



**Defense Distribution Center
Award Fee Plan**

Defense Distribution Depot Kuwait, Southwest Asia, (DDKS)

**CLIN 0001 SERVICES TO PROVIDE FOR THE LABOR TO IMPLEMENT DSS
AND PROVIDE PHASE IN REQUIREMENTS**

AND

**CLINs 1001, 2001, 3001, 4001, 5001 SERVICES TO PROVIDE FOR THE LABOR
FOR DISTRIUBTION OPERATIONS DURING FULL PERFORMANCE**

COORDINATION AND APPROVALS

| POSITION | SIGNATURE | DATE |
|---------------------------------------|------------------|-------------|
| Award Fee Review Board Chairperson | | |
| Contracting Officer | | |
| Fee Determining Official | | |

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CLIN 0001 AND 1001-5001 – AWARD FEE PLAN

Defense Distribution Depot Kuwait, Southwest Asia (DDKS)

1.0 INTRODUCTION

1.1 Purpose: This Award Fee Plan (AFP) describes the policies and procedures for determining award fees and outlines the duties and responsibilities of personnel associated with the award fee process.

1.2 Scope: This Award Fee Plan describes the processes and procedures, organizational responsibilities, and performance criteria for implementing the Cost Plus Award Fee for Contract Line Item Number (CLIN) 0001 SERVICES TO PROVIDE FOR THE LABOR TO IMPLEMENT DSS AND PROVIDE PHASE IN REQUIREMENTS and CLINs 1001, 2001, 3001, 4001, 5001 SERVICES TO PROVIDE FOR THE LABOR FOR DISTRIBUTION OPERATIONS DURING FULL PERFORMANCE for the Defense Distribution Depot Kuwait, Southwest Asia (DDKS). The primary objective of the award fee is to motivate the DDKS Contractor to provide a comprehensive distribution warehousing program. This plan enables the Award Fee Review Board (AFRB) to develop award fee recommendations. It describes the methodology used to calculate award fees and for presenting a written assessment of contractor performance. It also provides for making changes to the AFP as warranted by circumstances, and for the contractor to receive and comment on periodic performance evaluations. No “roll-over” provisions of unearned award fee from one period to another apply.

2.0 AWARD FEE ORGANIZATIONAL STRUCTURE

2.1 Fee Determining Official (FDO): The FDO is the Director, Acquisition Operations, or his/her designated representative. The primary responsibilities of the FDO are to:

- a. Appoint the Award Fee Review Board (AFRB) Chairperson.
- b. Collaborate with the members of the AFRB and consider their reports and recommendations prior to making the Award Fee Determination.
- c. Determine the amount of award fee earned by the DDKS Contractor. Document the decision in an Award Fee Determination Document.
- d. Review and approve any proposed changes to the Award Fee Plan prior to release to the Contractor.
- e. Assign Performance Monitors (PMs) to conduct day-to-day surveillance of the Contractor.

2.2 The AFRB Chairperson: This is the DDC J-3 Depot Team Lead. The primary responsibilities of the AFRB Chairperson are to:

- a. Manage the AFRB process and implement the guidance and direction of the FDO.

- b. Ensure AFRB members and PMs are trained and understand their assigned duties and responsibilities in the award fee process.
- c. Lead AFRB discussions, encourage participation and facilitate consensus.
- d. Schedule AFRB meetings and appoint an AFRB Recorder to ensure all required logistical and administrative requirements are met.
- e. Ensure award fee documentation is sufficient, adequate and supports the recommendations of the AFRB.
- f. Develop an Award Fee Recommendation Report and Briefing and present it to the FDO.
- g. Develop and/or consider proposed changes to the Award Fee Plan and make recommendations to the FDO regarding implementation.

