed below critical to success of both STO project efforts and the overall SBI*net* Program.

   The efforts under the STO are critical to SBI*net* Program success and affect all Boeing TOs. Work under the STO guides and touches every other SBI*net* Project and current and future Boeing TO. For Boeing to be successful they must be rewarded for managing and balancing resources, primarily key people, so that the right skills are supporting the right TOs and project at the right time. This rewarding cross TO/systems performance will be on the STO. Successful

contractor performance in the following areas is essential, for without both timely delivery and superior deliverables individual projects cannot proceed and the SBI*net* schedule cannot be met:

a) Mission Area And Operational Analyses: Includes, but not limited to, mission and operational analyses, system level analyses and assessments, system level simulations, systems architecture design analysis, and mission architecture modeling and simulation.
b) Systems Specification and Requirements Allocation: Includes, but not limited to, systems engineering management, specialty engineering planning, analyses, and requirements, system level specifications, system interface control document development, system verification planning and documentation, system level reviews, and engineering operations (integration, product, and process improvement).
c) Technology Identification, Analysis, Testing and Verification: Includes, but not limited to, technology identification, vendor / source control documentation, component source selection and approval, component test articles testing and verification, systems integration, testing and verification, system testing, and system test planning and documentation.
d) System Development Facilities, Laboratories, and Infrastructure
e) Quality Management
f) Risk Management
g) Program Management
h) Organizational Change Management
i) Support for Intelligence Operations

3. Any additional administrative effort and cost required to monitor and evaluate performance are justified by the expected benefits: The SBI*net* Program has in place individuals versed in both the implementation of award fee plans (AFP) and in the subjective evaluation, based on established criteria, of contractor performance. Given that trained personnel are on board and given the fact that the SBI*net* SPO intends to use the CPAF award fee briefing framework as a direct way of communicating with the contractor regarding its performance, including deficiencies and weaknesses, the cost of executing a CPAF type contract are mitigated by the expected benefits.

4. Contract types and fees (incentives or awards) will differ widely among TOs. In each individual case, the contract type and fee is a separate determination. The SBI*net* SPO is implementing in the STO, award fee criteria measurement of Boeing's overall implementation of system level requirements and integration of the system across all TOs. Subjective award fee criteria and evaluation factors are included in the AFP. In fact, Boeing has an opportunity to earn a portion of the award fee for superior integrated management of all task orders which will limit the risk of affecting the "minimum acceptance performance in all other areas. Successful management of all TOs in this massively integrated program

is critical.

5. STO CPAF shall provide for evaluation at stated intervals during performance, so that the Contractor will periodically be informed of the quality of its performance and the areas in which improvement are expected: The SBI*net* SPO intends to use the CPAF award fee briefing framework as a direct way of communicating with the contractor regarding its performance, including deficiencies and weaknesses.

6. All of the limitations specified in *FAR 16.301-3, Limitations*, have been compiled with as follows, and thus a CPAF contract may be awarded:

   a) The Boeing Company's accounting system is adequate for determining costs applicable to the STO. This has been verified by the Defense Contract Audit Agency. The Boeing Company is CAS covered.
   b) Appropriate Government surveillance during performance will provide reasonable assurance that efficient methods and effective cost controls are used. The SBI*net* SPO has a strong program and project management system in place. Indeed, the STO is intended to supplement this system, and provide program-wide project assessment data for Government evaluation.
   c) The contract amount, performance period, and expected benefits are sufficient to warrant the additional administrative effort and cost involved. Please see 3. above.
   d) This task order is not for the acquisition of commercial items.

