



Green

Department of Energy
National Nuclear Security Administration
Kansas City Site Office
P.O. Box 410202
Kansas City, Missouri 64141-0202

DEC 06 2007

MEMORANDUM FOR: Vincent L. Trim, President, Honeywell Federal Manufacturing & Technologies (FM&T), D/O10, 2A50

FROM: Steve C. Taylor, Manager *Steve C. Taylor*

SUBJECT: Performance Evaluation Report – FY 2007

FILE No: 610B1a

In accordance with Contract No. DE-AC04-01AL66850, I hereby determine that FM&T has achieved an adjectival rating of "Outstanding" for FY 2007. The enclosed Performance Evaluation Report for the period October 1, 2006 through September 30, 2007, provides the basis for NNSA's determination.

FM&T has received \$9,361,800 in advance fee payment. Therefore, FM&T may withdraw funds, in the amount of \$16,043,200, from the FM&T Special Bank Account.

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

4.5.07 4257223

Attachment

cc: w/attachment:
S. Clemons, NA-63, FORS, HQ
P. Pizzariello, NA-124.1, FORS, HQ
J. Williams, MOSD
P. Hoopes, KCSO
M. Holecek, KCSO
S. Bogart, KCSO
S. Kinsey-Cannon, KCSO
R. Tennant, KCSO
M. Drury, KCSO
J. Wienberg, KCSO
C. Roth, KCSO
B. Schmidt, KCSO
M. Roberts, KCSO
J. Shoulta, KCSO

RECEIVED

DEC 06 2007

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

**AWARD FEE
PERFORMANCE EVALUATION
REPORT**

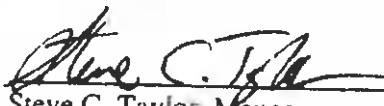
FOR THE PERIOD:
October 1, 2006 through September 30, 2007

Contract DE-AC04-01AL66850

**Honeywell
Federal Manufacturing &
Technologies, LLC**

Kansas City Plant

Date: 12/6/07



Steve C. Taylor, Manager
Kansas City Site Office
National Nuclear Security Administration

Performance Evaluation Report (PER)
Kansas City Plant
October 1, 2006 through September 30, 2007
Honeywell Federal Manufacturing & Technologies, LLC

Base Objectives	60%	\$16,161,000
Stretch Objectives	30%	\$ 7,917,000
Multisite Objectives	10%	<u>\$ 2,670,000</u>
Total		\$26,748,000

Performance Area	Base		Stretch		Total Fee Allocation	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mission	\$10,911,000	58%	\$3,167,000	40%	\$14,078,000	53%
Operations	\$ 3,650,000	19%	\$1,750,000	22%	\$ 5,400,000	20%
Business	\$ 1,600,000	9%	\$3,000,000	38%	\$ 4,600,000	17%
Multisite	\$ 2,670,000	14%				10%
Totals	\$18,831,000		\$7,917,000		\$26,748,000	100%

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

Organizational References

FM&T = the overall organization Honeywell Federal Manufacturing & Technologies, LLC (In the PER, "FM&T" is used interchangeably with the term "Honeywell.")
 FM&T/KC = the organization that manages operations specifically located at the Kansas City, Missouri, facility
 FM&T/NM = the organization that specifically manages operations at the facilities in New Mexico
 KCSO = NNSA's Kansas City Site Office

Location References

Ft. Chaffee = the NNSA facility specifically located at the U.S. Army's Fort Chaffee in Ft. Chaffee, Arkansas
 KCP = Kansas City Plant; in this case referring specifically to the facility in Kansas City, MO
 KO = Kirtland Operations; all facilities FM&T/NM operates

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

2007 Performance Summary Statements

I. <u>Performance Area Mission</u>	<u>Adjective Rating/Score</u> (Outstanding/94.3)
---	---

Performance Summary: FM&T was outstanding in performance of the Mission delivering over 100,000 parts at an on time rate of 99.9%. The W76 Life Extension Program (LEP) was the major deliverable for the KCP and all W76 LEP deliverables were met while overcoming significant challenges. The First Production Unit (FPU) was achieved in February 2007 on seven components supporting Y-12 and the Savannah River Site (SRS). The March 2007 FPU was met with 35 components supporting Pantex (PX) and SRS. FM&T provided outstanding support in meeting Defense Programs Top Ten deliverables with a major role in meeting Department of Defense, B61-11 FPU, W76-1 FPU and transformation activities.

Program Management activities were dramatically improved by implementing baseline change control and improving cost management and cost estimating. Variance analysis was performed to ensure estimates at completion stay within acceptable parameters. Control of weapon programs through a baseline change process provided greater visibility and documentation of changes which affect scope, cost and schedule. FM&T improved the budget submission process through an enhanced cost estimating methodology and documentation of cost estimate assumptions. Additional improvements are in work for earned value management, risk management and cost estimating.

Honeywell is in an excellent position to meet planned FY08 and beyond deliverables. A build-ahead strategy has been developed and implemented which will facilitate the future KCRIMS move without impacting weapon component deliveries. This strategy will also minimize costs and reduce risk by completing builds on some components, thus preventing move and requalification costs where possible.

FM&T achieved a composite score of 127 on the FY07 Quality Index. This score exceeded the base requirement of 120 and therefore 100% of the base fee was earned. FM&T successfully achieved additional quality improvements sufficient to score 127, thereby earning 35% (7 out of 20 points on the index) of the available stretch dollars. Although the overall health of the FM&T quality program remains strong, some quality assurance concerns developed during the fiscal year, which resulted in additional cost and effort to the program. This is further detailed in the Other Considerations section below.

