

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

**AWARD FEE
PERFORMANCE EVALUATION
REPORT**

FOR THE PERIOD:
October 1, 2008 through September 30, 2009

Contract DE-AC04-01AL66850

**Honeywell
Federal Manufacturing &
Technologies, LLC**

Kansas City Plant

Date: 12/8/09



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National Nuclear Security Administration

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Prepared by: <u>Rochelle Russell</u>	Date: <u>12/09/09</u>
Comments (if applicable) <u>source selection information -</u>	
<u>See FAR 2.101 and 3.104</u>	

Honeywell FM&T, LLC (12/02/09)

Performance Evaluation Report (PER)
Kansas City Plant
October 1, 2008 through September 30, 2009
Honeywell Federal Manufacturing & Technologies, LLC

Essential Targets	79%	\$21,749,500
Stretch Targets	11%	\$ 3,180,500
Multisite Targets	10%	\$ 2,770,000
Total		\$27,700,000

Performance Area	Award Fee (PO) Allocation/Weight		Incentive Fee (PBI) Allocation/Weight		Total Fee Allocation/Weight	
Mission – Essential	\$5,540,000		\$4,437,000		\$9,977,000	
Mission – Stretch	\$0		\$1,103,000		\$1,103,000	
Mission Total	\$5,540,000	50%	\$5,540,000	50%	\$11,080,000	40%
Oper.– Essential	\$6,232,500		\$0		\$6,232,500	
Operations – Stretch	\$0		\$2,077,500		\$2,077,500	
Operations Total	\$6,232,500	75%	\$2,077,500	25%	\$8,310,000	30%
Business – Essential	\$5,540,000		\$0		\$5,540,000	
Business – Stretch	\$0		\$0		\$0	
Business Total	\$5,540,000	100%	\$0	0%	\$5,540,000	20%
Multisite –Essential	\$0		\$2,770,000		\$2,770,000	10%
Totals	\$17,312,500	62.5%	\$10,387,500	37.5%	\$27,700,000	
Essential v. Stretch	Essential =	88.5%	Stretch =	11.5%		

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.

NSE = Nuclear Security Enterprise

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.

2009 Performance Summary Statements

I. Performance Area - Mission

Adjective Rating/Score
(Outstanding/93.3%)

Performance Summary: FM&T was outstanding in their performance of the Mission during a demanding year where technical and financial challenges significantly tested the resources of the Kansas City Plant. In response to these challenges, FM&T continued the trend of exemplary ship performance by supporting the Mission with over 70,000 weapon related components at a 99.9% on-time delivery rate.

Of noteworthy comment were FM&T's:

- Ability to mitigate schedule impacts associated with problems on the W76 AF&F and support for the Initial Operating Capability (IOC). A plan to recover a full 90-day lead by December 2009 is currently being executed.
- Early participation and support of the B61 Phase 6.2 study including the successful completion of Integrated Phase Gate A in August 2009.
- Leadership and support of several Requirements Modernization and Integration sub-teams which will streamline and improve the Nuclear Security Enterprise (NSE) business process.
- Completion of the Weapon Information System enabling it to become the system of record and terminate the use of the last IBM mainframe at the Kansas City Plant after 43 years.

Program Management was outstanding during this reporting period. FM&T's communication with all NSE stakeholders was exemplary including efforts associated with the W76-1 Code Blue and the FY09 Pension Shortfall. Noteworthy was FM&T's ability to utilize advanced financial tools implemented in the last three years to effectively manage the pension shortfall without weapon program work stoppage or major scope reductions. FM&T's processes in the areas of budget formulation, baseline change and risk management continues to be "Best in Class" in the NSE and their initiative to continue maturation of these systems and export these processes to other sites is both commendable and fully supported by the KCSO. However, there were two instances at Kirtland Operations where baselines were not adequately managed.

Honeywell maintained an excellent position to meet planned FY10 and beyond deliverables. The build-ahead strategy implemented to facilitate the future KCRIMS move remains on track with derived benefits being minimized costs and reduced risk by completing builds on several components before the facility move, avoiding significant requalification costs and taxing of NSE resources.

Quality Operations performance was outstanding during this reporting period. FM&T has continued to maintain an effective quality management program that achieves or exceeds the objectives of the DOE/NNSA Weapon Quality Policy, QC-1, while aggressively developing and

implementing quality improvement initiatives. The NNSA Weapons Quality Branch (NA 122.13) teamed with KCSO in a QAS 1.0 assessment of FM&T's quality management program. There were no significant quality program issues identified during the assessment.

A noteworthy quality initiative implemented by FM&T is the Enterprise Quality Improvement Process (EQIP). Teams are chartered to work projects with the highest potential impact in the areas of Scrap Reduction, Defect Reduction, Job Orders Accepted Trouble Free (JOATF), and Fact Based Quality (FBQ). Measurable improvements were achieved in each of the four initiative areas.

Efforts continue for improvement of corrective action effectiveness. FM&T assessments were performed quarterly to measure the effectiveness of reported corrective actions. Assessment results showed measured effectiveness improvements for FM&T Level 2, 3 and 4 corrective actions.

FM&T continues to provide NSE quality support. Significant examples during this reporting period include:

- SNL request for FM&T led self-assessment team to evaluate SNL Nuclear Weapons Strategic Management Unit formal self-assessment program conformance with QC-1. FM&T then provided training related to lessons learned from the evaluation.
- FM&T partnered with SNL to develop common supplier assessment criteria that integrated commercial business practices with existing procedures. Common assessments will be utilized by each facility for supplier performance evaluation and selection. KCP estimates a first year savings of \$250 thousand.

FM&T achieved a composite score of 125 out of 140 for the FY09 Quality Index. This score indicates that, as a composite, the FY09 Quality Index goals (equivalent to a score of 120) were exceeded and therefore 100% of the essential fee was earned plus a portion of available stretch dollars. KCSO incorporated higher performance goals for three of the four quality indices in FY09. Index goals changed as follows: CONC from 3.46% FY08 to 3.39% FY09, Yield from 83.02% FY08 to 87.17% FY09 and Vendor PATF from 87.00% FY08 to 93.13% FY09. FM&T successfully exceeded these goals except for CONC.

Other Considerations - Mission:

- a. **(Marginal)** The following quality issues were noted during FY09:

FM&T failed to properly protect stored weapon material. A shelving bay of stored parts was exposed to water damage. A disposition of scrap was determined for three cables and nine MC2901 field returned parts. During assessment of potentially water damaged parts, it was discovered that MC2901 Electrical Assemblies were not packaged in accordance with design drawing humidity requirements. Approximately 96 MC2901 units were affected. Disposition of these units is on hold for assessment of program need. FM&T failed to report water damaged product quality issues to KCSO.

Two High Voltage Modules failed electrical tests. X-ray evaluation identified physical separation between a soldered ground stud and strap. A Potential Significant Finding Notification (PSFN) was issued. Sixty additional modules were x-rayed. Three of the 60 parts, that had previously successfully completed electrical testing, possessed some physical separation. FM&T did not adequately resolve the significant producibility concerns on this part and should have proactively recommended a change in design or in assembly requirements.

An FM&T vendor contact field representative improperly accepted product. MC4713 assembly parts (Bellows) were accepted by the FM&T field inspector when leak test data indicated that some of the parts were discrepant. Upon discovery of the suspect leak test data, parts from the subject lot were immediately returned to the supplier for leak test and the parts were retested and accepted.