1.2 Scope

As required by DHS guidance, this AFP:

1. Defines clearly the standards of performance for each rating category (Section 7)
2. Defines clearly the percentage of fee the Contractor should be paid for each of these rating categories. (Attachment 2)
3. Documents roles and responsibilities for those involved in monitoring contractor performance and determining award fees (Sections 2, 3, and 9)
4. Provides detailed guidance on steps in the evaluation process for agency representatives and contractors (Sections 3 and 5)
5. Establishes a base fee. (Section 4.2)
6. Is approved in accordance with CBP policy. (Approvals Section)

In addition, in accordance with the December 4, 2007 OFPP policy, "Appropriate Use of Incentive Contracts", this AFP:

1. Links the award fees to acquisition outcomes (cost, schedule, and performance);
2. Does not permit the contractor to earn an award fee if the contractor's performance is judged to be below satisfactory or does not meet the basic requirements of the contract;

3. Includes pre-determined award fees documented in writing and a process for awarding the fees;
4. Metrics that clearly describe what is required and at what point the contractor will be considered successful; and
5. Does not permit rollover of award fees.

The AFP describes the Award Fee Board (AFB) organization, roles and responsibilities and the categories, processes and procedures used to evaluate contractor's performance. It shall serve as the basis for the SBI*net* AFB's evaluation of the contractor's performance on the STO, for the purpose of presenting an assessment of that performance to the Fee Determining Official (FDO) and determining the award fee on this TO. The AFP is intended as a proactive management tool to motivate the Contractor to efficiently and effectively manage and execute the SBI*net* program.

2. Organizational Structure

The Award Fee organization consists of: the AFB, the performance monitors, and FDO.

The AFB will consist of the following core and invited Government SBI*net* stakeholders designated by the FDO:

Table 2 AFB Stakeholders

Core Stakeholders	1. STO Project Manager (PM) (Chairperson) 2. Director of Mission Engineering 3. Director of Business Financial Management 4. Chief Engineer 5. Director SBI*net* Acquisition Division 6. Performance Monitors 7. Procuring Contracting Officer (PCO) 8. Contracting Officer's Technical Representative (COTR)
Invited Stakeholders	1. Director, Facilities & Infrastructure 2. Director, Integrated Logistics 3. Director, SBInet Field Offices 4. Chief Counsel

The AFB may designate or substitute alternative evaluation board members as necessary. The Contractor will be notified within 48 hours before the start of the Award Fee meeting of the names and titles of the AFB members.

3. Roles and Responsibilities

The roles and responsibilities associated with the management of this TO include the following:

Table 3 Roles and Responsibilities

Role	Responsibilities
FDO	The SBI*net* Program Manager will serve as the FDO on this contract. The responsibilities of the FDO are to: • Designate AFB Chairperson and AFB members, • Review AFB Performance Report and the recommendation of the AFB, • Use this recommendation and all applicable information to make a determination of performance and award fee, as prescribed by the TO, • Review and approve the award fee guidance and weights that are to be applied for subsequent evaluation periods, • Provide the PCO with final performance evaluation and determination of the award fee for that period. The FDO will take into consideration all the performance recommendations provided by the AFB and determine the amount of award fee to be paid to the contractor for performance during each evaluation period. The FDO has the authority to modify the recommended evaluation of the AFB. Any award fee determination made by the FDO is a unilateral decision made solely at the discretion of the Government.

Role	Responsibilities
AFB Chairperson (AFBC)	The STO PM will serve as the AFBC on this contract. The Chairperson's responsibilities are to: • Review all documentation submitted by the AFB Coordinator prior to its submittal to the AFB. The AFB Chairperson must ensure that the Performance Monitor's ratings are accurately weighted for the evaluation periods as well as pertinent to the evaluation criteria, and approve the Award Fee Evaluation and Recommendation Report, • Ensure participants are aware of the period performance criteria, • Review/Approve the Performance Monitors report for submission to the AFB and include one recommended score for cost, technical, and management areas, • Ensure that AFB Members have the applicable AFB Rating Form to document specific Contractor actions or inactions during that performance period that support their initial performance rating, • Participate in discussions with the Contractor on the results of the mid-point AFB Meeting (if required) as may be requested by the FDO, • Brief the Contractor with the results of the FDO determination and the Performance Report , • Discuss with the Contractor the evaluation guidance and weighting factors for subsequent evaluation periods. The AFBC may change monitor assignments at any time without advance notice to the Contractor. However, the AFBC will notify the Contractor of all monitor assignments and changes within 48 hours of an AFB meeting.
PCO	The responsibilities of the PCO are to: • Participate as a core member of the AFB, • Issue a modification to the TO to reflect the Award Fee earned as determined by the FDO, • Update the AFP as required.