Other Considerations Mission:

- a. **(Marginal)** FM&T did not complete the NWC level 2 milestone #2232 to deliver the Weapon Information System (WIS) Project. Parallel testing and follow-on implementation of WIS has been delayed as a result. An independent peer review team chartered by NA-122.1 determined there were numerous contributing causes for the project slip, however, FM&T execution was a significant part of the milestone miss.

- b. **(Marginal)** FM&T inaccurately charged time for preparation of components which required KCSO inspection. This led to inaccurate information being shared with an external customer regarding the cost for quality preparation for KCSO acceptance. This has subsequently been corrected.
- c. **(Marginal)** Several quality assurance issues were identified during the year, some of which were post-FPU shipment concerns that raised questions regarding the reliability of some acceptance activities for the W76-1 Arming, Fuzing and Firing. One example is that an inaccurate magnification level was utilized for inspection of some components with Leica microscopes. This caused considerable effort by both FM&T and the design agency after shipment of AF&F units to Pantex in order to ensure confidence in the acceptance activities that had been completed.

<u>Mission Rating:</u>	Milestone Composite Percentage:	96.8
	Other Considerations:	<u>-2.5</u>
	Performance Area Rating	94.3

II. Performance Area Operations

Adjective Rating/Score
(Outstanding/97.1)

Performance Summary: Honeywell FM&T continued strong performance in Operations including Facilities Management, Environment, Safety and Health (ES&H), Security Programs, and planning for the Kansas City Responsive Infrastructure, Manufacturing and Sourcing (KCRIMS) project.

Honeywell FM&T's performance on KCRIMS and the Roof Asset Management Program (RAMP) was outstanding. A proactive solution to dramatically reduce facility and operational costs was submitted and approved by NNSA. The project is being accomplished within the original Future Year Nuclear Security Plan (FYNSP) projections and is forecasted to yield approximately \$100 million in annual savings when completed. This will enable the NNSA to eliminate old buildings and future associated costs to create a more responsive, flexible infrastructure. FM&T has demonstrated strong project management and consolidated procurement management to make the RAMP a success to all NWC facilities.

In addition, base programs in facilities management, physical security, cyber security, and ES&H have been comprehensive and have demonstrated compliance despite reduced funding. FM&T has continued to implement improvements based on an industrial model that will be fully realized upon implementation of a new facility.

The outstanding performance in KCRIMS along with continued strong performance in all Operations programs led to a rating of Outstanding.

Other Considerations Operations:

- a. **(Outstanding)** Honeywell FM&T's Cyber security system is currently the only DOE/NNSA unclassified system to successfully prevent an external intrusion to the network by an unannounced DOE Office of Health Safety and Security (HSS) "Red-Team" assessment group. Additionally, the cyber security program's vulnerability assessment program has been noted by Headquarters as "the best in the complex."
- b. **(Marginal)** While Security Programs by FM&T remained stable over the evaluation period, the KCSO identified several minor deficiencies that implied a broader issue not identified by FM&T during the self assessment. Better performance testing involving all aspects of the revised security program might have indicated a lack of full functional integration between security program elements without federal intervention. While this issue does not degrade the security of the facility in the short term, the "stove-piping" of security functions, problems and solutions has been a challenge in security for some time at the KCP.
- c. **(Observation)** Although the KCP Counterintelligence (CI) Program is being conducted in a sound and effective manner, FM&T CI personnel have not been providing the required CI support and program updates to the KCSO.

<u>Operations Rating:</u>	Milestone Composite Percentage:	98.1
	Other Considerations:	<u>-1.0</u>
	Performance Area Rating	97.1

III. Performance Area Business

Adjective Rating/Score
(Outstanding/97.1)

Performance Summary: Honeywell FM&T has some great success stories in the Business areas which led to the outstanding rating. The leadership team has embraced the Oversight Plan and has met all commitments to support the KCRIMS activities.

Some of the highlights include the implementation of:

- Baseline management system which enabled Honeywell to make better decisions for the business due to the visibility of detailed funding status. The formal process ensured management involvement, allowed risk to be mitigated when necessary, or undesirable risk to be disapproved. The baseline process also enabled visibility of cost reduction initiatives. These improvements positively impacted financial management and accountability for the Kansas City Plant.
- Supply Chain Management Center (Complex Transformation deliverable) which integrated electronic purchasing tools across M&O sites to save procurement dollars and delivered cost savings of approximately \$3 million NWC wide to date.
- Management Assurance System used to monitor the health of the business and to continually improve strategic performance. This system provides the needed visibility KCSO requires for assessment of program areas and validation of oversight activities.

- Performance for the Finance organization was outstanding. The Finance organization was timely in response to the significant volume of requests generated by NNSA/HQ, the NNSA Service Center and the KCSO. Communication and coordination with outside audit agencies was exemplary. Corrective actions to audit findings were identified, implementation schedules prepared and closure performed as quickly as possible following identification by third parties. The Finance Monthly Operations review provided candid and thorough analysis of budget execution. Internal audit continued to provide excellent support while experiencing turnover in staff.
- Enterprise balanced scorecard that aligns goals with performance of business management services which was rated at 90%.

