

AWARD TERM INCENTIVE  
OPTION PLAN (ATIOP)  
For  
Ready Reserve Force (RRF)  
Ship Manager Contracts  
Awarded Under  
Solicitation DTMA8R04004

Approved by

Term Award Determining Official  
Procuring Contracting Officer

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## PART 1 INTRODUCTION

### A. Overview

This plan covers the implementation and administration of the award term and additional vessel incentive option provisions of contracts to be awarded under Solicitation DTMA8R04004 for ship manager services in support of the Maritime Administration's (MARAD) Ready Reserve Force (RRF) Program.

### B. Definitions and Responsibilities

***Administrative Contracting Officer (ACO)*** - Refers to a contracting officer who is an authorized representative of the Procuring Contracting Officer (PCO) acting within the limits of their authority as delegated by the PCO. The ACO administers the ship manager contracts and performs assigned post-award functions related to the administration of the Contracts. The ACO is also responsible for the preparation, issuance and retention of Ship Manager Performance Appraisals.

***Award Incentive Evaluation Period (Evaluation Period)*** – The period of contractor performance considered by the Award Term Review Board in making a determination of eligibility for an award term incentive (term and/or vessels). The Evaluation Period will normally include the four most recent Performance Appraisal Periods, however Award Term Incentive determination may not be solely based upon these.

***Award Term Incentive Decision Point (ATIDP)*** – The designated period at which the Award Term Review Board convenes to review and summarize contractor performance information to determine if an award incentive option and/or additional vessel option is recommended.

***Award Term Incentive Determination*** - The Award Term Determining Official's (TDO) determination of whether a contractor is eligible for award an incentive option (period and/or vessels) based on the recommendation of the ATRB.

***Award Term Review Board (ATRB)*** - The team that is designated by Award Term Determining Official (TDO) to review and assess the Ship Manager's performance against the evaluation criteria described in of the Award Term Incentive Option Plan. The ATRB consists of the voting members (Chairperson, Deputy Chairperson, Contracting Officer, Recorder, Quality Assurance Evaluators, etc. Other HQ and regional personnel may be assigned on an Ad Hoc basis.

***Contracting Officer's Technical Representative (COTR)*** - Technical representatives who the contracting officer delegates to perform certain functions during the term of the Ship Manager Contract. A COTR may also be appointed as a Performance Monitor in the implementation of the Award Term Incentive Option Plan.

***Performance Appraisal Period (PAP)***– The 6-month period in which contractor performance is evaluated and addressed in the Ship Manager Performance Appraisal issued by the Administrative Contracting Officer.

**Performance Monitor (PM).** HQ and/or Regional personnel assigned by the ATRB Chairperson to evaluate, assess, and summarize the written record of their respective contractor's performance for the purpose of determining award term incentive options. PMs will discuss the results with the ATRB, in accordance with the General Instructions for Performance Monitors detailed in Exhibit 1 of this Plan, as well as with specific instructions and guidance furnished by the Award Term Review Board (ATRB) Chairperson. PMs will submit written reports as requested, and, if required, make verbal presentations to the ATRB.

**Procuring Contracting Officer (PCO)** - The contracting officer who signed the Ship Manager Contract on behalf of the Government and is authorized to make changes to contract terms and conditions.

**Quality Assurance Evaluator(s) (QAE)** - No more than one Contracting Officer's Technical Representative (COTR) and one Administrative Contracting Officer (ACO) from each MARAD region to serve on the ATRB as determined by the Chairperson.

**Quality Assurance Surveillance Plan (QASP)** - The functions and associated actions performed by the Government to ensure that Ship Manager Contract requirements are performed in accordance with the standards identified in the Performance Work Statement (PWS).

**Ship Operations and Maintenance Officer (SOMO)** - The SOMO may be assigned as a Performance Monitor and/or QAE to serve on the ATRB.

**Ship Manager Performance Appraisal (SMPA)** - The official evaluation of Ship Manager performance against the Contract requirements as listed in the Performance Work Statement. SMPAs are issued on a per contract basis via the Ship Manager Performance Evaluation Appraisal System (SM-PEAS) by the ACO every six months (after the initial 9-month period of the contract) throughout the term of the contract.

**Term Determining Official (TDO)** - Approves the Award Term Incentive Option Plan and any changes to thereto. The TDO reviews the recommendation(s) of the Award Term Review Board (ATRB), considers all pertinent data, and determines the earned award term points for each evaluation period. The TDO appoints the ATRB Chairperson and determines whether a contractor is eligible for the award term incentive option and/or an additional vessel option in accordance with the Award Term Incentive Option Plan.