- b. **(Marginal)** The following Work for Others (WFO) issues were noted during FY09: Multiple quality issues were identified for previously accepted and shipped 9975 Containers, which also led to a slip in the follow on procurement. Quality issues involved both FM&T container suppliers. Issues included: x-rays taken in the incorrect view, record discrepancies and failure to perform required rework. Initial container issues triggered a DOE EN-64 audit of 9975 Container procurement. Corrective action included an extensive, detailed review of 1040 container packets with each packet containing a significant quantity of documentation.
- c. **(Marginal)** Honeywell FM&T NM did not maintain baseline change control and failed to effectively and timely communicate changes in scope and cost.
 - FM&T failed to timely and properly communicate the carry-over contract termination costs to HS-61. In addition, the new test station for HS-61 experienced an overrun of 60% that was not communicated prior to billing.
 - FM&T NM did not maintain baseline change control in the Support Vehicle (SV) program. Changes in scope were made without changing the baseline cost estimate and without communicating the cost increase to the Office of Secure Transportation (OST) in a timely manner.

<u>Mission Rating:</u>	Milestone Composite Percentage:	95.3%
	Other Considerations:	-2.0%
	Performance Area Rating:	93.3%

II. Performance Area - Operations **Adjective Rating/Score**
(Outstanding/95.7%)

Performance Summary: FM&T was outstanding in performance with regard to the Kansas City Responsive Infrastructure Manufacturing and Sourcing project. Procurement time was significantly reduced through the purchase of conceptual drawings from the first procurement. This reduced the bid time by about two months, providing an opportunity to save approximately \$5 million/month and also greatly improved competition. Though construction was not started

due to financing delays, FM&T placed a contract with the selected developer to further develop conceptual designs. The follow-on engineering work also reduced risk as production department layouts were able to validate the design concept. In addition, Value Engineering activities resulted in project cost reductions further enabling bids within Prospectus. An essential part of transformation was achieved through FM&T's efforts in negotiation of a Memorandum of Agreement between NNSA and DOE-IN for lease of a National Secure Manufacturing Center on the same campus as the new KCRIMS facility.

FM&T's functional transformation initiative is ahead of target on labor/expense cost reductions on its path to deliver the \$100 million savings at project end. In FY09 \$52 million of the target savings of \$100 million was achieved as related to KCP Transformation. RTBF delivered approximately \$15 million in funding in support of KCRIMS from the existing budget.

FM&T has made outstanding progress on outsourcing parts. New vendors have been qualified for WR production without production delays. Of note, a classified plating vendor was established eliminating plating at the existing KCP which reduced the environmental footprint and reduced annual costs by about \$1.2 million.

During this evaluation period, FM&T focused on disposition planning. FM&T provided the final copy of the Conceptual Plan for the Disposition of Real Property at the NNSA Kansas City Plant, including the Personal Property Disposition Plan and the Surveillance and Maintenance Plan, in September 2009. This comprehensive document provides the necessary framework and path forward planning strategy for the KCP's real and personal property disposition.

FM&T continued solid performance in facilities management, physical security, environment, safety and health, information technology and cyber security. These basic support programs were controlled and measured to provide high-level services. Continuous improvements in these programs were driven by internal and external assessments as well as benchmarking efforts. Security has integrated security operations both vertically within security and horizontally across business functions. FM&T provided effective project management and procurement support to the Roof Asset Management Program (RAMP) that facilitated significant NSE wide cost savings and demonstrated rapid response to weather related emergencies. This program has been recognized for outstanding energy management by NNSA and DOE Senior Management.

Other Considerations - Operations:

- a. **(Good)** FM&T supported two significant Independent Project Reviews at the request of NA-56. Their contribution on the Los Alamos Science and Engineering Complex identified numerous improvement opportunities to reduce cost, better define project requirements and ensure compliance with the Office of Management and Budget scoring criteria. FM&T was also sought out on the Pantex Operations Systems Development & Integration project because of their vast expertise in production scheduling systems. FM&T's support was outstanding on both of these reviews and helped ensure NNSA Nuclear Security Enterprise initiatives are properly scoped, well managed and executed.

- b. **(Marginal)** In April 2009, both armorers responsible for the Kirtland Operations Work-for-Others armory were decertified by the National Training Center due to safety and documentations concerns at the facility.

<u>Operations Rating:</u>	Milestone Composite Percentage:	95.7%
	Other Considerations:	0
	Performance Area Rating	95.7%

III. Performance Area - Business

Adjective Rating/Score
(Outstanding/95.5%)

Performance Summary: Honeywell FM&T continues to effectively manage Business program areas, supporting mission requirements in a cost effective manner and in accordance with applicable laws, regulations and directives. FM&T's efforts to support numerous initiatives with NSE wide implications, such as KCRIMS, Supply Chain Management, the KCP Oversight Model, Congressional Affairs and Contractor Human Resources, demonstrate FM&T's understanding of the KCP posture to drive future improvements throughout the NSE. Notwithstanding challenging financial circumstances beyond FM&T's control, the management of business areas has remained positive.

Several Highlights include:

- Exceeded cost savings target of \$9 million, with savings being reapplied to future KCP scope.
- Effectively led and coordinated SCMC applications throughout the NSE with over \$500 million processed exceeding the \$200 million goal, generating substantial savings (over \$72 million) and implementing additional improvement applications such as eSourcing, eStore utilization, additional commodity teams, updates to terms and conditions for SCMC agreements and training in support of NNSA supply chain initiatives.
- Maintained NNSA Capabilities in Work for Others.
- The FY09 business oversight objective matrix resulted in an "Outstanding" rating for procurement. Contractor human resources management was rated as "Excellent". Additionally, FM&T Human Resources was rated as "World Class" by the Hackett Group for efficiency and effectiveness.
- The Communications and Congressional/Public Affairs office continue to support internal and external requirements, congressional activities, community groups and strategies and plans for the KCRIMS initiative.
- Finance was recognized as World Class in an NNSA study contracted by the Hackett Group. The Finance organization also supported numerous data calls from the NNSA Acquisition Strategy Team (AST). Information provided by FM&T was used in assessing NSE program performance and in development of future contract models. FM&T implemented proactive measures in response to OFFM's Cost Accumulation and Allocation Reviews.
- Implemented a new rate structure and trained SMEs.

- Changes in indirect rate structures impacted FY09 execution. The greatest impact occurred when funding shortfalls were identified due to pension funding shortfalls. FM&T recovered quickly and executed a series of planned measures to mitigate this impact. Significant effort was expended in preparing reprogramming requests and renegotiating work with Reimbursable and Work for Others (WFO) customers.

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

Other Considerations - Business: None

<u>Business Rating:</u>	Milestone Composite Percentage:	95.5%
	Other Considerations:	0
	Performance Area Rating	95.5%

IV. Multisite

Adjective Rating/Score
(Outstanding/99.5%)

Performance Summary:

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

The following table depicts Multi-Site Target status and available and earned fees.

<u>MSPBI No.</u>	<u>Multi-Site Target</u>	<u>Met or Not</u>	<u>Available \$</u>	<u>Earned \$</u>
1.1	Achieve W76 Schedule Deliveries	Met	\$831,000	\$831,000
1.2	Complete B61-7/11 Alt 356 Builds	Met	\$166,200	\$166,200
1.3	Perform B61 LEP Phase 6.2/2A Study	Met	\$166,200	\$166,200
1.4	Exceed Schedule Weapon Dismantlement Quantities	Met	\$83,100	\$83,100
1.5	Deliver Limited Life Components, Alteration Kits & Complete Scheduled Surveillance Activities	Met	\$415,500	\$415,500
2.1	Support Transformation Activities & Savings	Met	\$124,650	\$124,650
2.2	Promote Development & Implementation of SCMC	Met	\$373,950	\$373,950
2.3	Complete SNM Shipments	Met	\$41,550	\$41,550
2.4	Implement Elements of the IT Strategic Plan	Met	\$290,850	\$290,850
3.1	Replace Empirical Parameters	Not Met	\$13,850	\$0
3.2	Prepare an NTS Integrated Program of Work	Met	\$13,850	\$13,850
3.3	Conduct a Stockpile Stewardship on NIF	Met	\$13,850	\$13,850
3.4	Initiate an integrated C5 Advanced Initiation System Analysis	Met	\$13,850	\$13,850
3.5	Demonstrate an Advanced Power Supply System	Met	\$13,850	\$13,850
3.6	Deliver ASC Models and Databases	Met	<u>\$207,750</u>	<u>\$207,750</u>
Totals			\$2,770,000	\$2,756,150