The FY07 business management oversight objective matrix evaluations resulted in "Outstanding" ratings for procurement and property management. Contractor human resources management was rated as "Excellent". The Communications and Congressional/ Public Affairs office has done a tremendous job supporting external high level visitors and establishing communication strategies and plans for the KCRIMS initiative.

Other Considerations Business:

- (Marginal)** The protocol issue has been a concern this performance cycle. A formal Contracting Officer letter that addressed the concerns was issued on October 11, 2006. The issue is being addressed because several of the occurrences took place after the formal notification. Issues included Honeywell FM&T making contact with Senior HQ officials and requesting approvals from the NNSA Service Center and HQ, on critical issues without providing the appropriate notification to KCSO staff.
- (Marginal)** Specific direction to deliver a balanced self assessment was not met. The FY07 PEP included the following statement, "This Feedback is the Contractor's report of progress against the Award Fee Performance Objectives. It shall be a balanced report containing both the positive and negative aspects of performance." FM&T's self assessment mentioned very little, if any, negative aspects of performance.

Business Rating:

Milestone Composite Percentage:	99.1
Other Considerations:	- 2.0
Performance Area Rating	97.1

IV. Multisite

Adjective Rating/Score
(Outstanding/90.6)

Performance Summary:

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

Rating:

Milestone Composite Percentage: 90.6

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

<u>MSPO No.</u>	<u>Multi-Site Objective</u>	<u>Available \$</u>	<u>Earned \$</u>
MSPO-1.1	Continue to deliver products for the DoD	845,000	845,000
MSPO-1.2	Eliminate the backlog of surveillance units	25,000	25,000
MSPO-1.3	Dismantle retired weapons	25,000	25,000
MSPO-1.4	B61-11 FPU	25,000	25,000
MSPO-1.5	Deliver the W76-1 FPU	250,000	0
MSPO-1.6	Certify the W88 with a new pit	25,000	25,000
MSPO-1.7	Extract Tritium for use in the stockpile	25,000	25,000
MSPO-1.8	Support the science basis	25,000	25,000
MSPO-1.9	RRW stockpile strategy	300,000	300,000
MSPO-1.10	Transformation - Complex 2030	300,000	300,000
MSPO 2	Nuclear Materials Consolidation	25,000	25,000
MSPO 3	Information Resources Management	300,000	300,000
MSPO 4	Implement NNSA Supply Chain Management Center	500,000	500,000
Totals		\$2,670,000	\$2,420,000

FEE CALCULATION

Performance Area	Fiscal Year 2006			Fiscal Year 2007		
	Weight	Adjective/Score	Weighted Rating	Weight	Adjective/Score	Weighted Rating
Mission	45%	Good/74.75	33.60	53%	Outstanding/94.3	49.98
Operations	35%	Outstanding/92.45	32.40	20%	Outstanding/97.1	19.42
Business	20%	Outstanding/96.00	19.20	17%	Outstanding/97.1	16.51
Multisite				10%	Outstanding/90.6	9.06
Total		Good	85.2		Outstanding/95.0	95.0

<u>Fee Summary</u>	<u>Total Available Fee</u>	<u>% Fee Earned</u>	<u>Amount Earned</u>
Base Fee	\$16,161,000	x 96.7%	\$15,624,675
Stretch*	\$ 7,917,000	x 93.0%	\$ 7,360,325
Multisite	<u>\$ 2,670,000</u>	x 90.6%	<u>\$ 2,420,000</u>
Total	\$26,748,000	95.0%	\$25,405,000
	FY07 Provisional Fee Paid		<u>\$ 9,361,800</u>
	Balance Remaining		\$16,043,200

*Stretch Fee earnings: A "gateway" approach related to Base performance was used to determine stretch fee. Irrespective of performance in Stretch, to be eligible to earn any Stretch fee, the Base performance must be at least 90% success.

Attachment 1 – KCP FY07 PEP Milestone Final Performance Report

(see attached Excel milestone spreadsheet)

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2006 - September 30, 2007

Line #	MISSION	Base:	Outstanding	Total
Line 1	MISSION			
Line 2	SMTP-1 2216	Begin the Nuclear Weapon Complex Classified Application Project Master Nuclear Schedule design phase.	23,000	23,000
Line 3	SMTP-2 2224	Requirements Modernization Initiative Project-- Execute FY07 project activities IAW the approved project execution plan.	23,750	23,750
Line 5	SMTP-4 2215	Meet the First Production Unit (FPU) for the T568 Purge, Backfill, and Leak Test System used by the Services to verify proper assembly of the H1616 Containment Systems prior to shipment and to ensure that the tested container does not exceed maximum allowable leak rate. The T568 will replace the aging T553 Leak Tester currently used by the Services.	60,000	60,000
Line 6	SMTP-5 2229	Facilitate the NWC implementation of electronic capture methods of at-risk weapons surveillance information/data and coordinate information accessibility.	71,250	71,250