2.3 AFRB Members: The members of the AFRB are:

- DDC Contracting Officer (Voting Member)
- DDC J-3 Operations Manager (Voting Member)
- DDKS Contracting Officer's Representative (Voting Member)

The AFRB Chairperson may appoint advisors and subject matter experts as needed to assist the AFRB in performing its responsibilities. The primary responsibilities of each member of the AFRB are to:

- a. Review and analyze the findings and reports of the PMs for the rating period. Ensure a fair, impartial, and comprehensive evaluation of the Contractor's performance is conducted in accordance with the Award Fee Plan and other relevant documents.
- b. Support development of the Award Fee Recommendation Report and Briefing to the FDO for each period. Prepare thorough written documentation that justifies the award fee earned by the Contractor.

2.4 Performance Monitors (PMs): PMs evaluate and document the Contractor's success in meeting or exceeding the performance standards and objectives contained in Section 5 of this document.

2.5 Contracting Officer (KO): The KO assigned to the DDKS contract is a member of the AFRB. In addition to their duties as a member of the AFRB, the KO is also responsible to:

- a. Act as the primary liaison between the Government and the Contractor. The KO develops and transmits the Award Fee Determination Letter to the Contractor and approves/signs the contract modification after receiving the FDO's Award Fee Determination Document.
- b. Ensure that certified funds to support the award fee are reserved in the accounting system prior to the beginning of rating period.

- c. Once approved by the FDO, notify the Contractor in writing of any change(s) to the Award Fee Plan.
- d. Ensure official records of the award fee evaluation process are current and properly maintained in the official contract file.

2.6 AFRB Recorder: The AFRB Recorder is appointed by the AFRB Chairperson. The Recorder ensures all necessary award fee logistical, administrative and schedule requirements are met. The Recorder is responsible to:

- a. Develop, publish and monitor the overall schedule for the award fee evaluation process.
- b. Receive, process, distribute and maintain evaluation reports and associated information from the PMs, AFRB and FDO.
- c. Assist the AFRB Chairperson in successfully executing his/her duties and responsibilities under the Award Fee Plan, including helping prepare the Award Fee Recommendation Report and Briefing to the FDO.

2.7 Advisors and Subject Matter Experts: Advisors and subject matter experts (SMEs) may be appointed to support the AFRB and FDO in performing their responsibilities. Advisors and SME's assist the Government in evaluating and documenting the performance of the Contractor during the rating period; however, they cannot be voting members of the AFRB.

3.0 AWARD FEE PLAN GROUND RULES

3.1 Award Fee Determinations: Award Fee Determinations are at the sole discretion of the Government and are made by the FDO. The amount earned by the Contractor for the rating period is at the sole discretion of the Government and is executed via a unilateral modification to the contract signed by the KO.

3.2 Changes or Updates to the Plan: Changes or updates to the Award Fee Plan are generally at the sole discretion of the Government and must be approved by the FDO prior to release to the Contractor. Changes or updates are typically executed by a unilateral modification to the contract signed by the KO. Any changes or updates to the Plan must be officially transmitted in writing to the Contractor by the KO not later than 14 calendar days before the start of the next evaluation period. Changes or updates to the Plan that are required with less than 14 calendar-days notice before the evaluation period commences or that are required during the evaluation period itself must be bilaterally approved by the Government and the Contractor.

3.3 Information Security and Integrity: The award fee process requires handling of Government and Contractor sensitive data and information security is extremely important to the success of the process. Disclosing sensitive information to unauthorized persons can result in ethical and legal issues that undermine the credibility of the process.

All members of the award fee organizational structure must uphold the highest standards of information security and integrity.

Information associated with the award fee process should generally be considered sensitive and subject to Government non-disclosure restrictions. All participants in the award fee process (including any advisors, subject matter experts, or support personnel) must ensure that:

- a. Specific details regarding the award fee evaluation are not made known, wholly or in part, to anyone other than designated members of the award fee organizational structure. Any request to release award fee information to outside parties must be reviewed and approved by the FDO prior to release.
- b. All Government personnel associated with the award fee process must sign Non-Disclosure Agreements and be free of any personal or organizational conflicts of interest.
- c. All sensitive award fee information is properly safeguarded and reside on networks with adequate security access controls.