FEE CALCULATION

Performance Area	Fiscal Year 2008			Fiscal Year 2009		
	Weight	Adjective/Score	Weighted Rating	Weight	Adjective/Score	Weighted Rating
Mission	54%	Outstanding/96.2	51.95	40%	Outstanding/93.3	37.32
Operations	21%	Outstanding/94.0	19.74	30%	Outstanding/95.7	28.71
Business	15%	Outstanding/91.0	13.65	20%	Outstanding/95.5	19.10
Multisite	10%	Outstanding/100	10.00	10%	Outstanding/99.5	9.95
Total		Outstanding/95.3	95.3		Outstanding/95.0	

<u>Fee Summary</u>	<u>Total Available Fee</u>	<u>% Fee Earned</u>	<u>Amount Earned</u>
Essential Fee	\$21,749,500	x 94.5%	\$20,555,973
Stretch *	\$ 3,180,500	x 94.8%	\$ 3,016,297
Multisite	<u>\$ 2,770,000</u>	x 99.5%	<u>\$ 2,756,150</u>
Total	\$27,700,000	95.0 %	\$26,328,420
	FY09 Provisional Fee Paid		<u>\$ 9,695,001</u>
	Balance Remaining		\$16,633,419

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

Attachment 1 – KCP FY08 PEP Milestone Final Performance Report

(see attached Excel milestone spreadsheet)

Attachment 1: KCP FY09 Milestone Report

PO/PB/ID# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
MISSION PO Mission PO 01 Effective Program Mngt	a. Effectively present accurate and current program information to all stakeholders. b. Prepare, deliver and control financial budgets for all programs. c. Develop and maintain risks and risk mitigation plans for all programs. d. Effectively manage all resources during the execution of all programs. e. Accurately maintain all program schedules. f. Respond to customer requests for information in support of future weapon programs.	Essential: Outstanding/95 FM&T was proactive in addressing issues with stakeholders and jointly developed plans to overcome numerous obstacles such as pension funding and W76-1 production challenges. Program budget information was based on well controlled and understood historical program execution and included relevant assumptions and risk levels. Risk mitigation activities were implemented across all DSW programs. This enabled the identification of new risks and proactive mitigation or elimination of risk. FM&T's financial management and control through the baseline change process is tightly controlling execution against scope and is preventing excursions due to scope creep and changes in cost of procured items. In addition, these processes were expanded to other KCP businesses. Program schedules were accurately maintained despite significant challenges both in funding, pension changes and design/production changes on the W76-1 program. FM&T delivered at 99.9% ship rate despite these challenges. FM&T was proactive in providing information regarding future weapon programs and is ensuring production requirements are addressed early in the design process. Also, a new cost analysis tool has enabled a quicker response to "what if" scenarios.	\$1,842,050		\$1,842,050
Mission PO 02 Quality Management	a. Manage weapon production in accordance with QC-1, Revision 10 quality requirements. b. Reduce weapon product discrepancies identified during manufacturing inspection operations. c. Perform effective root cause analysis for quality deficiencies, determine systemic applicability and implement corrective actions that preclude recurring quality deficiencies.	Essential: Outstanding/95 KCSO conducted QAS 1.0, 2.0, 3.0 and 4.0 assessments of FM&T's quality management program for conformance to QC-1 without identification of any major issues/concerns in FY09. FM&T implemented Enterprise Quality Improvement Process (EQIP) initiatives in FY09. The projected average JOATF was 76.7% in FY09. EQIP team project improvements implemented in FY09 resulted in a year-end average JOATF of 81.3%. Purchased Product JOATF has improved to 84.74% YTD in FY09 from 82.02% in FY08. Team projects also resulted in a \$198,000 scrap reduction and plant-wide defect reductions. Factural Based Quality efforts to move selected parts along a maturity matrix have contributed to a 3,800 inspection hour reduction in FY09. Based on FM&T quarterly audits to measure corrective action effectiveness, Level 3 and Level 4 CARs effectiveness improved from 78% in FY08 to 85% in FY09. Level 2 CARs effectiveness improved from 61% to 70% over the same period. FM&T purchased product PATF improved from 92.8% in FY08 to 96.5% in FY09.	\$1,842,050		\$1,842,050
Mission PO 03 B61 LEP -3233	Phase Gate Stage A, "Requirements Stage", is completed and presented for gate review and approval.	This had a positive impact on material availability and helped move performance from an FY08 average of 84.3% to 92.3% in FY09. Essential: Outstanding/96 FM&T continued the initiative for early involvement of the production agencies in the weapon development cycle. In regard to the B61 LEP 6.2 Study, FM&T participated on the B61 LEP Project Team, the Project Management Sub-Team and the Risk and Requirements Sub-Team. This participation facilitated identifying risks and review of key weapon documents from a production perspective. FM&T's support was one of many key elements and efforts in the successful passing of Integrated Phase Gate A in August 2009.	\$265,920		\$265,920
Mission PO 04 RMI 3080	a. Develop Integrated Requirements Modernization & integration (RMI) Revised Project Execution Plan with schedule covering the full project scope through completion with detailed focus of FY 09 activities by the end of 2QFY09. b. Based on FY09 progress, complete updated schedule of FY10 detailed plans by end of 4QFY09. c. Provide support for activities as defined in approved revised execution plan.	Essential: Outstanding/96 a. FM&T achieved RMI Milestones. FM&T worked closely with HQ & other sites revising the Project Execution Plan detailing scope to be accomplished. There was division on some RMI initiatives. FM&T worked extensively to get agreement enabling the plan to be signed & approved by all sites. b. Despite disagreement, FM&T worked with sites for consensus to finalize FY10 milestones. Accomplishment of the schedule is essential in driving critical business improvements throughout the NSE. c. FM&T's support of RMI is excellent, & is driving improvements & leadership of multiple teams. This leadership is essential to improving the product realization process and other critical processes. FM&T supported the complex in requirements writing & establishing requirement documents. FM&T co-lead training to Air Force gate keepers for the B61 Gate A Review, which was successfully conducted. At FM&T's request, Phase Gates were applied on the W80 JTAB. FM&T's initiative resulted in the JTAB being under budget & ahead of schedule. FM&T's efforts in the RMI initiative led to improved NSE business processes.	\$53,184		\$53,184