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Line 7 W76LEP-1 2155	Complete 6.5 authorization deliverables and receive Phase 6.5 authorization for the W76-1/Mk4A (SAR#28)	<p>Base: Outstanding/100 FM&T completed all 6.5 authorization reviews on schedule. A conditional Phase 6.5 authorization letter was received in June 2007. Stipulations of the conditional authorization were due to issues at Y-12. The FM&T support of this element is complete.</p> <p>Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments of 1E34 detonator cable assemblies for the W76 to the accelerated LANL build plan.</p> <p>Base: Outstanding/100 Stretch: 100 FM&T completed the first production unit of the 2X Acorn on schedule in February 2007. Subsequent shipments of approximately 1600 units were delivered on-time per the Master Nuclear Schedule Volume III.</p> <p>Base: Outstanding/100 FM&T completed all sub-system deliverables on-time in support of Pantex FPU of the FSED. Included in this effort were 49 FPUs of individual components at the KCP. In addition, all components subsequent to the FPU have been delivered on time.</p> <p>Base: Outstanding/100 Unit costs were presented to NNSA and the Navy in August with all components either within cost target or approved variance. Of note was a \$3,000 reduction in unit cost for the fire set.</p> <p>Base: Outstanding/100 Stretch: 100 FY08 follow-on production is on schedule with the shipment of all piece parts to NWC sites delivered on time. A programmatic BCR was submitted to the Federal Program Manager to revise schedules to satisfy minimum next assembly requirements without impacting the KCP supply chain.</p> <p>Base: Outstanding/100 Stretch: 100 FM&T completed 100% of all deliverables including over 5000 ship entities on time per PCD schedules.</p>	100,000	100,000	100,000
Line 8 W76LEP-2 2157	Conduct design, testing and manufacturing activities and ship 1E33 detonator cable assemblies (DCAs) for the W76 in accordance with the Directive Schedule.		48,000	40,000	88,000
Line 9 W76LEP-3 2159	Conduct design, testing, & manufacturing activities and ship Acorn 2x for the W76-1 IAW MNS Volume III Schedule.		228,000	215,000	443,000
Line 10 W76LEP-4 2160, 2164	Complete site sub-system FPU deliveries based upon FSED lead times to support PX completing FPU Activities & Achieving FPU for the First Production Unit at Pantex (SAR#34).		3,000,000		3,000,000
Line 11 W76LEP-5 2162	Meet revised CCB target as defined in 1Q07.		210,000		210,000
Line 12 W76LEP-6 2163	Prepare for PX FY08 Production ramp-up for the W76-1 defined quantity of units IAW the current Approved Directive Schedule (PCD).		308,000	215,000	523,000
Line 14 W76SYS-1 2168	Meet site specific requirements to perform surveillance for the W76-0 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components, and perform flight & lab tests IAW the Directive Schedule.		72,000	70,000	142,000

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2006 - September 30, 2007

Line 16 W76SYS-3 2170	Conduct design, testing & manufacturing activities and ship Acorn 1X GTS for W76-0 IAW the directive schedule MNS Vol. 3	Base: Outstanding/100 Stretch: 100 FM&T completed 100% of 1X Acorn schedules on time per the MNS Volume III.	92,000	85,000	177,000
Line 17 W88SYS-1 2175	Meet site specific requirements to perform surveillance for the W88 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components, and perform flight & lab tests IAW the Directive Schedule.	Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments, on time, in support of flight and lab test schedules for the W88 Program. Included were shipments totaling 746 units.	92,000	85,000	177,000
Line 18 W88SYS-2 2177	Conduct design, testing & manufacturing activities and ship 3T/4T GTS for W88 IAW the directive schedule MNS Vol. 3	Base: Outstanding/100 Stretch: 100 FM&T shipped 100% of deliverables associated with the 4T GTS schedule as required in the MNS Volume III.	68,000	65,000	133,000
Line 19 W87SYS-1 2151	Meet site specific requirements to perform surveillance for the W87 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components, and perform flight & lab tests IAW the Directive Schedule.	Base: Outstanding/100 Stretch: 100 FM&T provided 100% of all deliverables for surveillance evaluation and test hardware.	36,000	35,000	71,000
Line 20 W87SYS-2	Provide hardware for the DJTA that meets design definition and deliver flight test units in time to meet Air Force flight test (DoD deliverable) IAW Project Plan	Base: Outstanding/100 All DJTA deliverables have been met and 100% of items were shipped on time.	25,000		25,000
Line 21 W87SYS-3 2152	Conduct design, testing and manufacturing activities and ship MSADs for the W87 in accordance with the Directive Schedule.	Base: Outstanding/100 All W87 MSAD shipments are ahead of schedule. KCP has supported 100% of the 70 required shipments. With the 10 kits shipped for August, MSAD needs are now supported through FY17. Life of Program requirements for MSAD's are scheduled to be completed in FY10.	8,000		8,000
Line 22 W87SYS-4 2153	Conduct testing & ship MC4734 GTS for W87 IAW the directive schedule MNS Vol. 3	Base: Outstanding/100 Stretch: 100 KCP has shipped all of the required shipments on time for both the reservoirs and group X kits to support FY2007 schedules.	2,000	2,000	4,000
Line 23 W78SYS-1 2144	Meet site specific requirements to perform surveillance for the W78 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components/assemblies, and perform flight & lab tests IAW the Directive Schedule.	Base: Outstanding/100 Stretch: 100 FM&T shipped 100% of the W78 ship requirements on time in FY07.	56,000	50,000	106,000