### C. Contract Matters

The following matters, among others, are covered in the contract(s):

1. The contractor (Ship Manager) is required to provide services to maintain assigned RRF vessels in Fully Mission Capable Readiness Status unless a change is authorized by the Government and efficiently activate and operate these vessels in support of national emergencies and defense objectives. The scope of services to be provided is detailed in Section C of the Contract.

2. There are fifty-four (54) vessels included in this acquisition. Most of the groups consist of two or three ships of the same class. Multi-year contracts were awarded for fifty-four (54) of the vessels. With the exception of two ship groups, the resulting contracts have one four-year base performance period, with two 3-year options. The base term of the contracts shall not exceed 48 months from its effective date, with annual cancellation ceilings through contract year 4, in accordance with the provisions of FAR Clause 52.217-2 CANCELLATION UNDER MULTI-YEAR CONTRACTS. The total term of the resulting contracts shall not exceed ten (10) years, including all option years.
3. One single-vessel group (#6) is scheduled was awarded for one year with two 1-year options.
4. One two-ship group (#11) was awarded as a multi-year contract with a two-year base performance period and eight 1-year options, with a cancellation ceiling for contract year 2, in accordance with the provisions of FAR Clause 52.217-2 CANCELLATION UNDER A MULTI-YEAR CONTRACTS. The total term of the contract for Ship Group 11 shall not exceed 10 years, including all option years if exercised.
5. Ship groups (SG) 6 and 11 will not be considered for incentive awards due to the uncertainty of the program requirement and associated funding.
6. The estimated cost for the base period of performance is described in Section B of the contract. The services to be performed under this contract will be incrementally funded for each performance period.
7. Performance periods beyond contract year 1 are subject to availability of funds.
8. The fixed price per diem rates for the option years (i.e., award terms) and additional vessels are subject to escalation in accordance with the Economic Price Adjustment (EPA) Clause, FAR 52.222-43, inclusive of Consumer Price Index (CPI) and future wage determinations.
9. The award term for the base years and option years, if exercised, are (except for SG 6 and SG 11):
  - a. Base contract period = 48 months (4 years) from effective date of contract **(07/27/2005 through 07/26/2009)**.
  - b. 1<sup>st</sup> Award Term Incentive Option period = 36 months (3 years) – **(07/27/2009 through 07/26/2012)**
  - c. 2<sup>nd</sup> Award Term Incentive Option period = 36 months (3 years) – **(07/27/2012 through 07/26/2015)**
10. The contractor's eligibility for award of an award term incentive option and/or an additional vessel(s) incentive option is determined by the Government's evaluation of the contractors' performance in terms of the criteria stated in this Award Term Incentive Option Plan (ATIOP), consistent with other factors such as, results from Contract Administrative Reviews (CAR), information contained in the Ship Manager Performance Evaluation and Appraisal System (SM-PEAS), etc. The TDO's determination regarding whether a

contractor is eligible for an award incentive option is unilateral and not subject to administrative or judicial review. The Government reserves the right not to exercise any incentive option pursuant to clause H.3 of the contract.

11. The Term Determining Official (TDO) may unilaterally change the particulars of this Plan, as covered in Part VI, below, providing the PCO issues notice of the change at least fifteen (15) calendar days prior to the beginning of the evaluation period to which the changes apply.

D. Award Term Incentive Option

The determination that a contractor is eligible for award an additional term incentive option is contingent upon the contractor achieving a rating of excellent or outstanding in accordance with Exhibit 4 of ongoing performance in all areas of the contract, as well as exhibiting continuous improvements in performance, and implementing efficiencies and demonstrating effective cost management, whether specified as award term incentive evaluation areas or not, for each PAP throughout the term of the contract. This is designed to reinforce the importance of overall continued excellent contract performance. See Part IV.

E. Additional Vessels Incentive Option

1. The determination that a contractor is eligible for award an additional term vessel incentive option is contingent upon the contractor achieving a rating of excellent or outstanding in accordance with Exhibit 4 of ongoing performance in all areas of the contract, as well as exhibiting continuous improvements in performance, and implementing efficiencies and demonstrating effective cost management, whether specified as award term incentive evaluation areas or not, for each PAP throughout the term of the contract. This is designed to reinforce the importance of overall continued excellent contract performance. In determining whether to award an incentive option for additional vessels, the ATRB and TDO will consider the contractor's experience by class of ship and the availability of ships. This determination and the methodology utilized making this determination are unilateral decisions made solely at the discretion of the Government and the terms for award of any additional vessel(s) incentive option. See Part IV.