NSNA/KCFO 00076

Attachment 1: KCP FY09 Milestone Report

PO/PB# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Mission PO 05 Trainer Maintenance Program 3204 thru 3210	<p>Initiate a Training Maintenance Program for the following weapon systems: B61, B83, W80, W76, W88, W78, and W87.</p> <p>a. Incorporation of hardware description(s) into the PPD.</p> <p>b. Support Pantex in the development of the weapon trainer maintenance program, plan and schedule.</p>	<p>Essential: Good/86</p> <p>FM&T validated that each trainer definition was available and accurate for each active weapon program. After completion of that task, the associated Bills of Materials (BOMs) maintained at the KCP were updated and then banded into the Integrated Production Scheduling System. Pantex trainer requirements are now scheduled through the associated Production Control Document and provisioning process consistent with all weapon components scheduling.</p>	\$23,822		\$23,822
Mission PO 06 Surveillance Transformation (Streamline) 3076	<p>a. Complete FY09 tasks IAW JTA technology development strategy by 4Q</p> <p>b. Submit site surveillance value streaming recommendations requiring new funding or program impacts for program manager review and approval by 9/30/09.</p> <p>c. Complete site proposals including life cycle benefit, cost, and risk estimates for recommended new surveillance capability investments over the FYNSP period (FY10 start) to NNSA by 11/15/08</p> <p>d. Develop revised Anomaly/Significant Finding Notices/Significant Finding Investigation (SFN/SFI) reporting templates and initiate changes to the process across the nuclear weapon complex.</p> <p>e. Develop an inventory of typical requalification processes and durations for stockpile evaluation operations that are representative of the current state and provide draft recommendations for more flexible and responsive processes to NNSA.</p>	<p>Essential: Good/87</p> <p>a. During the reporting period, FM&T completed all FY09 tasks associated with JTA technology development strategy by the required due date. Tasks completed included:</p> <p>b. Submittal or site value streaming recommendations;</p> <p>c. Site proposals including life cycle benefit/cost/risk estimates for surveillance capability investments in out-years;</p> <p>d. Completion of the Significant Finding Notification/Significant Finding Investigation templates across the NSE;</p> <p>e. Development of an inventory of typical requalification processes and durations for stockpile evaluation operations that are representative of the current state along with draft recommendations for more flexible and responsive processes.</p>	\$24,099		\$24,099
Mission PO 07 QERTS 3079	<p>a. Conduct the initial deployment of an Enterprise-wide system to implement the requirements of the transformed, dynamic surveillance program in accordance with agreed-upon Quality Evaluation & Requirements Tracking System (QERTS) project priorities, goals and objectives. CY available funding and Future Years Nuclear Security Program (FYNSP)</p> <p>b. Conduct the initial and ongoing population of weapon system components requirements in the QERTS system to enable workload planning, scheduling, and budgeting efforts (not within QERTS), as well as improved identification of and change control for surveillance requirements. Change control will need to be accepted and completed for NNSA changes in surveillance.</p> <p>c. Participate in QERTS meetings and activities for design, development, deployment and training, implementation, and ongoing operation and management of the capability.</p>	<p>Essential: Good/87</p> <p>a. Scheduled FM&T deliverables associated with QERTS were achieved with the systems deployment of Phase 1 (December 2008) and Phase 2 (April 2009)</p> <p>b. All NSE sites have the capability to access the QERT system including the initial and ongoing population of weapon system components to enable workload planning, scheduling and budgeting.</p> <p>c. FM&T has, and will continue to, support the QERTS initiative by their participation in meetings and activities for further design, development, deployment and training, implementation, and ongoing operation and management of the capability.</p>	\$24,099		\$24,099

Attachment 1: KCP FY09 Milestone Report

PO/PB# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Mission PO 08 Readiness Campaign 2525.3013 3017	a. Develop production tester readiness on the PT3694 for the B61 TSSG assembly (MC4396) b. Release Multi-site Test Equipment Common Architecture Design Guide. c. Establish materials and processes to support the electrical and mechanical product development tasks for refurbishments and directive schedule programs.	Essential: Outstanding/93 Level 2 MRT milestones were completed ahead of schedule and slightly below cost to develop and deploy capabilities to DSW and RTBF. This allowed additional scope to be approved and an uncosted carryover to readiness campaigns. a. FM&T developed production tester readiness for the PT3694 tester for the B61 TSSG. Repeatability testing on the PT3694 and a correlation study to the PT3675 were completed. The UA7594 centrifuge has been integrated into the PT3694. b. FM&T, as part of the Multi-Site Test Equipment Common Architecture Team, developed a Common Tester Architecture which will increase efficiency, add flexibility and reduce cycle time. The design guide was released and will be used for future applications. c. Materials and processes to support development tasks for refurbishments and directive schedule programs were completed ahead of schedule and below cost allowing additional scope to be completed. A number of new processes were developed using new materials to replace materials that are either no longer available or have become obsolete. Efficiency gains were made possible through the use of new types of equipment. These new processes are critical to support of the W76-1 and other Life Extension Programs (LEP).	\$515,220		\$515,200
Mission PO 09 Enhanced Surveillance Campaign 3145.3148, 3164	Complete all FY09 milestones in the Enhanced Surveillance Implementation Plan.	Essential: Good/88 Kansas City Plant specific milestones defined in the Enhanced Surveillance Implementation Plan were completed on schedule. Completed tasks included an annual assessment of stockpile aging (Milestone 3145), evaluation of advanced diagnostics (Milestone 3148) and development of next generation component and material evaluation capabilities (Milestone 3164). Required reports were submitted to the stakeholders by the due date.	\$390,016		\$390,016
Mission PO 10 PRIDE 3074	a. Develop and deploy an Enterprise-wide and site-based Integrated Digital Enterprise (IDE) in accordance with agreed-upon Product Realization Integrated Digital Enterprise (PRIDE) program priorities, goals and objectives, governance model, CY available funding and Future Years Nuclear Security Program (FYNSP) requirements case. b. Develop and implement a Complex-wide portfolio management of the PRIDE program through alignment with PRIDE's business architecture and use of and conformance with the current and future infrastructure. c. Realign all PRIDE ("as is") IDE systems/activities in accordance with FY09 approved DSW WBS to achieve approved FYNSP IDE ("to be" state). d. Attend/participate in PRIDE Executive Team meetings leading the Complex in implementing the IDE for improved product realization.	Essential: Good/89 Honeywell did a good job in converting legacy Weapons Information System (WIS) processes, data and functions to the new WIS environment. The end product is a modern platform with significantly enhanced data integrity. In completing this task Honeywell worked with multiple stakeholders within the NSE and multiple stakeholders external to the NSE. New WIS is now the NSE production system of record for Limited Life Components tracking. Legacy WIS mainframe shut-down was achieved 9/03 and all data archived to CRONOS and copied to SNL for legacy access. b. FM&T participated in complex wide IT portfolio development and implementation. c. FM&T completed realignment of IDE systems and activities, from current state to the approved DSW WBS. d. FM&T participated in PRIDE Executive Team meetings.	\$197,224		\$197,224
Mission PO 11 MNS 3071	Complete milestones and validate that Master Nuclear Schedule (MNS) can interact with other classified applications on the KCP's Server Environment.	Essential: Good/89 All planned web services for the fiscal year have been released into the classified and unclassified development environments. All SNL project goals have been met. A Service Level Agreement is in place between SNL and KCP for the continued support of MNS.	\$12,327		\$12,327