Role	Responsibilities
Performance Monitors	The responsibilities of the Performance Monitors are to: • Be familiar with the contract requirements and the performance rating categories in assigned areas, • Monitor, evaluate and assess Contractor's performance in accordance with the contract requirements and AFP, and review and analyze all available data relevant in assigned areas during the period under evaluation, • Prepare and submit a PMER and provide recommended scores per Category to the AFB Coordinator for each area of direct cognizance. Submit within 10 calendar days after the end of the evaluation period, • Be available to discuss evaluation and brief the AFB, FDO or Contractor on assigned area and provide additional information if requested, • Maintain written documentation/record of Contractor's performance in assigned area in detail to provide substantiation for the PMER ratings, • Recommend changes to the AFB.
AFB Coordinator	The responsibilities of the AFB Coordinator are to: • Schedule midpoint AFB meetings, • Collect Performance Monitor input to support the midpoint assessment and distribute to AFB members prior to midpoint meeting, • Record the midpoint AFB assessments, • Collect input to support the performance assessment, • Assist the AFBC in preparing award fee notification letter, • Distribute the Contractor's Award Fee Self Evaluation Report (SER) to the AFB members in accordance with Table 7, • Collect written Performance Monitor evaluations and distribute them to the AFB members in accordance with Table 7, • Advise PCO on status of current AF matters. Seek PCO guidance and counsel when appropriate, • Attend each AFB Meeting and record comments throughout the meeting, • Collect/compile the AFB Rating Forms at the conclusion of the meetings, • Prepare the AFB Summary Report of the Board's recommendations, • Assist the AFBC in preparing the signed AFB Summary Report to submit to the FDO in accordance with Table 7, • Assist the AFBC as may be required.

Role	Responsibilities
AFB	The AFB responsibilities are: • Advise the FDO concerning the contract performance objectives and evaluation criteria and weight factors to be used during subsequent performance periods, • Review and analyze all available data relevant to their respective areas on Contractor performance, • Assess the Contractor's performance for the current period, • Prepare an Award Fee Evaluation and Recommendation Report that itemizes the Contractor's performance, • Provide a recommendation for a performance rating and an award fee to the FDO, • Attend Midpoint AFB Meetings to review the informal Performance Monitors inputs and to recommend a midpoint qualitative assessment. The midpoint assessment is for Contractor information only, is not scored, and is not used in fee computation, • Present to the AFB and Contractor the strengths and weaknesses of the contractor performance for that period, • Prepare for AFB Meetings by familiarizing themselves with all the relevant issues prior to the AFB meeting. This will be done by reading all the PMERs and the Contractor's SER, • Attend Post Period AFB Meetings, e.g. the Contractor's Self-Assessment presentation, as requested, • Review and the AFB meeting summary, prepare by the AFB Coordinator, and sign the AFB Recommendation Report.
Boeing	Boeing responsibilities are: • For the mid point review, if Boeing elects to prepare and submit a SER, the document must be received no later than 10 calendar days prior to the mid-point evaluation period. • Prepare and submit a SER within 10 calendar days after the end of the evaluation period. • Participate in discussion of the evaluation and provide additional information if requested,

4. Award Fee Performance Periods, Pool Funding, and Rollover

4.1 Evaluation Period

The Award Fee evaluation period is the period of time that the Contractor is performing against the TO, and the Contractor's performance, in achieving the objectives of the

SBI*net* Program in accordance with the Performance Categories that are listed as Attachment 2 to this Plan, is evaluated. There will be three evaluation period for the STO. Refer to Attachment 1 for the evaluation periods.

The Government reserves the right to adjust the evaluation period and allocation of award fee pool available for each period by bilateral TO modification, which shall be issued, if at all, prior to the start of the affected evaluation period(s).

4.2 Fee

The Base Fee shall be (b) (4) Award Fee shall be (b) (4)

4.3 Award Fee Pool

The Award Fee Pool will be distributed in accordance with the categories and weights established in Attachment 2 of this plan.