## **PART II EVALUATION SCHEDULE AND SCORING**

A. Schedule of Performance Appraisal Periods for Base Years and Award Term Incentive Option Years

The Government will complete an initial Ship Manager Performance Appraisal (SMPA) at the completion of the ninth month of the base year. This performance appraisal period (PAP) will be scored but not counted in the Award Term Incentive Decision Point (ATDP), but will be used as a "wake-up" period for the contractor, at which time the Government will identify areas of performance impacting the contractor's ability to obtain an award term and additional vessels option. The Government will complete an SMPA every six (6) months thereafter, following the initial 9-month SMPA, which will be scored and considered in the award term incentive determination.

## B. Evaluation Scoring

Each SMPA will have a maximum point value of 600 points. The decision to grant the first (1<sup>st</sup>) award term incentive option will be made after the fourth PAP. To be considered for the first (1<sup>st</sup>) award term incentive option, the contractor must have accumulated a minimum of **1920** points out of the **2400** potential points (**80%**), with no more than one (1) individual SMPA receiving a score of less than **480** out of **600**.

To determine whether to grant a second or subsequent award term incentive option, the Government will consider the contractor's performance in the four (4) most recent performance evaluations. To be considered for an additional award term incentive option, and additional vessel option, if applicable, the contractor must have accumulated at least **2040** points out of the **2400** points (**85%**) possible on those SMPAs, with no more than one individual SMPA receiving a score of less than **510** out of the **600**.

**NOTE: Each SMPA has a maximum weighted score of either 600 points EXCEPT if, within a six (6) month PAP, a vessel within a Group/Contract has neither been activated/deactivated nor operated in Phase O for a period in excess of thirty (30) days, then the maximum weighted score for that SMPA will be adjusted to the maximum number of points as applicable. To be considered for an award term, the contractor must still accumulate a minimum of 80% and 85% of the total potential points for the award term incentive option period respectively.**

## C. ATDP Timetable

The schedule below reflects the timetable for evaluations of award term incentive option decision points (based on contract award date of July 2005). The Award Term Decision Point (ATDP) precedes the Procuring Contracting Officer's determination, under FAR Part 17.207, to exercise the option.

| Schedule of Evaluation Periods and Award Term Incentive Option Periods                        |   |   |   |   |   |  |  |  |  |
|---|---|---|---|---|---|--|--|--|--|
| Core Performance Periods  |   |   |   | Award Term Incentive Option Periods                                 |   |  |  |  |  |
| Contract Base Year 1  | Contract Base Year 2  | Contract Base Year 3  | Contract Base Year 4  | 1 <sup>st</sup> Award Term Contract Year 5                          | 1 <sup>st</sup> Award Term Contract Year 6  | 1 <sup>st</sup> Award Term-Contract Year 7                           | 2 <sup>nd</sup> Award Term Contract Year 8                           | 2 <sup>nd</sup> Award Term Contract Year 9                           | 2 <sup>nd</sup> Award Term Contract Year 10                        |
| April 2006<br>Evaluate for initial period (9 months of 1 <sup>st</sup> CY) ("Wake-up Period") | Oct 2006<br>1 <sup>st</sup> six-month evaluation<br><b>PAP 01</b>   | Oct 2007<br>3 <sup>rd</sup> six-month evaluation<br><b>PAP 03</b>                                   | Oct 2008<br>5 <sup>th</sup> six-month evaluation<br><b>PAP 05</b>   | Oct 2009<br>6 <sup>th</sup> six-month evaluation<br><b>PAP 07</b>   | Oct 2010<br>8 <sup>th</sup> six-month evaluation<br><b>PAP 09</b>                                   | Oct 2011<br>10 <sup>th</sup> six-month evaluation<br><b>PAP 11</b>   | Oct 2012<br>12 <sup>th</sup> six-month evaluation<br><b>PAP 13</b>   | Oct 2013<br>13 <sup>th</sup> six-month evaluation<br><b>PAP 15</b>   | Oct 2014<br>15 <sup>th</sup> six-month evaluation<br><b>PAP 17</b> |
| <b>PAP 00</b>   | April 2007<br>2 <sup>nd</sup> six-month evaluation<br><b>PAP 02</b> | April 2008<br>4 <sup>th</sup> six-month evaluation<br><b>PAP 04</b><br><b>(1<sup>st</sup> ATDP)</b> | April 2009<br>6 <sup>th</sup> six-month evaluation<br><b>PAP 06</b> | April 2010<br>7 <sup>th</sup> six-month evaluation<br><b>PAP 08</b> | April 2011<br>9 <sup>th</sup> six-month evaluation<br><b>PAP 10</b><br><b>(2<sup>nd</sup> ATDP)</b> | April 2012<br>11 <sup>th</sup> six-month evaluation<br><b>PAP 12</b> | April 2013<br>12 <sup>th</sup> six-month evaluation<br><b>PAP 14</b> | April 2014<br>14 <sup>th</sup> six-month evaluation<br><b>PAP 16</b> |  |

If a SM gets two (2) SMPA's of either less than 80% (first award term) or less than 85% (second award term); the SM is automatically excluded from consideration of an award term.

