

# Award Fee Evaluator Handbook for the USAREUR Support Contract W912ER-05-D-0003

Prepared by: US Army Corps of Engineers  
Transatlantic Programs Center  
Updated: November 2008



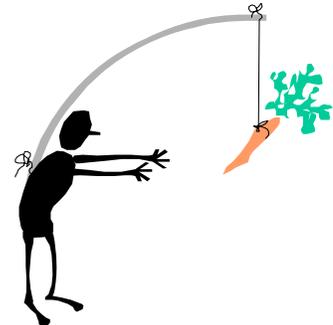
You have been selected to serve as a performance evaluator on the USAREUR Support Contract (USC) that is providing you life support and logistics services in the Balkans. The contractor is Kellogg Brown and Root Services, Inc (KBRS). Perhaps this is the first time you have evaluated a Government contractor's performance. By now you have read the contract requirements and the Award Fee Plan. Consequently, you probably have many questions regarding the evaluation of cost plus award fee contracts and how you fit into the process. This handbook will give you a broad overview of the process. Let's get to some of your questions.

## **Q: What type of contract is the USC?**

A: It is a performance-based services contract with contract line items (CLIN). These CLINs are either firm fixed price (FFP) or cost plus award fee (CPAF). The cost plus portions provide KBRS an incentive to continuously strive to improve performance.

## **Q: What does performance-based mean?**

A: The Government's needs (the scope of work) are normally defined in terms of desired results. Performance-based service contracts define a service requirement in terms of performance objectives and place responsibility for how it is accomplished on the contractor. This gives KBRS greater flexibility to use its talents and expertise to successfully perform services and to use the latest commercial techniques and innovations to deliver results.



## **Q: What does cost plus mean?**

A: As stated earlier, the USC has two types of contract line items (CLINs): fixed price and cost plus. Fixed price CLINs place maximum risk on the Contractor and full responsibility for all costs and resulting profit or loss. For example, if you replace the brakes on your car, the repair shop and you agree on a time (performance) that the job will be completed and to a price; that is a fixed price arrangement. However, cost plus CLINs are used when uncertainties are involved in contract performance. For example, changing locations and large differences in the number of meals to be served do not permit us to estimate cost with sufficient accuracy to use a fixed price contract. KBRS is required to use its best efforts to perform the work at an estimated cost. Therefore, if the funds are expended prior to job completion, the contractor does not finish the job until additional funds are provided.

## Award Fee Evaluator Handbook for the USAREUR Support Contract W912ER-05-D-0003, continued

### Q: What is an award fee and how much is it?

A: An award fee provides KBRS a monetary incentive for good to outstanding work in the cost plus portions only of the USC. KBRS can earn an award fee of up to 6% of the negotiated estimated cost of the contract, if they receive a performance rating that exceeds a satisfactory rating. Negotiated estimated cost is the cost that KBRS and the Government agree upon to do the work. It is important to understand that the award fee is not determined on the actual cost to do the work. Consequently, if KBRS spends more than the negotiated estimated cost to do the work, the award fee earned could possibly be reduced, depending on the circumstances. That is KBRS' incentive to perform the work at, or below, the estimated cost of the job.



### Q: How do I fit into this process?

A: You are receiving the services that KBRS provides. So, you are intimately familiar with the work that KBRS is doing in your functional area. We need to know what you think about the quality of KBRS's performance. You can be appointed as a Quality Assurance Evaluator (QAE) or a Prime Customer Performance Monitor (PCPM). If you are a:

1. QAE: you evaluate the performance of KBRS through the execution of the Quality Assurance Surveillance Plan. This duty will be assigned by the Administrative Contracting Officer (ACO).
2. PCPM: you evaluate KBRS's performance from the customer's perspective.



### Q: I am not sure of the definition of performance. Can you clarify?

A. **Performance** relates directly to how well KBRS performed work in your functional area. This may include jobs like food preparation, power generation, latrine cleaning, road maintenance, water production and supply (including adequate hot water for bathing), operation and maintenance of facilities, and equipment and transportation.

Other factors under performance include quality control, appearance, thoroughness and accuracy, inspections and customer surveys, the timely and efficient preparation of documentation, and implementation and closeout of documents. Also important are schedule compliance, meeting key milestones and delivery dates, anticipating and resolving problems and recovering from delays. Other elements that are rated include providing a safe working environment, information management services and adequate, timely and cost-effective reports that are accurate and relevant.



## Award Fee Evaluator Handbook for the USAREUR Support Contract W912ER-05-D-0003, continued

### Q: What other additional responsibilities do I have?

A: As a performance evaluator, you provide the continuous evaluation of KBR's performance in your assigned functional area and prepare performance evaluation reports that will be used in the Award Fee Evaluation Board process as described in the Award Fee Plan that you have been provided.



The amount of oversight is per the direction of the ACO. However, daily oversight should be a cornerstone of the award fee evaluation process. In performing your duties as performance monitors, either QAE or PCPM, you should maintain ongoing communications with your KBR counterpart and conduct your assessments in an open, objective and cooperative spirit. You should emphasize negative performance as readily as positive performance. When you monitor negative performance by KBR and, if you believe that your KBR counterpart is not taking sufficient corrective action, you must immediately notify the ACO assigned to your area. He or she has the authority on behalf of the government to insure that KBR takes corrective action.

Use your judgment when recording or reporting negative performance. For example, a one-time occurrence that is corrected by KBR is not as significant as reported negative performance that is not corrected by KBR or was reported as corrected but is still recurring.

You should strive to focus KBR on areas of greatest importance to motivate KBR to make the best possible use of the corporation's resources to improve performance. Evaluate KBR's performance, taking into consideration contributing circumstances and KBR's resourcefulness. In the past, the government actions or inactions have impacted the company's performance. You need to ensure your evaluations are focused on the result of KBR actions or inactions, and not caused by Government.

Remember the objective is to evaluate performance, not micromanage it. The Government tells KBR what results are expected and are important. Then the government team evaluates and rewards KBR as appropriate for achieving the desired results. Your communications with KBR should not lead to Government direction of efforts in a manner that compromises KBR's responsibility or its ability to manage under the contract.



## Award Fee Evaluator Handbook for the USAREUR Support Contract W912ER-05-D-0003, continued



If you have additional questions or need clarification of your roles and responsibilities as a performance evaluator, talk to your ACO or the PCO.

Your recommendations and suggestions to improve this handbook are welcome. Please provide your recommendations or suggestions to one of the project managers at the Transatlantic Programs Center (TAC):

Mr. Dave Jaswa  
His phone number is 540-665-3672  
DSN 312-265-3672  
E-Mail: [David.F.Jaswa@tac01.usace.army.mil](mailto:David.F.Jaswa@tac01.usace.army.mil)

Mr. Louis Martinez  
His phone number is 540-665-2171  
DSN 312-265-2171  
E-Mail: [Louis.C.Martinez@tac01.usace.army.mil](mailto:Louis.C.Martinez@tac01.usace.army.mil)