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Mission PO 12 Secure Transportation Efficiencies	a. Accurately forecast future shipping requirements using the Transportation Resource Integrated Planning System (TRIPS). b. Submit Transportation Shipping Requests (TSR) to the Office of Secure Transportation (OST) according to the time and data requirements on OST TSR Form 1540.5 (NA-15 PIP, Appendix P). c. Provide loading/off-loading support to OST according to schedule	Essential: Good/85 a. During FY09, FM&T accurately forecasted future shipping requirements using the Transportation Resource Integrated Planning System (TRIPS) for the one required shipment. b. FM&T met the requirement to submit Transportation Shipping Requests (TSR) to the Office of Secure Transportation (OST) according to the time and data requirements on OST TSR Form 1540.5 (NA-15 PIP, Appendix P). c. Loading/off-loading support to OST was provided by FM&T in accordance to schedule.	\$11,773		\$11,773
MISSION PBI Mission PBI 01 Ongoing Production W76 LEF, B61 3047,3057	a. Ramp-up production of the FY2009 W76-1 defined quantity of units per the schedule negotiated with Pantex and NA-122.22. Implement arming, fuzing and firing (AF&F) abnormal electrical unlock test (2nd quarter). Build and ship AF&Fs for Pantex production use per the schedule negotiated with Pantex and NA-122.22. b. Complete production of the FY2009 B61 Family Alt356/358/359 defined quantity of units IAW with the current approved directive document.	Essential: Outstanding/100 a. All deliveries were met for the revised schedule. All warhead components and the AF&F are now at 90-day or greater lead. Numerous technical issues were successfully overcome, despite short turn around times, through extraordinary efforts. FM&T developed an electrical test enabling acceptance of most of the WR intent Stronglink units, which allowed recovery from AEU test losses, and resumption of AF&F deliveries. No AF&Fs were shipped without this test. b. FM&T shipped 100% of Alt 356/358/359 components with required lead time.	\$1,564,000	\$396,000	\$1,960,000
Mission PBI 02 Limited Life Components 3032,3037,3042, 3048,3053,3059, 3061,3069	Manufacture, package, and ship 95% reservoir and Group X kits as required by MNS Volume III for the following weapon systems: B61, B83, W76-0, W76-1, W78, W80, W87, and W88. Stretch - Ship 100%	Essential: Outstanding/ 100 Stretch: 98 FM&T met all weapon systems schedules per the MNS Volume III. Overall ship performance for FY09 was 99.9%, with a single 2M dimensional failure on a lot of 25 B61 limited life components.	\$384,000	\$94,080	\$478,080
Mission PBI 03 DCA production B61, W76-1 3046,3058	Manufacture and ship primary detonator piece parts in accordance with the negotiated Integrated Contract Order Schedule (ICOS) or Directive Schedule for the B61 and W76-1 weapon programs.	Essential: Outstanding/100 Stretch: 98 FM&T has completed the LANL B61 Build Plan with requirements met ahead of schedule. LANL W76-1 build plan was completed in accordance with the negotiated schedule. Overall ship performance for FY09 was 99.9% resulting in a stretch score of 99.	\$20,000	\$4,900	\$24,900
Mission PBI 04 Dismantlement 3030	Complete the FY09 directed quantity of component disposition resulting from dismantlement for all affected weapon programs	Essential: Outstanding/100 Stretch: 100 FM&T supported dismantlement and disposition activities with 115 out of 115 MC2912 AF&Fs completed and 160 MC2429 AF&Fs completed for FY2009, exceeding the dismantlement target of 130. The needs of the dismantlement program are being met or exceeded but an improvement in component reporting to include volumetric information would be beneficial.	\$20,000	\$5,000	\$25,000
Mission PBI 05 Warhead Evaluation 3034,3038, 3041,3043,3049, 3051,3054,3063, 3067	a. Deliver components, subassemblies, and assemblies to meet directive requirements per Inter-Project schedule negotiated between NNSA sites, OST, and approved by NA-122 for the following weapon programs: B61, B83, W76-0, W78, W80, W87, and W88 b. W87 JTA4 & JTA3: Provide hardware that meets design definition & delivery flight test units in time to meet Air Force flight test (DoD) deliverable) IAW project plan. bi. Ship applicable hardware to PX IAW the PCO. b2. Develop vendor for new JTA4 Forward Support Liner. c. Demonstrate the vendor's capability to produce (machine) Joint Test System (JTS) mid cases for the B83.	Essential: Outstanding/100 Stretch: 100 a. All programs (B61, B83, W76-0, W78, W80, W87 and W88) have shipped all scheduled warhead evaluation requirements according with schedules achieving 99.9% ship performance with more than 24,700 items shipped. The W80 JTA8 achieved FPU and piloted Integrated Phase Gate (IPG) and Manufacturing Readiness Levels (MRLs). The W80 was delivered on time and under budget. FM&T reacted to a Air Force critical need in supplying transportation nets. b1. The W87 provided hardware in support of the JTA4 and JTA3. More than 400 items were shipped in support of the PCO. b2. FM&T successfully developed the vendor for the JTA4 Forward Support Liner and completed five development units. The vendor has parts in-work to support PPI needs ahead of schedule. c. The B83 mid-case was shipped to the vendor for machining and results met all requirements. Final inspection tests were passed by the manufacturer. FM&T qualified the process ahead of schedule.	\$704,000	\$176,000	\$880,000

NNSA/KCFO 00079

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Mission PBI 08 Surveillance Testing/Analysis 3035,3039,3044, 3050,3052, 3064, 3068	a. Conduct applicable product/ component surveillance testing and analysis. KCP will perform Core Surveillance Activities in accordance with Production and Planning Directive (P&PD) Annex D timeline standards and the approved FY09 KCP Surveillance Baseline Schedule. b. Complete shipment of products to other NWC sites for surveillance testing, (as applicable) c. Meet mission requirements and deliverables of the NNSA Office of Secure Transportation (OST). NNSA will measure adherence to the negotiated task agreements to achieve the production requirements. Deliver 95% of deliverables on time. Stretch - Meet 100% requirements	Essential: Outstanding/100 a. FM&T has met all requirements for surveillance activities in accordance with requirements and does not have a backlog for surveillance. b. FM&T had no requirements to send surveillance assets to the design agencies for additional surveillance assessment and does not have any planned for FY10. Stretch:100	\$20,000	\$5,000	\$25,000
Mission PBI 07 Secure Transportation	Meet mission requirements and deliverables of the NNSA Office of Secure Transportation (OST). NNSA will measure adherence to the negotiated task agreements to achieve the production requirements. Deliver 95% of deliverables on time. Stretch - Meet 100% requirements	Essential: Outstanding/100 Honeywell FM&T met 100% of scheduled delivery requirements. Major milestones included 24 Support Vehicles (SVs), 21 MC3 KIts, 3 SGT, and 13 SGT refurbishments. All task agreements with OST were fully accomplished within the allotted time. FM&T continued to provide impeccable support of the OST mission as outlined in the level of effort task agreements. Stretch: 100	\$704,000	\$176,000	\$880,000
Mission PBI 08 Quality Assurance	Maintain a cost effective quality program which ensures safety and reliability of the nuclear weapons stockpile. Achieve a baseline composite score of 120. Stretch - Achieve a baseline composite score of 140.	Essential: Outstanding/100 FM&T's composite score was 125 for FY09. Scores for each of the quality indices were: Escapes 130, CONC 100, Yield 140 and Vendor PATF 132.5. Higher performance goals were established in FY09 for CONC, Yield and Vendor PATF. Two of the three higher performance goals for FY09 were exceeded. Yield and Vendor PATF. Stretch: 25	\$976,000	\$61,000	\$1,037,000
Mission PBI 09 UP1643 Power Modules	a. Produce and ship the required quantities of prototyped printed wiring assemblies (PWA) for characterization by the due date specified in the ICO. b. Produce and ship the required quantities of the prototype UP1643 Power Module subassemblies for evaluation by the due date specified in the ICO.	Essential: Outstanding/96 All prototype printed wiring assemblies and UP1643 subassemblies were manufactured and shipped to Sandia National Lab in advance of the December 24, 2008 due date.	\$24,000		\$24,000
OPERATION PO					
Operations PO 13 Transformation	a. Support lease negotiations for the new facility. b. Develop performance specification for planning/move contract procurement and quality a short list of relocation contractors. c. Assess and manage all programmatic risks. d. Actively and adequately plan and manage all sources of KCRIMS budget funding and expenditures. e. Support all GSA facility acquisition milestones including timely review of facility design. f. Acquire all necessary environmental sita permits in sufficient time to avoid project delays. g. Complete the Integrated Project Plan baseline and report progress monthly.	Essential: Outstanding/95 FM&T exceeded all expectations. a. Developer selection was completed in March 2009. This milestone in the project demonstrated that FM&T value engineering (VE) efforts significantly reduced costs. Technical evaluations ensured the facility would support the mission and be responsive. Changes to the project including VE and RFP processes yielded bids within prospectus despite adverse financial and commodity market conditions. The GSA lease with the developer was not achieved during the year due to financing delays outside of FM&T's control. b. Selection of a contractor for relocation management was completed and award is ready. The short list of firms had outstanding candidates. c. FM&T awarded a contract for design services that accelerated the overall project schedule and reduced project risk. Risk is managed for all activities on KCRIMS and proactive efforts are taken to mitigate risk where possible. d. Project spending is running below budget, but all FY09 scope was achieved. The program is effectively managed through baseline change control. FM&T was instrumental in obtaining the MOA for IWFO ensuring critical mission is met and fully supported DOE-IN funding request. e. All GSA facility acquisition milestones were supported within or ahead of schedule. FM&T acquisition of a design concept from the first procurement brought increased competition and reduced time for design teams to submit packages for the campus and helped enable the solicitation being within Prospectus. f. Environmental site permit approval has exceeded expectations, both the COE 404 and air permits were approved ahead of schedule. g. The Integrated Project Plan (IPP) was very comprehensive entailing all aspects of the project. This ensures build-aheads are in place, departmental moves are coordinated, and mission deliverables are met. The IPP is ready to be baselined once the lease is signed.	\$1,578,900		\$1,578,900