### **PART III ORGANIZATIONAL STRUCTURE FOR AWARD TERM ADMINISTRATION**

The following organizational structure is established for administering the award term and additional vessel option provisions of the contract(s). Note that this structure is subject to change at the discretion of the Government.

#### **A. Award Term Determination Official (TDO)**

1. The TDO is the Director, Office of Ship Operations
2. Primary TDO responsibilities are:
  - a. Approves the Award Term Plan and any changes thereto;
  - b. Reviews recommendations made by the Award Term Review Board (ATRB) and considers all information from pertinent sources;
  - c. Determines the earned award term points for each evaluation period;
  - d. Appoints the ATRB Chairperson;
  - e. Determines whether an SM is eligible for an Approves award term and/or additional vessel options earned for each evaluation period as addressed in Part III below.

#### **B. Award Term Review Board (ATRB)**

1. The Chairperson of the ATRB is the Deputy Director, Office of Ship Operations, or some other person appointed by the TDO. The following are voting members of the ATRB:
  - Deputy Director Office of Ship Operations, Chairperson
  - Chief Division of Maintenance & Repair, Deputy Chairperson
  - Director Office of Acquisition, Contracting Officer
  - Procuring Contracting Officer, Recorder
  - MAR-610.5 Member
  - Quality Assurance Evaluator(s)
  - a. The Chairperson may recommend the appointment of any MARAD staff member as non-voting members to assist the ATRB.
2. The responsibilities of the ATRB are:
  - a. Review evaluations of the contractors' performance;
  - b. Conduct at the discretion of the ATRB chairperson evaluations of contractor performance by reviewing all performance elements prior to ATRB meetings, noting questionable areas and computing a tentative score for each category;
  - c. Consider all information from pertinent data, discusses events with fellow members at the ATRB meeting(s), and require clarifications from COTRs, ACOs, and other MARAD personnel, if necessary;
  - d. Calculate and vote on earned award term points on the basis of what is presented and substantiated;

- e. Prepare and submit an ATRB Report to the TDO covering the ATRB finding and recommendations for each evaluation period; and
- f. Recommend changes to the ATIOP, if necessary.

C. Performance Monitors (PMs)

1. A performance monitor will be assigned to each or several performance areas to be evaluated. PMs are not voting members of the ATRB. A list of performance monitors with their assigned areas of evaluation is shown in Exhibit 1 to the ATIOP.
2. Each performance monitor will be responsible for complying with the General Instructions for Performance Monitors (Exhibit 2) and any specific instructions of the ATRB Chairperson.
3. The primary responsibilities of the PMs are outlined in Exhibit 2.

#### **PART IV METHOD FOR DETERMINING ELIGIBILITY FOR AWARD TERM INCENTIVE OPTION AND ADDITIONAL VESSEL(S) INCENTIVE OPTION**

A determination of a contractor's eligibility for the award term incentive option and, if applicable, an additional vessel option for each award term will be made promptly by the TDO at the end of the Evaluation Period. The method to be followed in monitoring, evaluating, and assessing contractor performance during the Evaluation Period, as well as for determining the award term and additional vessel options, is described below.

The Chairperson will assign a ATIOP performance monitor(s) for each or several performance areas and/or sub-areas to be evaluated under the contract consistent with the areas of performance within the Quality Assurance Surveillance Plan (QASP). The PM role may be in addition to, or an extension of, regular responsibilities. The ATRB Chairperson may change monitor assignments at any time without advanced notice to the contractor. The PCO or designated ACO will notify the contractor promptly of all performance monitor assignments.

The ATRB Chairperson will ensure that each PM receives the following:

- a. A copy of the contract and all modifications;
- b. A copy of this Plan, along with any changes made in accordance with Part V, below;
- c. Appropriate orientation and guidance; and
- d. Specific instructions applicable to a monitor's assigned performance area(s), if applicable.