4.0 AWARD FEE EVALUATION PROCESS

4.1 Award Fee Evaluation Periods:

Award Fee for CLIN 0001 - The award fee evaluation occurs at the end of the 9 month period of performance

Award Fee for CLINs 1001 – 5001 - The award fee evaluation occurs every six months during contract performance.

The award fee periods and available amounts for the DDKS contract are:

| Award Fee Period # | Contract Year | Award Fee Evaluation Period | Available Award Fee Amount |
|--------------------|------------------------------------|---|---|
| 1 | Phase-In Period | CLIN 0001 Phase-In (16 Oct 2009 – 31 Jul 2010) | <i>TBD</i> <i>(5% of CLIN 0001 estimated cost)</i> |
| 2 | Optional Full Performance Period 1 | 1 Aug 2010 – 31 Jan 2011 | <i>TBD</i> <i>(3% of CLIN 1001 estimated cost)</i> |
| 3 | Optional Full Performance Period 1 | 1 Feb 2011 – 31 Jul 2011 | <i>TBD</i> |

| | | | |
|----------------------|------------------------------------|--------------------------|---|
| | | | <i>(3% of CLIN 1001 estimated cost)</i> |
| 4 | Optional Full Performance Period 2 | 1 Aug 2011 – 31 Jan 2012 | <i>TBD</i> <i>(3% of CLIN 2001 estimated cost)</i> |
| 5 | Optional Full Performance Period 2 | 1 Feb 2012 – 31 Jul 2012 | <i>TBD</i> <i>(3% of CLIN 2001 estimated cost)</i> |
| 6 | Optional Full Performance Period 3 | 1 Aug 2012 – 31 Jan 2013 | <i>TBD</i> <i>(3% of CLIN 3001 estimated cost)</i> |
| 7 | Optional Full Performance Period 3 | 1 Feb 2013 – 31 Jul 2013 | <i>TBD</i> <i>(3% of CLIN 3001 estimated cost)</i> |
| 8 | Optional Full Performance Period 4 | 1 Aug 2013 – 31 Jan 2014 | <i>TBD</i> <i>(3% of CLIN 4001 estimated cost)</i> |
| 9 | Optional Full Performance Period 4 | 1 Feb 2014 – 31 Jul 2014 | <i>TBD</i> <i>(3% of CLIN 4001 estimated cost)</i> |
| 10 | Optional Full Performance Period 5 | 1 Aug 2014 – 31 Jan 2015 | <i>TBD</i> <i>(3% of CLIN 5001 estimated cost)</i> |
| 11 | Optional Full Performance Period 5 | 1 Feb 2015 – 31 Jul 2015 | <i>TBD</i> <i>(3% of CLIN 5001 estimated cost)</i> |
| Total Award Fee Pool | | | <i>TBD</i> |

4.2 Evaluation Criteria: The award fee that can be earned by the Contractor for the rating period based on their performance against the objectives and standards contained in Section 5 of this document. All criteria will be considered in the FDO's determination of the contractor's Rating and the amount of Award Fee Pool Earned.

4.3 AFRB Award Fee Recommendation Report: PMs inspect and report the Contractor's performance against the criteria provided in Section 5 of this document. PM's report their findings at the conclusion of the period to the AFRB. The AFRB reviews and considers the findings of the PMs and then develops a specific rating that considers all criteria. Finally, the AFRB reaches consensus on the specific percentage of award fee earned that corresponds with the recommended rating.

The AFRB Chairperson will prepare an Award Fee Recommendation Report that thoroughly documents the rationale for the recommended rating and percent of award fee earned.

4.4 Contractor Self Assessment: After the end of the rating period, the Contractor may submit a written self-assessment of their performance during the award fee period. The Contractor's self-assessment should correlate with the Award Fee Criteria in Section 5. The self-assessment gives the Contractor an opportunity to address information or extenuating circumstances that they believe should be considered by the AFRB and FDO prior to making the final award fee determination. The Contractor's self-assessment is due to the KO no later than 10 business days after the conclusion of the evaluation period.