NNSA/KCFO 00080

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Operations PO 14 Property Disposition	Establish real property disposition plans as described in DOE Order 430.1B, Attachment 2, Contractor Requirements Document - Item 6 "Disposition and Long-Term Stewardship (LTS)", and develop personal property disposition plans in support of KCRIMS. Improve the personal property disposition process to decrease the percentage of equipment and material disposed as scrap and direct burial consistent with KCRIMS planning and Federal Management Regulations. (See details in essential performance target agreement)	Essential: Good/87 FM&T provided the final copy of the Conceptual Plan for the Disposition of Real Property at the NNSA Kansas City Plant, including the Personal Property Disposition Plan and the Surveillance and Maintenance Plan, in September 2009. The document provides the necessary framework and path forward planning strategy for the KCP's real and personal property disposition. KCSO recognizes the substantial effort required to deliver high quality plans which cut across all M&O business functions that will be a map for future property disposition activities. The plans were made available to NNSA three times during the development stages to enable NNSA to provide comments which were incorporated into the documents. Additionally, FM&T met the expectation of decreasing the percentage of equipment and material disposed as scrap and direct burial concurrent with a substantial reduction in the amount of property being excessed during FY09 in comparison to the last 3 fiscal year's average.	\$867,564		\$867,564
Operations PO 15 NC-135 Transition	a. Develop and maintain the FM&T transition plan, schedule, and cost estimate. b. Manage activities surrounding the relocation of SGT refurbishment to the new/modified FM&T NM facility in Albuquerque NM. Ensure activities are appropriately scaled and executed to allow for a smooth transition with the essential equipment, supplies and property. c. Meet all requirements as outlined in the Kirtland Air Force Base (KAFB) approved NC-135 Closeout Plan. d. Develop an integrated project plan and support matrix for the NA-40 compound transition. Meet major negotiated milestones for FY09.	Essential: Good/89 FM&T has met the performance objectives. a. A contingency transition plan was developed and became instrumental when OST cancelled the ATTC project. Due to the development of this contingency plan, FM&T will be able to continue to transition SGT refurbishment operations from KCP to Albuquerque meeting the original timelines. b. After a careful analysis and assessment of transition alternatives, FM&T developed a transition plan that was approved by OST as cost effective and supporting the OST mission. During this FY, FM&T completed all design activities associated with Craddock facility modification, prepared the Preliminary Real Estate Plan (PREP) for proposed leased facility that would consolidate SGT activities. As scheduled, FM&T completed 50% of the SGT refurbishments operations knowledge preservation project necessary for a seamless transition of this activity from KCP to Albuquerque. c. Due to the cancellation of ATTC, FM&T revised and got KAFB approval for the NC-135 Closeout Plan. FM&T met all requirements outlined in the approved NC-135 Closeout Plan. FM&T's contingency transition plan was approved by OST and KAFB. FM&T completed the closeout Baseline Environmental Survey - the critical first step in the Closeout Plan. d. FM&T completed design work for the establishment of the consolidated NA-40 facility at KAFB. Due to developing needs, NA-40 requested an accelerated schedule for the turnover of buildings B135 and B136. FM&T developed an alternative plan for painting operations making it possible to start turnover of the buildings 12 months ahead of the most optimistic original schedule.	\$517,713		\$517,713
Operations CPO 16 Facilities Management 3246, 3247, 3248, 3254, 3263	NNSA expects Honeywell to 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.	Essential: Satisfactory/100 FM&T met performance expectations managing Facility Operations. KCSO and FM&T meet and discuss performance of construction, project management, maintenance, real and personal property activities to track performance. FM&T effectively supported an extensive personal property review by HQ. Planning activities in support of KCRIMS continue. During FY09 FM&T delivered over \$20 million in RTBF funding in support of the KCRIMS project. FM&T also submitted a revised Pause Plan that defines the stewardship approach to the KCP Infrastructure as a result of KCRIMS.	\$664,800		\$664,800
Operations CPO 17 RAMP	NNSA expects Honeywell to effectively manage the NNSA Roof Asset Management Program (RAMP) by meeting scope, cost and schedule milestones.	Essential: Satisfactory/100 FM&T did an outstanding job managing the RAMP program. Baseline scope was executed on schedule projects across the complex. RAMP effectively executed over \$17 million of construction consisting of 16 projects to quickly respond to receipt of funding late in the year as demonstrated at both Pantex and Los Alamos. RAMP was recognized by the NNSA Administrator and Secretary of Energy for the "White Roofs" success story and incorporating "White Roofs" as the NSE standard since 2005. RAMP effectively executed the Device Assembly Facility project at the Nevada Test Site in FY09 under extremely rigorous security requirements. RAMP was able to complete the entire facility at 25% of the line item cost estimate and in 12 months from the start of planning to completion of construction.	\$664,800		\$664,800

Attachment 1: KCP FY09 Milestone Report

PO/PBIR MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Operations CPO 18 Security	NNSA expects Honeywell to plan, resource and operate an effective and efficient physical security program in accordance with the Annual Physical Security Implementation Plan	<p>Essential: Satisfactory/100</p> <p>FM&T Security has done a good job in balancing facility & programmatic needs with scarce resources. The security division continues to conduct benchmark activities, implement corporate practices that support the site security strategy & actively participate in initiatives to improve security. The most significant security event of the year was an Unauthorized Discharge of a firearm. Security responded quickly and appropriately to the event, conducting internal & external investigations; significant positive changes have been made to range operations. Security has worked hard to integrate security operations both vertically within security and horizontally across business functions - with initial positive results evident. Security has actively supported the KCRIMS initiative but significant concerns still exist with planning & integration between the IWFO and NSE activities. Security self-identifies issues, is responsive to concerns identified & seeks improvement opportunities.</p> <p>Security exemplifies a learning organization & is committed to improving effectiveness & efficiency of Site, NSE & DOE security programs.</p>	\$415,500		\$415,500
Operations CPO 19 Health, Safety & Environment 3249, 3250	NNSA expects Honeywell to provide health, safety, environmental, environmental restoration, waste management and emergency management programs that protect people, property and the environment in accordance with the FY09 HS&E Management System Description and all applicable laws, regulations, and orders.	<p>Essential: Satisfactory/100</p> <p>FM&T met performance expectations for HS&E at both the KCP and Kirtland Operations as measured by the FY09 HS&E Management System Description, maintaining VPP Star and ISO 14001 certifications. Long Term Stewardship, Waste Management, Air, Water Protection and National Environmental Policy Act Programs are effectively and efficiently managed by FM&T, in accordance with applicable directives. All regulatory submittals have been completed on schedule, and FM&T continues to effectively respond to additional challenges of multiple regulatory agency inspections, permit negotiations and occasional non-operational environmental excursions. Formal assessment, operational awareness activities, and injury/illness statistics indicate that HS&E programs are being responsibly managed for compliance and to achieve safety goals. Healthy dialogue continues between KCP labor and management in the context of a shared VPP commitment. The emergency management program continues to refine emergency management processes by incorporating lessons learned from drills, exercises and incidents.</p>	\$415,500		\$415,500
Operations CPO 20 Cyber Security	NNSA expects Honeywell to plan, resource and operate an effective and efficient cyber security program in accordance with the Annual Cyber Security Implementation Plan	<p>Essential: Satisfactory/100</p> <p>Honeywell FM&T Cyber Security (Cyber) has done a good job in balancing facility & programmatic needs with scarce resources. The Cyber group continues to conduct benchmark activities, implement improved tools that increase site security & actively participate in initiatives to improve cyber security in the NSE. Due to achieved cost efficiencies, Cyber was able to conduct a Security Content Automation Protocol (SCAP) tool analysis, execute the purchase, and has started implementation of the tool. Cyber has worked hard to integrate security operations both vertically within security & horizontally across business functions - with initial positive results evident. However, there is still a concern about comprehensive planning and integration between IWFO and KCP Cyber and Telecommunications Security activities.</p>	\$415,500		\$415,500
Operations CPO 21 Information Technology	NNSA expects Honeywell to plan, resource and operate an effective and efficient information technology program in accordance with the Annual IT Implementation Plan.	<p>Essential: Satisfactory/100</p> <p>The Honeywell FM&T IT organization has executed an effective IT program this year. The organization is actively supporting KCRIMS activities and has developed the link between the current facility and the new facility to ensure a smooth transition. The organization has developed a plan for a Voice-Over Internet Protocol (VOIP) system for the new facility that meets current requirements. FM&T has been sharing the information with the NSE. The IT organization is working on integration. There is still a residual concern about the perceived lack of planning and integration between IWFO and NSE KCRIMS activities. There have been several successful initiatives implemented by the IT organization which automated manual processes and improved the efficiency of the program. The IT organization self-identifies issues, is responsive to concerns identified, and actively seeks out opportunities to improve programs even when deficiencies do not exist.</p>	\$415,500		\$415,500