PMs will monitor, assess and document contractor's performance as required by the QASP, and may discuss the results with contractor personnel or management, as appropriate, in accordance with the General Instructions for Performance Monitors detailed in Exhibit 2 of this Plan, as well as with specific instructions and guidance furnished by the ATRB Chairperson.

As requested, the ATRB Chairperson will request and obtain performance information from other MARAD personnel normally involved in observing contractor performance or are recipients of contractor services.

The ATRB will request and consider PM Reports and other performance information it obtains and will discuss the reports and information with PMs or other personnel, as appropriate.

At the end of each Evaluation Period, the ATRB will consider all the performance information it has obtained, and will assess the contractor's for the performance goals as described in Exhibit 5. The ATRB will summarize its preliminary findings and recommendations for coverage in the ATRB Report.

The ATRB Chairperson will prepare the ATRB Report for the period under evaluation and submit it to the TDO for use in determining the award term and an additional vessel(s) option, if applicable. The ATRB Report will include award recommendation(s); i.e., additional award terms and/or vessel(s) options, as applicable, with supporting documentation. When submitting the ATRB Report, the Chairperson will inform the TDO if there are open or unresolved

performance issues to be addressed before the award term incentive option and/or additional vessel option determination is made.

The TDO will consider the ATRB Report and discuss it with the ATRB Chairperson or other personnel, as appropriate. If the TDO considers it appropriate, the TDO will meet with the contractor for discussions. If requested by the TDO, the ATRB Chairperson and any other personnel involved in performance evaluations may be requested to attend the meeting with the contractor. The ATRB Report is an internal Government document and will not be distributed to the Contractor.

The TDO will determine the incentive options for which a SM is eligible for an award term incentive option, and/or additional vessel option.. The determination will not be solely from mathematical summing, averaging, or the application of a formula. The TDO's determination that an SM is eligible for an award term incentive option, and/or additional vessel option, and basis for this determination will be stated in the Award Term Incentive Determination submitted to the Procuring Contracting Officer. The submittal will be signed by the TDO and his findings delivered to the Procuring Contracting Officer. The TDO's determination regarding whether a contractor is eligible for an award term and / or additional vessels incentive option is unilateral and not subject to administrative or judicial review.

The PCO's determination to exercise an incentive option shall be made in accordance with FAR Part 17.207. The Government reserves the right not to exercise any incentive option pursuant to clause H.3 of the contract. The Procuring Contracting Officer will notify the contractor of the Government's intent to exercise the option no less than ninety (90) days prior to exercise of the option.

If upon notification by the PCO of the Government's intent to exercise an award term option (vessel or term) and the contractor decides not to accept the option, the contractor must notify the PCO within fourteen (14) days of the date of the notification.

If the TDO determines to grant additional vessels via the incentive option, the Procuring Contracting Officer shall execute a modification to exercise the incentive option by adding the ship group to the contract.

If the contractor decides to not accept the award term incentive option period and/or the additional vessels option, the contractor must notify the Procuring Contracting Officer in writing no later than 240 days prior to the start of the applicable award term period.

The contractor, however, remains fully responsible for continued satisfactory performance for the remaining performance period of the contract in spite of such a decision.

**PART V      AWARD TERM INCENTIVE OPTION/ADDITIONAL VESSEL(S)  
OPTION EVALUATION CRITERIA**

A. In accordance with the procedures set forth in Part IV, the ATRB will assess and summarize the contractor's performance of the six (6) critical performance goals listed below:

1. Responsive and High-Quality of Fleet Maintenance and Logistics Requirements
2. Successfully Perform and Support Core RRF Requirements  
(Activation/Operation/Deactivation)
3. Adhere to Sound Safety, Security and Environmental Standards and Practices with No Adverse Impact on Personnel, Environment and Property
4. Adequately Crew Vessels with Qualified Marine Personnel
5. Compliance with Government and Company Business Policies, Procedures and Practices
6. Effective Management and Control of Costs

B. The performance elements and sub-elements of each performance goal will be evaluated based on the following general criteria. Specific evaluation criteria for each sub-area is included in the QASP, Technical Exhibit-2 of the contract (see the Virtual Office of Acquisition). Note that for any performance evaluation period, performance elements and their associated evaluation criteria may be changed to reflect the type of work being performed or changes in program emphasis.