4.5 AFRB Award Fee Recommendation Briefing: The AFRB Chairperson is responsible to prepare an Award Fee Recommendation Briefing for presentation to the FDO. Members of the AFRB and PMs, as requested, support the Chairperson in developing the briefing. The Award Fee Recommendation Briefing presents the Rating, supporting rationale and overall award fee percentage the AFRB recommends the Contractor should earn for the rating period. The briefing's purpose is to assist the FDO in making the final Award Fee Determination.

4.6 FDO Award Fee Determination and Document: Following the AFRB's Award Fee Recommendation Briefing, the FDO analyzes the information presented and makes the final Award Fee Determination for the period. The FDO documents their determination in an Award Fee Determination Document. The Document must state the Contractor's overall Award Fee Determination, the amount of fee earned for the rating period, and the supporting rationale for the decision. In making the final Award Fee Determination, the FDO has authority to adjust the AFRB's recommended award fee percentage based on the FDO's assessment of the Contractor's performance and other relevant facts and circumstances during the rating period. These adjustments can be upward or downward depending on the nature of the circumstances involved. FDO adjustments, and the justification for those adjustments, must be thoroughly documented in the Award Fee Determination Document.

4.7 Award Fee Determination Letter and Award Fee Contract Modification to the Contractor: The FDO will forward the Award Fee Determination Document to the KO for inclusion in the official contract file. Based on this Document, the KO prepares and issues the Award Fee Determination Letter and Award Fee Contract Modification after the conclusion of the evaluation period to the Contractor. The modification awards, if applicable, the fee earned for the evaluation period. Upon receipt of the modification, the Contractor may invoice the Government for payment of the award fee earned. The letter also provides a tentative scheduled date for the Award Fee Determination Briefing.

4.8 Award Fee Determination Briefing to the Contractor: Upon completion of the Award Fee Determination Letter and Award Fee Contract Modification, the Contractor may request an Award Fee Determination Briefing. The AFRB Chairperson is responsible for preparing and delivering the Award Fee Determination Briefing to the Contractor. The AFRB Chairperson is supported by members of the AFRB and the PMs, as required. The Briefing summarizes the results and rationale for the Government’s Award Fee Determination for the rating period. The Briefing must be consistent with the rationale contained in the Award Fee Determination Letter.

5.0 AWARD FEE REQUIREMENTS:

The total award fee earned by the contractor shall be determined at the end of the period based on evaluations of the contractor's performance.

Performance criteria established will remain throughout the life of the contract unless changed by a modification to the contract.

5.1. Award Fee Criteria for CLIN 0001:

5.1.1 Hiring of CADRE Training Team Personnel

| | |
|---|--|
| <p>Performance Standard(s): Provide new hire packages to the DDC Security for CADRE Training Team, to include registration in SPOT database.</p> | <p>Acceptable Quality Levels:</p> <p>This criteria will be consider met if:</p> <ol style="list-style-type: none"> 1. 70% of the CADRE Training Team Personnel have completed background check investigations and documentation is provided to the KO or designee three (3) months from the date of contract award AND; 2. 90% of the CADRE Training Team Personnel have completed background check investigations and documentation is provided to the KO or designee four (4) months from the date of contract award |
| <p>Primary PM: DDC DES</p> | <p>Surveillance Method: Audit by DDC DES</p> |
| <p>Frequency of Surveillance: One time measurement occurs three (3) months from the</p> | |

| |
|------------------------|
| date of contract award |
|------------------------|