NNSA/KCFO 00082

OPERATIONS PBI

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Operations PBI 10 Transformation	<p>a. Meet all Honeywell FM&T accountable schedule milestones per the KCRIMS program plan.</p> <p>b. Achieve total labor and expense expenditures within the FY09 cost targets established in the KCRIMS Final Business Case Rev 0 published 12/07 as adjusted for approved baseline changes.</p> <p>c. Exceed the Inventory Reduction Plan goals for FY09 as published in KCRIMS Final Business Case Rev 0.</p> <p>d. Complete weapon program build-aheads per FY09 plans.</p> <p>e. Meet the FY09 outsourcing targets consistent with the outsourcing plan published 9/07 and incorporated into the Integrated Project Plan (IPP)</p>	<p>Stretch: 96</p> <p>a. Fourteen milestones were completed which were within FM&T's control. Three milestones (lease award, groundbreaking, and IPP baseline) were not completed due to financing delays on the GSA procurement which were outside of FM&T control. Major accomplishments were: Planned Industrial Expansion Authority approval, delivery of new process to adjust Functional Transformation Initiative (FTI) baselines due to workload changes, completed technical review of developer offers ensuring mission requirements will be met, delivered Value Engineering savings, supported developer selection which was critical to ensuring mission would be met, incorporated KCRIMS into the FY11-15 FYNSP capital equipment procurements were made as appropriate to support KCRIMS, KCRIMS Business Case update, developed relocation manager scope of work, performed baseline management, and completed interim Project Execution Plan.</p> <p>b. Operating cost reductions were 6.7% ahead of target for the \$100 million cost savings planned at project completion. The Final Business Case was updated and issued.</p> <p>c. Inventory reduction exceeded the target and several storage areas have been vacated.</p> <p>d. Weapon program build-aheads were 16% ahead of plan. FM&T continues its outstanding management of the effects of W76 technical issues on build-ahead plans. FM&T proactively considered potential weapon program issues and managed requalification risk by prioritizing build aheads around product design issues.</p> <p>e. Sourcing – FY09 outsourcing targets were exceeded and incorporated in the IPP. Vendors are performing at a high level with no production issues.</p>		\$1,994,400	\$1,994,400
BUSINESS PO	NNSA expects Honeywell to achieve productivity efficiencies and savings.		\$2,659,200		\$2,659,200
Business PO 22 Cost Reduction	NNSA expects Honeywell to achieve productivity efficiencies and savings.				
Business PO 23 SCMC	<p>a. Develop and lead implementation of an electronic eSourcing cost savings data collection tool and cost savings validation/certification process across sites.</p> <p>b. Develop an eStore utilization tracking method across sites.</p> <p>c. Lead SCMC tool and process training across sites.</p> <p>d. Develop initial SCMC opportunity assessment & obtain SCMC Advisory Committee approval/disapproval for continuation of the sourcing process for 12 additional commodities.</p> <p>e. Deliver the approval process and multi site terms and conditions for SCMC contracts.</p>	<p>Essential: Outstanding/96</p> <p>FM&T exceeded the established productivity efficiencies and savings target of \$9 million. KCSO has validated and approved over \$10.5 million of efficiencies and savings. These cost savings enabled FM&T to pull FY10 scope for the W76-1 into FY09 and to purchase fill material in support of the W76-1. FM&T implemented improvements to the productivity savings process to ensure submittals had all of the necessary supporting information.</p> <p>Essential: Outstanding/95</p> <p>FM&T exceeded NNSA expectations overall with this objective. Its leadership among the M&O sites was outstanding. Through FM&T's leadership the NSE as a whole met or exceeded Multi-Site SCMC goals. Performance against specific goals is described as follows.</p> <p>a. FM&T led the effort working with other sites to implement an electronic eSourcing cost savings data collection tool and cost savings validation/certification process. The tool was released and became operational in June. FM&T effectively incorporated feedback gathered from other sites to enhance user efficiency with the tool. This tool standardizes savings calculations and reduces variation in calculations among the sites.</p> <p>b. FM&T completed the eStore utilization tracking method and provided initial training to all sites in September.</p> <p>c. FM&T provided training for all the sites at various times during the year. Sessions include eStore and/or eSourcing at Pantex, KCP, LANL, and NSTech (Nevada). eSourcing reporting tool training was completed in June and eStore utilization training was completed in September for all the sites.</p> <p>d. FM&T completed its goal of 12 assessments delivered and approved. Commodity assessments were completed for contract close out services, electronic components, Rx safety glasses, safety supplies, industrial supplies, security (ammunition), RSA tokens, encrypted flash drives, bulk gases, laptops, desktop computers, and copy machines/services. Through September these assessments led to award of NSE-wide commodity agreements for bulk fuels, bank cards, rental cars, airline tickets and for anti-virus software.</p> <p>e. FM&T developed the approval process and multi site terms and conditions (T&C) for SCMC contracts. The package was approved by NNSA in January. Since that time issues have surfaced related to site-specific T&C needs. The SCMC kicked off a multisite team in June to update to the standard package for NNSA review and is making good progress to further refine the standard T&C package.</p>	\$789,450		\$789,450