1. Responsive and High-Quality Completion of Fleet Maintenance and Logistics Requirements
  - 1-1 Preventive Maintenance Plan (PMP) Execution
  - 1-2 Regulatory Body Classification/Certification
  - 1-3 Readiness of the Vessel
  - 1-4 Quality and Completeness of Business Plan (M&R Work Plan)
  - 1-5 Quality of Ship Manager's Execution of the Business Plan (M&R Work Plan)
  - 1-6 Logistics
2. Successfully Perform and Support Core RRF Requirements  
(Activation/Operation/Deactivation)
  - 2-1 Quality of Vessel Activation and Deactivation
  - 2-2 Quality of Ship Operations
3. Adhere to Sound Safety, Security and Environmental Standards and Practices with No Adverse Impact on Personnel, Environment, and Property
  - 3-1 Environmental
  - 3-2 Safety
  - 3-3 Security
4. Adequately Crew Vessels with Qualified Marine Personnel
  - 4-1 Contract Manning Levels and Quality

5. Compliance with Government and Company Business Policies, Procedures and Practices
  - 5-1 Quality Assurance
  - 5-2 Acquisition Procedures
  - 5-3 Acquisition Operations
  - 5-4 Deliverables
  
6. Effective Management and Control of Costs
  - 6-1 Effective Management and Control of Costs

C. The contractor does not “earn” an award term incentive option or additional vessels option solely by meeting the criteria of SM-PEAS. The Government will consider other factors such as, the contractor’s experience by class, as well as the availability of vessels, etc. However, under the terms and conditions of the contract, if the contractor fails to meet the criteria of the ATIOP, the Procuring Contracting Officer may not consider the exercise of an option.

## **PART VI CHANGES IN PLAN COVERAGE**

### **A. Right to Make Unilateral Changes**

Any matters covered in this Plan not otherwise requiring mutual agreement under the contract will be changed by the Procuring Contracting Officer via a unilateral modification attaching the revised . The change(s) will be made no later than fifteen (15) calendar days before the start of the applicable evaluation period.

### **B. Method for Changing Plan Coverage**

1. Government personnel involved in the administration of the award term incentive option and additional vessels option provisions of the contract are encouraged to recommend changes in plan coverage with a view toward changing management emphasis, motivating higher performance levels, or improving the award term determination process. Recommended changes should be sent to the ATRB Chairperson for consideration and drafting.
2. Prior to the end of each Evaluation Period, the ATRB will submit changes to the next Evaluation Period for approval by the TDO with appropriate comments and justifications, or inform the TDO that no changes are recommended for the next period.
3. The TDO will notify the Procuring Contracting Officer at least fifteen (15) days before the beginning of the evaluation period of any changes that need to be applied and the Procuring Contracting Officer will make the changes via a revised ATIOP as stated in Paragraph VI.A. above. If the contractor is not provided with this modification at least fifteen (15) calendar days before the beginning of the next evaluation period, the existing plan coverage will continue in effect for the next evaluation period.
4. No change to the ATIOP shall be effective until a modification is issued by the Procuring Contracting Officer.

**PART VII APPENDICES OF EXHIBITS**

Exhibit 1 – Performance Monitors

Exhibit 2 – General Instructions for Performance Monitors

Exhibit 3 – Actions/Schedules for Award Term/Additional Vessels Options  
Determination

Exhibit 4 - Award Term Incentive Option Conversion Chart

Exhibit 5 - Rating Guidelines

**Exhibit 1**  
**ATIOP Performance Monitors**

| <u>Performance Monitors</u>                | <u>Major Functional Areas</u>  |
|--|--|
| Marine Surveyors/COTRs                     | Maintains written records of the contractor's performance in their assigned evaluation area(s) so that a fair and accurate evaluation is obtained. Prepares evaluation reports as directed by the ATRB Chairperson. Performance monitors may also include the Procuring Contracting Officer's Technical Representative and Quality Control Personnel.  |
| Administrative Contracting Officers (ACOs) | Ensures compliance with contract requirements, specifically all regulatory and reporting requirements, company commercial purchasing procedures, management of subcontracts, and implementation of approved subcontracting plans. Conducts annual CARs, prepares and issues Ship Manager Performance Appraisals in SM-PEAS, and maintain written records of contractor's performance in assigned evaluation area(s). Prepares evaluation reports as directed by the PCO and / or ATRB Chairperson. |

**Exhibit 2**  
**General Instructions for Performance Monitors**

1. Assessing Performance

- a. Performance Monitors will review the ATIOP, and may discuss it with appropriate contractor personnel, and encourage maximum understanding of the evaluation and assessment environment.
- b. Performance Monitors may schedule status meetings, as appropriate, to ensure tasks are on schedule or problems are identified as early in the evaluation period as possible.
- c. Performance Monitors will review, assess and evaluate written records of contractor performance. In addition, PMs may discuss adverse items or areas of poor performance to afford the contractor an opportunity to clarify possible misunderstandings and to correct or resolve deficiencies.
- d. Performance Monitors must remember that contacts and visits with contractor personnel are to be accomplished within the context of official contractual relationships. Monitors shall avoid any activity or association which might cause, or give the appearance of causing, a conflict of interest.
- e. Performance Monitor discussions with contractor personnel are not to be used to instruct, to direct, to supervise, or as an attempt to control those personnel in the performance of this contract. The role of the monitor is to observe, assess, and evaluate the contractor's performance; not to manage the contractor's effort.
- f. Provide feedback to the contractor on its performance.

