AWARD FEE PLAN
FY17 Charter Airlift Services
in Support of the Civil Reserve Air Fleet (CRAF)
01 Feb 16

Approved:
Fee Determining Official:  __________________________________
Chief, Contract Airlift Division

1. Purpose

The purpose of this award fee plan is to provide the CRAF fixed price contracts with award fee incentive provisions. This Award Fee Plan documents the incentive provisions of the contract, as well as the procedures, metrics, roles, and responsibilities to administer an award fee for schedule reliability for International airlift passenger and cargo services in support of the CRAF. The desired behavior of the Contractor(s) is to maintain high on-time schedule reliability, which will be measured in accordance with surveillance methods as detailed in this plan and the contract.

The contract requires minimum acceptable performance, and rewards the contractor for increased levels of performance through the Award Fee Plan. Contractor’s performance will be assessed using the methodology outlined in the (Contract) Performance Work Statement (Attachment 1- PWS) and the Quality Assurance Surveillance Plan (QASP). References to the applicable PWS sections and weighting for the individual performance measures are outlined in the QASP. The PWS contains the required services (thresholds) and levels of performance that will be evaluated by this Award Fee Plan. The specific process for determining Contractor’s performance and corresponding award fee is set forth in the following paragraphs of this plan and the QASP.

2. Reason for Award Fee

The primary objective of this Award Fee Plan is to motivate Contractors to provide services that exceed customer requirements using predetermined benchmarks for the following critical performance objective:

   • Schedule reliability greater than 95%

By employing the Award Fee Plan, the Government expects to motivate the Contractor to maintain a schedule reliability rate of 98% or greater1 based upon a rolling four-month schedule reliability rate. Award fee will be earned by the Contractor for exceeding the required reliability standards of the contract. The award fee is one percent (1%) for schedule reliability of 98% or greater based upon the contractor’s previous month’s performance revenues (live miles cost only).

3. Award Fee Tasks

The award fees are designed to encourage higher on-time arrival performance reliability. Eligibility and the amount of the award fee shall depend on the Contractor’s performance. The performance objective identified above will be incentivized as reflected in the Performance and Award Fee Matrices discussed below. There are measurable performance parameters, objectives, and outcomes which will be reported, validated, and rewarded, if appropriate. The performance objectives are outlined in the QASP and within the PWS. Failure to meet those performance objectives will result in the remediation procedures outlined in the QASP.

4. Performance and Award Fee Matrices

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1 Contractor’s schedule reliability rate will be calculated to the nearest whole number. Less than .5 will round down and .5 or more will round up. For example, a carrier has 18 contractor-controllable delays for the four-month period. Total missions operated are 349. Reliability rate is calculated as 331 divided by 349 = .948 or 95%.
Table 1, Standards, describes the performance standard for the performance objective and the methods that will be used for monitoring. Table 2, Quality Levels and Award Fees, describes the Minimum and Target Quality Levels for each performance area.

Table 1. Standards

<table>
<thead>
<tr>
<th>Performance Area</th>
<th>Indicator</th>
<th>Standard</th>
<th>Method of Surveillance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide on-time arrival for all charter missions</td>
<td>Attachment 1 - PWS, Section C, Paragraphs 2.1 and 2.6.1</td>
<td>All aircraft arrive within one (1) hour after the scheduled arrival time</td>
<td>100% Inspection.</td>
</tr>
</tbody>
</table>

Table 2. Quality Levels and Award Fees

<table>
<thead>
<tr>
<th>Performance Objective</th>
<th>Target Quality Level (Target Award Fee)</th>
<th>Award Fee Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide on-time arrival for all charter missions</td>
<td>Initial four-month performance period reliability and rolling four-month schedule reliability that meets or exceeds 98%. Contractor will earn 1% award fee. Must have operated 20 or more missions (passenger), 15 or more missions (cargo).</td>
<td>Previous month’s performance revenues (live miles cost only) for each individual contractor.</td>
</tr>
</tbody>
</table>

Acceptable performance is required. Failure to meet schedule reliability requirements will disqualify the Contractor from receiving an award fee.

5. Method for Determining Award Fee

Funding will be applied to the Reimbursable CLIN at time of contract award. Award fee may be earned starting with the completion of the first three-month period following contract award and upon four-month rolling periods thereafter. Typically, within 20-30 days of the end of each rolling four-month performance period, the ACO shall submit an Award Fee Notice to the Contractor. This Award Fee Notice shall state the Contractor’s calculated award fee for the completed period based on the parameters outlined in Table 2 above. The notice shall include supporting documentation for the reported performance and award fee amount. The ACO will prepare the notice based on the objective measurement listed below:

- Schedule reliability of 98% or greater

The Contractor shall earn no award fee if the 98% or greater schedule reliability is not met, based on 20 or more missions for passenger carriers (15 or more missions, cargo carriers), during the four-month rolling period.

Award fee determinations and amounts rendered by the Fee Determining Official (FDO) are final and not subject to the Disputes Clause.

The award fee structure is effective for the entire period of performance of the contract.
6. Award Fee Plan Administrative Changes and Fee Application Examples

The method for changing this Award Fee Plan is described below:

a. The Contractor(s), or ACO may propose changes to the Award Fee Plan. The contractor may recommend changes to the ACO no later than 30 calendar days prior to the beginning of a new evaluation period.

b. The Government may elect to make unilateral changes to the Award Fee Plan, provided the ACO has sent written notice to the Contractor(s) of any changes to be applied at least 15 calendar days before the start of the upcoming evaluation period. Award Fee Plan changes affecting the current evaluation period must be by mutual consent. On agreement between the parties, changes will become effective as of the date of the applicable contract modification.

**Illustrative example of the Award Fee Earned for Exceeding Schedule Reliability Requirements—Passenger Carrier**

<table>
<thead>
<tr>
<th>TOTAL MSNs</th>
<th>TOTAL CONTRACTOR DELAYS</th>
<th>RELIABILITY PERCENTAGE</th>
<th>RELIABILITY PERCENTAGE ROUNDED</th>
<th>PREVIOUS MONTH'S REVENUES</th>
<th>AWARD FEE %</th>
<th>AWARD AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>2</td>
<td>96.3%</td>
<td>96.0%</td>
<td>$4,575,000</td>
<td>0.0%</td>
<td>$0</td>
</tr>
<tr>
<td>90</td>
<td>2</td>
<td>97.8%</td>
<td>98.0%</td>
<td>$3,000,000</td>
<td>1.0%</td>
<td>$30,000</td>
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