4.4 Award Fee Rollover

Unearned award fee from one evaluation period shall not rollover to any subsequent period.

5. Evaluation Process, Procedures and Schedule

The Award Fee evaluation process and procedures along with the timeline to be followed in monitoring, assessing, and evaluating Contractor performance during each period are described below. It is designed to take advantage of all reports, data, and meetings required by the TO and to minimize the need for additional data and meetings solely for award fee purposes.

Table 5 Evaluation Process, Procedures and Schedule

ACTIVITY	SCHEDULE	ACTIVITY DESCRIPTION
Midpoint AFB Meeting and Contractor discussion	Mid-point in the performance evaluation period +15 days	Assignment of Government Performance Monitors will be identified for each area of responsibility to ensure adequate coverage for all areas. Prior to collection of performance monitor inputs, the PCO will conduct award fee training for the performance monitors

ACTIVITY	SCHEDULE	ACTIVITY DESCRIPTION
		The AFB Coordinator will poll each Performance Monitor for an interim assessment of the Contractor's performance up to that point in the evaluation period. The AFB coordinator will convene a midpoint AFB meeting to review the AFB Chairperson's inputs. Each AFB member shall provide inputs of the contractor's performance in the form of qualitative assessments to be incorporated into the briefing to the Contractor. The AFBC shall summarize the midpoint assessment and brief the Contractor on the midpoint evaluation of his performance. The Contractor may, but is not required to, provide an SER at the midpoint of each evaluation period. If the Contractor chooses to provide an SER, the Contactor shall submit an electronic copy via the program network to the COTR and PCO no later than 10 days prior to the mid-point evaluation.
Contractor SER	End of the Period + 10 days	The contractor shall submit an electronic copy of SER via the network within ten (10) days after the end of each evaluation period. The SER shall contain a description of the Contractor's performance during the period being evaluated, with specific reference to its accomplishments in relation to the applicable evaluation categories.
Performance Monitors Evaluation	End of the Period + 14 days	The AFBC and Performance Monitors will provide their evaluations within fourteen (14) days after the end of each evaluation period. The AFB Coordinator will provide the

ACTIVITY	SCHEDULE	ACTIVITY DESCRIPTION
		AFB with written Performance Monitor evaluations within 24 hours after receipt of the evaluations.
AFB Meeting	End of the Period + 30 days	The AFB will convene a formal AFB evaluation meeting after the completion of each performance period to evaluate the Contractor's performance against the performance categories in this Plan. The agenda and procedures for the AFB meeting shall be as follows: **Open Session** ***Performance Monitor Presentation*** Each Performance Monitor will present the results of his/her assessment based on the categories being evaluated during the award fee period. Each presentation will be limited to 10 minutes per monitor, per factor. ***Contractor Presentation*** The Contractor shall present their performance accomplishments (oral brief of the SER). The oral presentation is limited to an hour. A copy of the presentation shall be submitted to the Government a minimum of 24 hours prior to the AFB meeting. ***90 Minute Recess*** ***Contractor Rebuttal Presentation*** The Contractor shall have 30 minutes to provide additional information, to the AFB for consideration, rebutting the evaluation results briefed during the oral presentations made by the Performance Monitors.

ACTIVITY	SCHEDULE	ACTIVITY DESCRIPTION
		Closed Session ***AFB Rating*** The AFB will deliberate on all the information presented and each AFB member will prepare a written AFB Ratings Form to document (his/her) evaluation and recommended scores. ***AFBC Recommendation*** The AFBC will summarize results, positive and negative areas of performance, along with the recommend scores for each Category and brief it to the FDO. ***FDO Discussion*** The FDO will review and discuss the AFB's recommendation and will determine the amount of AF earned. The closed session shall be approximately 90 minutes. **Open Session** ***Award Fee Announcement*** The FDO or the AFBC will announce the AF decision along with the corresponding AF amount earned during the period being evaluated.
Contract Modification	End of the Period + 35 days	The PCO will issue a unilateral contract modification, which identifies the AF earned and provides the basis for subsequent Contractor invoicing and payment.