5.1.2 Hiring of All Other Personnel

| | |
|--|---|
| <p>Performance Standard(s): Provide new hire packages to the DDC DES for all personnel (excluding the CARDRE Training Team Personnel) To include registration into SPOT database.</p> | <p>Acceptable Quality Level: This criteria will be considered met if:</p> <ol style="list-style-type: none"> 1. 70% of All other Personnel requiring DSS Access IAW TE 1.2 DSS and DDKS IT Security/Background Check Functional Requirements have completed background check investigations and documentation is provided to the KO or designee five (5) months from the date of contract award <u>AND</u>; 2. 90% of All other Personnel requiring DSS Access IAW TE 1.2 DSS and DDKS IT Security/Background Check Functional Requirements have completed background check investigations and documentation is provided to the KO or designee six (6) months from the date of contract award |
| <p>Primary PM: DDC DES</p> | <p>Surveillance Method: Audit by DDC DES</p> |
| <p>Frequency of Surveillance: One time measurement occurs five (5) months from the date of contract award</p> | |

5.1.3 Cost Control:

| | |
|---|--|
| <p>Performance Standard(s): Obtain a final actual cost that is less than the estimated cost of CLIN 0001</p> | <p>Acceptable Quality Level: This criteria will be considered met if the final actual cost is less than the estimated cost provided in the contract (as modified if applicable) for CLIN 0001</p> |
| <p>Primary PM: DDC J-7 (AB)</p> | <p>Surveillance Method: Audit by DCAA and determination by DDC</p> |
| <p>Frequency of Surveillance: One time determination by DDC occurs at the completion of CLIN 0001.</p> | |

5.2. Award Fee Criteria for CLINs 1001 – 5001:

5.2.1 Program Management

Performance Objective: This objective includes an evaluation of the Contractor’s commitment to and achievement in:

- **Effective** Stock Readiness Program/COSIS (Care of Supplies in Storage), Storage Space Management Program and good warehousing practices
- **Effectively** managing costs, allocating resources, and ensuring employee continuity and training
- **Effectively** managing contract APLs in compliance with regulatory requirements and government policy changes
- **Professionally** representing the DDC to the customer and responding to problems, risks and contingencies

Acceptable Quality Level:

This criteria will be considered met if all Performance Objectives were achieved to the satisfaction of the Government.

Primary PM: COR

Surveillance Method: COR and PMs observation and documentation of performance

Frequency of Surveillance: Monthly

5.2.2 Improving Trend in Quality Indicators

Performance Objective: This objective includes an evaluation of the Contractor’s:

- Commitment to and achievement in analyzing, identifying and taking appropriate actions to reduce the number of mandatory adjustments across all functional areas. Example actions, include, but are not limited to: (1) elevating accuracy in processing throughout the distribution process; (2) enhancing the quality of training for personnel; and (3) conducting sample inventories for self-analysis (TPIC-P)
- Quality Control Plan Effectiveness with a demonstrated downward trend line aggregated across error classification codes during the evaluation period. Error classification codes include causative research, ISDR, packaging and location surveys.

Acceptable Quality Level:

| | |
|---|---|
| This criteria will be considered met if all Performance Objectives were achieved to the satisfaction of the Government. | |
| Primary PM: Accountable Officer (AO) | Surveillance Method: AO observation and documentation of performance |
| Frequency of Surveillance: Monthly | |

5.2.3 Process Improvement

| | |
|--|---|
| <p>Performance Objective: This objective includes an evaluation of the Contractor's:</p> <ul style="list-style-type: none"> - Commitment to and achievement in proactively planning, recommending and/or implementing warehouse and operations process improvements. This includes, but is not limited to, improving processes in the functional areas of transportation, storage, stock readiness, inventory and safety/security. - Commitment to and achievement in analyzing and recommending improvements to automated systems that enhance enterprise production capability and supply chain visibility. - Commitment to and achievement in identifying and recommending solutions for improving the collection, tracking and use of metrics to improve the enterprise. | |
| <p>Acceptable Quality Level:</p> <p>This criteria will be considered met if all Performance Objectives were achieved to the satisfaction of the Government.</p> | |
| Primary PM: COR | Surveillance Method: COR and PMs observation and documentation of performance and submitted process improvements |
| Frequency of Surveillance: Monthly | |