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period	October 1, 2005	September 30, 2007				
Line 24 W78SYS-2 2146	Conduct design, testing and manufacturing activities and ship 1E33 detonator cable assemblies (DCAs) for the W78 in accordance with the Directive Schedule.	24,000	20,000	44,000	Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments of 1E34 detonator cable assemblies for the W78 on time to the accelerated LANL build plan.	
Line 25 W78SYS-3 2147	Conduct design, testing & manufacturing activities and ship LF7 and LF7A GTS for W78 IAW the directive schedule MNS Vol. 3	92,000	85,000	177,000	Base: Outstanding/100 Stretch: 100 FM&T shipped 100% of the LF7A requirements on schedule as defined in the MNS Volume III.	
Line 27 W80SYS-1 2138	Meet site specific requirements to perform surveillance for the W80 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components, and perform flight & lab tests IAW the Directive Schedule.	12,000	10,000	22,000	Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments on schedule in support of W80 Surveillance. The quantity of total items shipped was approximately 1,000 pieces.	
Line 29 W80SYS-3 2139	Conduct manufacturing & fill activities and ship 1K GTS for W80 IAW the directive schedule MNS Vol. 3	200,000	200,000	400,000	Base: Outstanding/100 Stretch: 100 FM&T shipped 100% of the 1K requirements on schedule as defined in the MNS Volume III.	
Line 30 W80LEP-1 2134	Complete shut-down activities for the W80-3 Life Extension Program (LEP) IAW the approved shut-down plan.	95,000		95,000	Base: Outstanding/95 FM&T completed the shutdown of W80 activities as defined in the W80 Playbook and associated shutdown checklist. Included were return of component parts to suppliers, documentation of lessons learned and disposition of testers, tooling and gages associated with the program.	
Line 32 B61LEP-2 2102	Mod 11--Complete 6.6 Authorization Activities & Receive 6.6 Authorization IAW the B61 Alt 357 LEP schedule (SAR#36)	4,750		4,750	Base: Outstanding/95 FM&T completed all KCP Phase 6.6 elements associated with B61 Mod 11. Phase 6.6 authorization was received from the Nuclear Weapons Council Standing and Safety Committee in the third quarter of FY07.	
Line 36 B61SYS-4 2113	B61 Family ALT356/358/359 (SRM) - Complete 6.6 Activities and Receive 6.6 Authorization for B61 Alt 356/8/9.	12,000	10,000	22,000	Base: Outstanding/100 Stretch: 100 FM&T completed all KCP Phase 6.6 elements associated with the B61 Alts 356/358/359 (Spin Rocket Motor Replacement). Phase 6.6 authorization was received from the Nuclear Weapons Council Standing and Safety Committee in the second quarter of FY07. Subsequent to approval, FM&T has shipped all components on schedule in support of the B61 Alts 356/358/359.	

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2006 - September 30, 2007

Line Item	Description	Actual	Target	Variance	Comments
Line 37 B61SYS-5 2116	Meet site specific requirements to perform surveillance for the B61 warhead, including analysis of surveillance data, input to WRR, D&Is, rebuilds, build & deliver components, and perform flight & lab tests IAW the Directive Schedule	128,000	120,000	248,000	<p>Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments, on time, in support of flight and lab test schedules. Of note was FM&T's effort and delivery of upgraded Flight Test components associated with surveillance of the new Alt 355/8/9 Spin Rocket Motors.</p>
Line 38 B61SYS-6 2117	Conduct design, testing and manufacturing activities for the B61 in accordance with the Directive Schedule.	24,000	20,000	44,000	<p>Base: Outstanding/100 Stretch: 100 FM&T completed all FY07 shipments of 1E34 detonator cable assemblies for the B61, on time, and in accordance with the Directive Schedule.</p>
Line 39 B61SYS-7 2118	Conduct design, testing & manufacturing activities and ship 1M2M GTS for B61 IAW the directive schedule MNS Vol. 3	48,000	40,000	88,000	<p>Base: Outstanding/100 Stretch: 100 FM&T shipped 100% of the 1M2M requirements on schedule as defined in the MNS Volume III.</p>
Line 42 Remaining PCD Schedule 2122,2123, 2141	Meet site specific requirements DSW Directive Schedule not covered by specific Level 2 milestone.	266,000		266,000	<p>Base: Outstanding/100 FM&T completed all FY07 shipments, on time, in support of B83 and W62 flight and lab test schedules.</p>
Line 43 OST	Meet OST mission requirements and deliverables.	1,940,000	1,000,000	2,940,000	<p>Base: Outstanding/97 Stretch: 100 A. All deliverables from KCP and KO have been on time. Several changes were made to the deliverable schedule at OST's request. B. Support for the out years was demonstrated by advanced procurements of critical items and build ahead of components at both KCP and KO. C. Funds management was excellent at both locations. At KO the SRV4 production run completed under budget and the funds were reallocated with OST's approval and input.</p>