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
Business PO 24 Financial Management	a. Achieve a rating of Good or better for all FY09 OFFM Performance Measures. b. Implement corrective actions resulting from the issues identified in OFFM's FY08 Cost Accumulation and Allocation Review by February 1, 2009.	Essential: Outstanding/90 a. FM&T Finance was responsive to issues identified in the Cost Accumulation and Allocation Review and implemented significant improvements to financial management practices during FY09. Honeywell Corporate played a leading role and assisted with evaluation and development of changes to Cost Accounting practices. Corrective actions included: 1) Development of a Cost Model and a Rate and Factor Handbook. 2) Issuing Revision 8 of the Cost Disclosure Statement (approved by the NNSA Service Center on October 20, 2009). 3) Organization-wide training in Cost Accounting Standards (CAS). 4) Execution of mid-year rate adjustments in accordance with the new cost model.	\$747,900		\$747,900
Business PO 25 WFO/ PDRD/ NMSC Transition	a1. WFO activities offset operational/ overhead costs for WFO customers and NNSA. a2. WFO activities helped maintain critical NNSA capabilities. a3. WFO demonstrates quality as measured by WFO customer satisfaction (Voice of the Customer) results. a4. Financial controls ensure direct costs and applicable indirect costs are allocated to WFO customers consistent with disclosed practices. b. PDRD- Honeywell's PDRD program follows the intent of the legislation per NNSA guidance and peer review & the program provides tangible research outcomes. c. Execute National Secure Manufacturing Center (NSMC) plans to transition to a new facility. Develop new work prior to the move to offset additional operating costs in the new facility.	Essential: Outstanding/94 a1. For FY09, WFO business totaling \$107.9 million has generated \$45.3 million in overhead recovery. a2. Critical NNSA capabilities were maintained by exercising skills of DSU personnel and preventing impacts to DSU personnel. The work is complementary to DSU, allows for workload leveling, enables critical skill retention and is attractive for new hires. a3. Customer feedback demonstrated a very high quality satisfaction rate. FM&T led the WFO Lean Six Sigma Workshop for all NNSA sites to focus on streamlining the WFO process. FM&T also shared Best Practices through the use of Gate Reviews during the Business Capture Process. a4. FM&T successfully incorporated revised site accounting requirements into their operations during FY09. Financial improvements were made to ensure burden rate adjustments that occur during the year retroactively apply to all customers. In addition, rates are now established as bounding case so adjustments are downward minimizing impacts to customers. b. PDRD closely followed NNSA guidance and spent 1.3% of the KCP budget as planned, which was within the legislated annual cap of 4%. Research resulted in fiber laser welding development and the use of optical monitors for tiresets. c. WFO revenue was \$90.4 million which is an increase of 19.1% from FY08. FM&T is ahead of schedule to meet the target workload for the new facility. In addition, the NSMC integrated Project Plan (IPP) has been incorporated into the over-arching KCRIMS IPP ensuring continuity in moving to the new facility. FM&T was also instrumental in the development of a Memorandum of Agreement between NNSA and DOE-IN.	\$260,360		\$260,360
Business CPO 26 Business Management	NNSA expects Honeywell to maintain business management services that support mission requirements, are cost effective and are in accordance with all applicable laws, regulations, and directives. NNSA will measure FM&T's compliance based on reported performance on the Enterprise Balanced Scorecard, Purchasing Objective Matrix, Human Resources Objective Matrix, and operational awareness of business programs.	Essential: Satisfactory/100 The overall assessment of Business Management indicates that programs are effectively managed. Formal documentation, operational awareness, PEGASUS activities, audits, feedback, findings and corrective actions and other observations are utilized to validate performance. DSU reprogramming to address the pension shortfall has been approved. Procurement objective matrix measures resulted in an Outstanding rating. Human Resources was rated as Excellent. Outside counsel payments conform to the Contractor Legal Management Requirements and Litigation Management Plan. Public and Congressional Affairs activities and requirements have been met. Records management was assessed for compliance and preparation for the future. The Purchasing PERT Peer Review validated two best practices & no corrective actions.	\$831,000		\$831,000
MultiSite PBI MRT No.	Multi-Site Target	Evaluation			
MS PBI 1 Stockpile 3297	1.1 Achieve the W76 LEP scheduled deliveries to the U.S. Navy	PBI achieved as evaluated by NNSA/HQ	\$831,000		\$831,000

NNSA/KCFO 00084

Attachment 1: KCP FY09 Milestone Report

PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
3298	1.2 Complete the B61-7/11 Alteration 357 LEP builds at the Pantex Plant by Dec 08.	PBI achieved as evaluated by NNSA/HQ	\$166,200		\$166,200
3299	1.3 Perform B61 LEP phase 6.2/2A study to include completion of Requirements Development/Analysis Stage.	PBI achieved as evaluated by NNSA/HQ	\$166,200		\$166,200
3300	1.4 Exceed (1>PCD) the scheduled weapon dismantlement quantities at Pantex and CSA dismantlement quantities at Y-12.	PBI achieved as evaluated by NNSA/HQ	\$83,100		\$83,100
3301	1.5 Deliver limited life components and alteration kits to the DoD and complete all scheduled surveillance activities per authorized program management documents, i.e., PCDs and MNS Volume II.	PBI achieved as evaluated by NNSA/HQ	\$415,500		\$415,500
MS PBI 2 Accelerate Complex Transform 3302	2.1 Successfully complete NNSA-approved priority activities in support of Complex/Enterprise Transformation. Activities will be transformational in nature both in direct and indirect, not currently budgeted, and funded through contractor efficiencies.	PBI achieved as evaluated by NNSA/HQ	\$124,650		\$124,650
3303	2.2 Promote the development and implementation of world-class supply chain attributes of the Supply Chain Management Center (SCMC) and purchasing organizations on a Complex-wide basis with substantial participation and collaboration from all sites. Reduce the cost of product/service commodities, increase the efficiency of the NNSA-Complex supply chain, and improve the site-the quality and retention of the NNSA-Complex contractor wide integration of SCMC tools and processes. Enhance acquisition workforce.	PBI achieved as evaluated by NNSA/HQ	\$373,950		\$373,950
3304	2.3 Complete shipments of SNM for the Handford de-inventory and remove 8 metric tons of SNM from NNSA sites to proper storage facilities between 01OCT08 and 30SEP09.	PBI achieved as evaluated by NNSA/HQ	\$41,550		\$41,550
3305	2.4 Implement Elements from NNSA developed Multi-Site IT Strategic Plan. Specifically complete the following: Develop 2010 - 2016 Multi-Site targets, develop and communicate an integrated IT/Cyber Security roadmap to strengthen integration between IT and Cyber Security. Define an IT services framework for the nuclear security enterprise, complete cross-complex comparison of IT costs and identify best practices and potential cost reductions, develop complex-wide information sharing environment implementation plan, develop a real-time or near real-time out-of-band incident management complex wide.	PBI achieved as evaluated by NNSA/HQ	\$290,850		\$290,850

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PO/PBI# MRT ID#	Performance Target(s)	Comments	Essential Fee Earned (\$)	Stretch Fee Earned (\$)	Total Fee Earned (\$)
MS PBI 3 Science 3306	3.1 Replace empirical parameters. Complete a cumulative 50% progress in replacing key empirical parameters in the nuclear explosive package assessment and simulation codes with improved physical data and physics based models. Demonstrate progress by completion of agreed upon level 2 milestones in FY 2009.	PBI not achieved as evaluated by NNSA/HQ	0		0
3307	3.2. Prepare an integrated program of work at the NTS which prioritizes all of the diagnostic development and capability maintenance independent of the particular laboratory or specific subprogram being supported.	PBI achieved as evaluated by NNSA/HQ	\$13,850		\$13,850
3308	3.3. Conduct a stockpile stewardship relevant experiment on the National Ignition Facility.	PBI achieved as evaluated by NNSA/HQ	\$13,850		\$13,850
3309	3.4. Demonstrate all of the components of an advanced initiation system. Initiate an integrated system analysis of the C5 Advanced Initiation System designed with the intent to provide a new level of safety for future weapon firing systems.	PBI achieved as evaluated by NNSA/HQ	\$13,850		\$13,850
3310	3.5. Demonstrate an advanced power-supply system (proto-typical) for future stockpile applications.	PBI achieved as evaluated by NNSA/HQ	\$13,850		\$13,850
3311	3.6. Deliver a suite of Advanced Simulation & Computing (ASC) models & databases that can be applied to National Technical Nuclear Forensics (NTNF) activities, including debris signature modeling and other nuclear security applications.	PBI achieved as evaluated by NNSA/HQ	\$207,750		\$207,750