5.2.4 Cost Control:

| | |
|--|---|
| <p>Performance Standard(s):</p> <p>Obtain a final actual cost that is less than the estimated cost of CLIN 1001, 2001, 3001, 4001 or 5001</p> | <p>Acceptable Quality Level:</p> <p>This criteria will be considered met if the final actual cost is less than the estimated cost provided in the contract (as modified if applicable) for CLIN 1001, 2001, 3001, 4001 or 5001</p> |
| Primary PM: DDC J-7 (AB) | Surveillance Method: Audit by DCAA and determination by DDC |

Frequency of Surveillance: One time determination by DDC occurs at the completion of CLIN 1001, 2001, 3001, 4001 or 5001.

6.0 PERFORMANCE RATING SCALE:

At the conclusion of the award fee evaluation period for CLIN 0001, the Government will assess all three criteria (Hiring Cadre Personnel, Hiring all Other Personnel, and Cost Control) to determine if the contractor met the Acceptable Quality Level. The contractor will be assigned a rating based upon 1) meeting the basic (minimum essential) contract requirements and 2) the number of award fee criteria met. The percent of award fee pool earned will be determined by the FDO based on the range for the assigned rating, as provided in the table below. In making this determination, the FDO will consider the degree to which the contractor met or exceeded the Acceptable Quality Levels of each criteria.

Example:

Contractor meets the basic (minimum essential) contract requirements and meets 2 of the 3 criteria (or 66% of the criteria). Contractor is assigned a rating of “Good” because they met at least 50% of the award fee criteria established in the award fee plan. The FDO determines the percentage of award fee earned within the range of “Good” (between 51-75% of the award fee pool). In making this determination, the FDO considers if the contractor simply met or exceeded the Acceptable Quality Levels, to what degree the levels were exceeded, and all other relevant facts and circumstances.

At the conclusion of the award fee evaluation period for CLINs 1001-5001, the Government will assess four criteria (Program Management, Improving Trend in Quality Indicators, Process Improvement and Cost Control) to determine if the contractor met the Acceptable Quality Level. The contractor will be assigned a rating based upon 1) meeting the basic (minimum essential) contract requirements and 2) the number of award fee criteria met. The percent of award fee pool earned will be determined by the FDO based on the range for the assigned rating, as provided in the table below. In making this determination, the FDO will consider the degree to which the contractor met or exceeded the Acceptable Quality Levels of each criteria.

Example:

Contractor meets the basic (minimum essential) contract requirements and meets 2 of the 4 criteria (or 50% of the criteria). Contractor is assigned a rating of “Good” because they met at least 50% of the award fee criteria established in the award fee plan. The FDO determines the percentage of award fee earned within the range of “Good” (between 51-75% of the award fee pool). In making this determination, the FDO considers if the contractor simply met or exceeded the Acceptable Quality Levels, to what degree the levels were exceeded, and all other relevant facts and circumstances.

| Rating | Description | % of Award Fee Pool Earned |
|----------------|--|----------------------------|
| Outstanding | Contractor has met the basic (minimum essential) contract requirements and has met at least 90% of the award fee criteria established in the award fee plan. | 91 – 100% |
| Excellent | Contract has met the basic (minimum essential) requirements of the contract, and has met at least 75% of the award fee criteria established in the award fee plan. | 76 – 90% |
| Good | Contractor has met the basic (minimum essential) requirements of the contract, and has met at least 50% of the award fee criteria established in the award fee plan. | 51 – 75% |
| Satisfactory | Contractor has met the basic (minimum essential) requirements of the contract | No Greater than 50% |
| Unsatisfactory | Contractor has failed to meet the basic (minimum essential) requirements of the contract | 0% |

7.0 CONTRACT TERMINATION: If the contract is terminated for the convenience of the Government after the start of an award fee evaluation period, the award fee deemed earned for that period shall be determined by the AFDO using the normal award fee evaluation process as identified previously. After termination for convenience, the remaining award fee amounts allocated to all subsequent award fee evaluation periods cannot be earned by the contractor and, therefore, shall not be paid.