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2006 - September 30, 2007

<p>Line 44 RC-1, 2268, 2284, 2286, 2298, 2300, 2309, 2310</p>	<p>Develop and Deploy Capabilities to DSW and RTBF, Readiness Campaign Customers, within cost, scope, and schedule through the execution of Readiness Campaign projects. a. Meet Implementation Plan (IP) requirements on schedule and within budget, b. develop and apply a set of performance measures and metrics.</p>	<p>Base: Outstanding/95 Stretch: 100 (a) All milestones and deliverables within Campaign activities were completed on schedule and within budget. (b) The Readiness Campaign modified two existing plant systems to capture cost savings and other performance impacts (footprint reduction, process efficiencies, new capabilities) for ADAPT and NNR projects NNR provided two major cost savings to the W76-1 in 2007: 1. Developed a nondestructive test to evaluate stronglink status (\$2M scrap avoidance) and 2. Evaluated and qualified an alternate supplier of LAC shells that resulted in \$3.2M life of program cost savings. Two ADAPT and eleven NNR teams demonstrated over \$200K savings as the first year impact at KCP in 2007.</p>	<p>570,000 100,000 670,000</p>
<p>Line 44-1 ESC-1 2405, 2406, 2412, 2416, 2419, 2420, 2421</p>	<p>Perform age-related testing and evaluate/develop new diagnostics supporting DSW and Enhanced Surveillance Campaign customers within cost, scope, and schedule through the execution of Enhanced Surveillance Campaign projects.</p>	<p>Base: Outstanding/100 Stretch: 100 FM&T completed the seven Level II Milestones associated with the Enhanced Surveillance Campaign on time and within budget. Included in the documented tasks completed were the "Aging of Weapon Seals" report (#2405) and development of new ESD diagnostics (#2412).</p>	<p>150,000 100,000 250,000</p>
<p>Line 45 RC-2, 2268, 2284, 2286, 2298, 2300, 2309, 2310</p>	<p>Develop and Deploy Capabilities to DSW and RTBF, Readiness Campaign Customers, within cost, scope, and schedule through the execution of Readiness Campaign projects. Deliver critical path FY07 milestones ahead of schedule that reduce programmatic risk to other FY07 approved milestones.</p>	<p>Stretch: Outstanding/95 MRT Level 2 milestones were completed on or ahead of schedule and slightly below cost which allowed additional scope to be accomplished. Six of thirteen Critical Path Milestones were completed ahead of schedule. "Getting the Job Done" milestones were prioritized to assure they were identified and completed. Work in W76-1 mechanisms and AF&F assemblies were developed to reduce risk to schedule and decrease the product cost.</p>	<p>95,000 95,000</p>
<p>Line 46 SFI</p>	<p>Support Surveillance program</p>	<p>Base: Outstanding/92 FM&T provided timely support to the laboratories in the investigation and closure of Significant Finding Investigations (SFI) and notification through the Potential Significant Finding Notification process. As documented in the Sandia National Laboratories Quarterly SFI Report, tasks assigned to the KCP on Open investigations have been completed with no requests for information exceeding the 60-day time limit.</p>	<p>46,000 46,000</p>

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2006 - September 30, 2007

Line 49 QUALITY	Maintain a cost effective quality program which ensures safety and reliability of the nuclear weapons stockpile.	<p>Base: Outstanding/100 Stretch: 35 The Quality Index Composite Score for the fiscal year finished in green status, with a final composite score of 127.</p>	2,200,000	175,000	2,375,000
Line 50-1 Critical Success Factors	Accomplish as described in the OSW Implementation Plans and Work Authorizations those activities that are critical success factors for planned FY08 and beyond milestones and deliverables	<p>Base: Outstanding/85 Honeywell is positioned to meet planned FY08 and beyond milestones and deliverables. Material procurements to support FY08 are on target and equipment will support future production. Potential labor shortages will be met with overtime and hiring as needed. Build aheads are being accomplished to support KCRIMS move and prequalification.</p>	223,250		223,250
Line 50-2 Effective Program Management	Effective Program Management	<p>Base: Outstanding/97 Honeywell has implemented a baseline change control process which is effectively handling changes to programs. This has greatly improved program management. Funds management was also significantly improved and variances are tracked and analyzed and addressed. Honeywell is evaluating additional earned value improvements for funds management. Cost estimating has been improved significantly resulting in better budget submissions. Assumptions for estimates are documented and baseline change controlled. Honeywell is in process of making additional cost estimating and risk management improvements.</p>	227,950		227,950
LINE 51 OPERATIONS					

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period	October 0, 2006 - September 30, 2007		
Line 53 TRANSFRM	Assist in transforming the NWC infrastructure to take responsive infrastructure from concept to reality.	<p>Base: Outstanding/96 Stretch: 96 FM&T exceeded base expectations, developing and implementing the KCRIMS project to right size the KCP and reduce costs by an estimated \$100M annually by: executing milestones in accordance with the execution plan, including a business case and sourcing plan; developing metrics for a responsive infrastructure; and supporting the TSIP through its primary KCP element, the KCRIMS project. FM&T was outstanding meeting stretch goals by: managing cash flow and budgets by obtaining \$10M to support KCRIMS and \$2M for build-aheads; preparation of CD-0 and CD-1 packages in support of the CD approval process; developing a pre-build strategy and execution of the FY07 portion; support selection of proposed site for the new facility; leading a Value Engineering study of the proposed facility to reduce project cost and risk; support of Targeted Asset Review and Disposal Option Study for the legacy facility; delivering estimates for lease, construction and operating cost savings, and legacy disposal costs validated by independent organizations.</p>	480,000 1,680,000 2,160,000
Line 55 RAMP	RAMP Support	<p>Base: Outstanding/96 FM&T provided outstanding management of the RAMP program in 2007 in the execution of planning, design and construction activities across the complex. The program also demonstrated increased rigor and the ability to rapidly respond to the needs of the complex as demonstrated by the reassessment of Pantex after the hail storm. The program costed approximately 80% of all available funding despite impacts of continuing resolution. The program continues to mature and is recognized as a value to the complex by NNSA.</p>	240,000 240,000