2. Documenting Evaluations and Assessments

Performance Monitors shall document evaluations and assessments conducted, results obtained, and discussions with contractor personnel and shall submit this information to the TDO via the Chairperson, ATRB as requested.

3. Evaluation/Assessment Reports

Performance Monitors shall prepare a formal Performance Monitor Report in accordance with the following instructions for submission to the ATRB Chairperson, or other, if applicable, not less than 14 days prior to the last day of the Evaluation Period.

a. Performance Monitor Reports

The Performance Monitor Report will be submitted by each PM for that monitor's area of responsibility consistent with the Performance Goals and/or Elements of the QASP. The report will assess and summarize the contractor's performance for the applicable Evaluation Period for that monitor's area of responsibility and document specific reasons for the evaluation. Guidelines for evaluations are contained in Exhibit 5, below. Significant events should be documented and attached to the report, if applicable. A recommended rating (see Exhibit 5) for each functional area which falls within the monitor's area of responsibility should be included in the report.

b. Verbal Reports

Performance Monitors will be prepared to make verbal reports as required by the Chairman and/or the TDO, as directed.

**Exhibit 3**  
**Actions/Schedules for Award Term/Additional Vessels Option Determination**

The following is a summary of the principal actions involved in determining the award term and/or additional vessels option for each evaluation period.

| <u><b>Action</b></u>   | <u><b>Schedule</b></u>  |
|--|---|
| 1. The PCO provides notification of any changes to the ATIOP   | 15 days prior to performance period   |
| 2. ATRB may recommend any changes to the ATIOP to the TDO.   | Normally at least 90 days prior to end of period                              |
| 3. ATRB Evaluations  |   |
| (a) ATRB Recorder notifies each ATRB member and performance monitor  | 14 days prior to Initial Evaluation.  |
| (b) ATRB Performance Monitors review/summarize written records of contractor's performance and submit preliminary PM Reports to the ATRB Chairperson | NLT 14 days prior to the end of the scheduled evaluation performance period   |
| (c) ATRB Chairperson determines preliminary findings/results and requests additional information from contractor                                     | 7 days after receipt of the ATRB PM Evaluation Report                         |
| (d) Contractor submits written response to ATRB Chairperson's request for info, as applicable  | Within 7 days of date of the ATRB Chairperson request                         |
| (e) ATRB meets and summarizes preliminary findings and positions of the ATRB Report to TDO   | 7 days after the end of the award term evaluation period                      |
| 4. TDO completes review of ATRB Report and forwards To PCO   | 90 days after receipt of ATRB Report  |
| 5. Option Exercise Determination by PCO  | Within 30 days of TDO Determination   |
| 6. PCO Notification of Government's Intent to Exercise Option IAW/FAR 17.207   | Within 14 days of Option Exercise Determination by PCO                        |
| 7. Contractor submits notice of acceptance or rejection of Government's notice of intent to exercise option  | No later than 14 days after date of PCO's notice of intent to exercise option |
| 8. PCO Issue Modification to Exercise Option   | Within 90 days of Government Exercise of The Option                           |

**Exhibit 4  
Award Term Incentive Option Conversion Chart**

| <b>ATIOP Total Points<br/>Per Award Term<br/>Determination Period</b> | <b>Performance Goal</b> | <b>QASP Correlation</b> |
|---|-------------------------|-------------------------|
| 2400– 2160  | Outstanding             |                         |
| 2159– 1920 <sup>1</sup>   | Excellent               | Exceeds Standards       |
| 1919 – 1680   | Good                    | Meets Standards         |
| 1679 – 1440   | Fair                    | Below Standards         |
| 1439 – 1200   | Poor                    | Below Standards         |
| Below 1200 <sup>2</sup>   | Unsatisfactory          |                         |

NOTES:

<sup>1</sup> Minimum points the contractor must accumulate to be considered for the 1<sup>st</sup> award term incentive option. To be considered for a subsequent award term incentive option, the contractor must accumulate at least 85% (2040 points) of the total points.