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

<p>Line 56 CPO 1 2066,2070,2071, 2072,2094,2087, 2386</p>	<p>Provide effective and efficient management of facility operations to include project management, facilities engineering, construction, maintenance, utilities, energy management and asset management while reducing the direct cost.</p>	<p>Base: Satisfactory/100 FM&T provided the expected performance in facility operations. KCSO and FM&T met and discussed performance of construction, project management, maintenance, real and personal property activities throughout the year to track performance. Energy management performance excelled in 2007. FM&T effectively addressed issues that were identified throughout the year such as the Time and Material assessment findings and work planning, control and execution of subcontractor construction activities.</p>	<p>1,500,000</p>	<p>1,500,000</p>
<p>Line 57 CPO 2</p>	<p>Provide effective physical security operations in accordance with the Annual Physical Security Operating Plan.</p>	<p>Base: Satisfactory/100 In general, FM&T has provided a strong physical security program in accordance with the Annual Operating Plan.</p>	<p>500,000</p>	<p>500,000</p>
<p>Line 58 CPO 3</p>	<p>Provide effective cyber security operations in accordance with the Annual Cyber Security Operating Plan.</p>	<p>Base: Satisfactory/100 AOP design projects and milestone deliverables were all completed on track. Metrics reported during monthly and quarterly customer meetings, demonstrated strong performance against cyber improvement goals. FM&T cyber systems and procedures were validated by external reviews by HSS. FY08 AOP was completed with improved measurement incorporated in the short time frame provided.</p>	<p>300,000</p>	<p>300,000</p>
<p>Line 59 CPO 4, 2070, 2072, 2074</p>	<p>Provide environmental, safety, health, environmental restoration, waste management and emergency management programs that protect people, property and the environment in accordance with the FY07 ES&H Management Plan and all applicable laws, regulations, and orders.</p>	<p>Base: Satisfactory/100 Long Term Stewardship, Waste Management, Air Programs and Water Protection Programs continue to be effectively and efficiently managed, in accordance with applicable laws regulations and orders. FM&T continues to evaluate processes for hazards, monitor for possible exposures, and implement appropriate controls. A comprehensive beryllium management policy is being prepared that will encompass current operations and facilities as well as relocation to the proposed new facilities. The FM&T emergency management program documents have been reviewed and are current. Required drills, training and exercises are on schedule. Annual emergency preparedness refresher training is being conducted for the KCP population. An ES&H Strategy document for KCRIMS has been completed and the fire protection strategy document is being finalized.</p>	<p>600,000</p>	<p>600,000</p>

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Line	Business	Performance	Actual	Target	Variance
Line 60	BUSINESS				
Line 61	COST	Generate Validated Program Cost Savings, re-apply to Federally Approved Additional Work Scope.			3,000,000
Line 62	SCMC, 2516	a. Lead SCMC and/or participate with ICPT in NNSA-wide strategic sourcing efforts in targeting commodities for strategic sourcing and awarding of up to four new commodity contracts.		240,000	240,000
Line 63	SCMC 2516	b. When funded, implement NNSA-wide eSourcing tool.		480,000	480,000

Stretch: Outstanding/100
 FM&T exceeded the cost savings goal of \$12 million to meet the objective as validated by the KCSC. Dollars were reapplied to Federally approved additional scope of work.

Base: Outstanding/96
 FM&T provided outstanding leadership throughout the NWC including effective coordination with NA-63. Highlights of achievements include the following actions: FM&T led the formation of the Site Advisory Committee (SAC) and the Site Coordination Committee; led collaboration with the ICPT and the SAC to target 5 NNSA commodities to be strategically sourced during FY07; formed commodity teams with all sites participating; advanced SCMC initiatives at the NNSA Supply Chain Management Workshop in December 2006; led and hosted eSourcing training in March 2007 for all eight sites and established a weekly forum through which the sites will share lessons learned regarding eSourcing events & opportunities.

Base: Outstanding/96
 FM&T did an outstanding job completing implementation of the eSourcing site. The SCMC held 104 sourcing events with first-year cost savings of \$2.46 million. Pantex held the most events among all the sites with 47. The KCP was second with 26 events. One event at Y12 yielded immediate savings on a large coal purchase of approximately \$1 million.

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period: October 1, 2005 - September 30, 2007

Line 65 SCMC, 2516	c. When funded, implement NNSA eStore.	<p>Base: Outstanding/86 FM&T did an outstanding job completing implementation of the NNSA eStore May 1, 2007. With the first three NNSA-wide catalogs available sites can now shop catalogs at complex-wide prices and not just the local prices their stand-alone systems provide. So far two sites (KCP and Pantex) are connected to the eStore. This accomplishment took aggressive coordination among procurement and information professionals at both sites. FM&T has made this coordination effort available to other sites and is making good progress with LANL and LLNL. Achievement of this initiative saved Pantex money and effort involved in buying its own eStore capability since it can now adopt and utilize the KCP system.</p>	240,000	240,000			240,000
Line 67 CPO 5	Provide business management services that support mission requirements, are cost effective and are in accordance with all applicable laws, regulations, and orders.	<p>Base: Satisfactory/100 Through the review of milestones, assessments, program reviews, internal and external audits, and Management Assurance System data, FM&T met performance expectations for business management services. Objective matrix scores indicate acceptable performance and communication efforts have been completed, managing sensitive public/congressional affairs issues in an acceptable manner.</p>	600,000				600,000
Line 69 MultiSite	DP Getting the Job Done Top 10						
Line 70 MSPO 1	Continue to deliver our products for the DoD (i.e. Limited life components, reliability assessments, etc.).						
Line 71 MSPO-1.1, (2504)	Eliminate the backlog of surveillance units by Sep 2007 consistent with the enhanced evaluation strategy (except the W84 and W88)						845,000
Line 72 MSPO-1.2 (2505)	Accelerate the dismantlement of retired weapons, 49% increase from FY2006 to FY2007						25,000
Line 73 MSPO-1.3 (2506)		<p>Base: Outstanding/100 The annual target number of dismantlements have been met. Target completed by September 30, 2007.</p>	25,000	25,000			25,000

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

Reporting Period - October 1, 2006 - September 30, 2007						
Line 74 MSPO-1.4 (2507)	Deliver the B61-11 FPU by January 2007 and certify by April 2007.			25,000		25,000
Line 75 MSPO-1.5 (2508)	Deliver the W76-1 FPU by September 2007.			0		0
Line 76 MSPO-1.6 (2509)	Certify the W88 with a new pit and manufacture 10 W88 pits			25,000		25,000
Line 77 MSPO-1.7 (2510)	Extract Tritium for use in the stockpile by Sep 2007			25,000		25,000
Line 78 MSPO-1.8 (2511)	Support the science basis for warhead design, assessment and certification by completing and applying MESA, DARHT, and NIF Ignition within their respective FY2007 deliverables.			25,000		25,000
Line 79 MSPO-1.9 (2512)	Transform from a Life Extension Program to a RRW stockpile strategy (RRW to the Nuclear Weapons Council by Nov 2006).			300,000		300,000

Base: Outstanding/100
B61-11 ALT 357 FPU delivered, Target completed by January 31, 2007. B61-11 MAR issued. Target completed by September 30, 2007.

Base: Unsatisfactory/0
FM&T met 100% of all deliverables in support of the W76-1 First Production Unit. Included in this effort were: the February FPU on seven components to support Y-12 and 2X Acorn to support SRS; March FPU on 35 components to support PX and the 1V Valve to SRS; and five AF&Fs shipped to support the FPU. The multi-site milestone was not met due to the NWC's inability to deliver the W76-1 FPU in FY07. Full target will be completed after September 30, 2007

Base: Outstanding/100
FM&T completed the KCP's deliverables of this milestone by delivering five each 4T and 1P reservoirs in support of the W88 qualification activities at LANL. Target successfully completed by September 30, 2007.

Base: Outstanding/100
FM&T's completed all assigned tasks associated with this multi-site milestone. Included were the filming, mapping, and subject matter expert interviews of key process completed through the Knowledge Preservation campaign. Target completed by September 30, 2007.

Base: Outstanding/100
FM&T met all deliverables associated with the task on time. MESA target completed by September 30, 2007, DARHT target completed by September 30, 2007. NIF/NIC target completed by September 30, 2007.

Base: Outstanding/100
KCP met the deliverables and scope given for the RRW-1 feasibility study. Target completed by September 30, 2007.

Attachment 1: KCP FY07 PEP Milestone Final Performance Report

<p>Line 80 MSPO-1.10 (2513)</p>	<p>Transform the nuclear weapons infrastructure to take Responsive Infrastructure from concept to reality (Implement actions identified in the Complex 2030 Preferred Infrastructure Planning Scenario and the Transformation Strategy Implementation Plan).</p>	<p>Base: Outstanding/100 FM&T continues to provide excellent support to NWC Transformation. FM&T provided one associate to support WFO Transformation meeting at Sandia. FM&T provided one associate at Headquarters Office of Transformation for the majority of FY07. FM&T continues to provide excellent support to the Office of Transformation to support complex wide transformation initiatives such as metrics. Target completed by September 30, 2007.</p>	<p>300,000</p>	<p>300,000</p>
<p>Line 81 MSPO 2 (2514)</p>	<p>NUCLEAR MATERIALS CONSOLIDATION - Consolidate SNM within the nuclear weapons complex. Complete all scheduled shipments consistent with the TA-18 closure plan. Complete initial shipment of SNM from LLNL. Complete removal of all Category I/II material from SNL except from Sandia Pulsed Reactor.</p>	<p>Base: Outstanding/100 Honeywell supported Nuclear Weapons Complex integration Council meetings and provided a full-time person in the Office of Transformation in support of Nuclear Materials Consolidation. Honeywell is also bringing cost savings through Supply Chain Management and other initiatives which will help in consolidating materials. Target completed by September 30, 2007.</p>	<p>25,000</p>	<p>25,000</p>
<p>Line 82 MSPO 3 (2515)</p>	<p>The nuclear weapons complex will establish an M&O multi-site, inter-disciplinary integrated project team (IPT) to rationalize, coordinate and consolidate site information technology infrastructure across the nuclear weapons complex to accomplish cost savings and cost avoidances. * At the end of FY 2007 the IPT will provide a strategic plan for implementing appropriate coordination and consolidation activities. This plan must be signed by all 8 M&Os.</p>	<p>Base: Outstanding/100 A team of M&O contractor CIOs have formed under the leadership of SNL and FM&T. A strong plan was formulated and submitted to NA-63 that will lead to more integrated communication within NNSA. The plan includes multiple milestones for action that will be the basis of FY08-10 performance incentives for NWC contractors. FM&T helped ensure that milestones were measurable and substantive to moving the entire NWC forward on integrated IT systems and provided briefings to NA-63 on the benefits and costs of this initiative. Target completed by September 30, 2007.</p>	<p>300,000</p>	<p>300,000</p>