<sup>2</sup> A performance grade of unsatisfactory may be grounds for issuance of a cure notice and/or contract termination.

**Exhibit 5  
Rating Guidelines**

Summarize contractor performance in each of the rating areas. Assign each area a rating of N/A (Not Applicable), 0 (Unsatisfactory), 1 (Poor), 2 (Fair), 3 (Good), (4) Excellent, and (5) Outstanding. Use the following instructions in making these evaluations. Ensure that this assessment is consistent with the Agency’s Quality Assurance Surveillance Plan (QASP).

| <b>Rating</b>                     | <b>Responsive and High Quality Completion of Fleet Maintenance and Logistics</b>  | <b>Successfully Perform and Support Core RRF Requirements (Activation/Operations/Deactivations)</b>   | <b>Adhere to Sound, Safety, Security and Environmental Standards and Practices With No Adverse Impact on Personnel, Environment and Property</b>  | <b>Adequately Crew Vessels with Qualified Marine Personnel</b>  | <b>Compliance With Government and Company Business Policies, Procedures and Practices</b>   | <b>Effective Management and Control of Costs</b>  |
|-----------------------------------|---|---|---|---|---|---|
| Performance Objectives (IAW QASP) | <ul style="list-style-type: none"> <li>SM is effectively executing PMP in both Phase M and Phase O to successfully achieve readiness, activation and operational requirement</li> <li>Regulatory body surveys and inspections are compliant and current. Outstanding deficiencies levied by regulatory bodies are being resolved in a timely manner.</li> <li>Vessel is capable of being activated within its assigned readiness period and can sustain 180-day FMC operations.</li> <li>BP encompasses the accurate and responsive actions including but not limited to performing preventative maintenance, maintaining regulatory compliance, correction of known and emergent deficiencies, as required to maintain the vessel in C1 or C2 status.</li> <li>SM is effectively and efficiently executing the BP</li> <li>Manage, maintain and replenish ship support material and property necessary to sustain RRF vessels for 180 days.</li> </ul> | <ul style="list-style-type: none"> <li>Vessel activates on time and within budget IAW mission requirements.</li> <li>Vessel is deactivated to its normal R-Status and a plan is developed for the correction of all voyage repairs.</li> <li>SM effectively and efficiently sustains continuous operations IAW all mission requirements.</li> </ul> | <ul style="list-style-type: none"> <li>Zero pollution incidents</li> <li>Maintain control of all on-board hazardous materials and proper disposal of hazardous waste generated.</li> <li>Proactive training and awareness to pollution and hazardous waste regulations and response requirements.</li> <li>Effective and efficient response to any pollution incident.</li> <li>Effective Shipboard Waste Management Control.</li> <li>SM is effectively and efficiently executing their Safety Management Plan IAW MARAD direction that results in no adverse impact on personnel or the vessel.</li> <li>Provide resources, programs and procedures to ensure proper vessel security on all RRF vessels by following and revising, as necessary, the USCG approved Vessel Security Plan (VSP).</li> </ul> | <ul style="list-style-type: none"> <li>Provide for safe, efficient and economical operation of the vessel by employing qualified marine personnel.</li> </ul> | <ul style="list-style-type: none"> <li>Adherence to SM-developed QAP, providing accurate data submissions, correcting deficiencies identified by inspections, and taking effective measures to preclude recurrence of deficiencies.</li> <li>Acquisition procedures are in compliance with applicable regulations and reflect good commercial procurement practice.</li> <li>Acquisition operations are in compliance with approved commercial purchasing system procedures.</li> <li>Timely and accurate submittal of deliverables.</li> </ul> | <ul style="list-style-type: none"> <li>SM effectively manages and controls costs by implementing business processes and practices that accurately estimate, track, reconcile, and close-out actions.</li> </ul> |
| <i>Unsatisfactory</i>             | Nonconformances are jeopardizing the achievement of contract requirements despite major Agency involvement  | Delays are jeopardizing performance of contract requirements despite major Agency involvement   | Nonconformances are jeopardizing the achievement of contract requirements despite major Agency involvement  | Inability to adequately crew vessels is jeopardizing performance of contract requirements despite major Agency involvement                                    | Response to inquiries, technical/service/administrative issues is not effective.  | Inability to manage cost issues is jeopardizing performance of contract requirements despite major Agency involvement   |
| <i>Poor</i>                       | Overall compliance requires major Agency involvement to ensure achievement of contract requirements.  | Delays require major Agency involvement to ensure achievement of contract requirements  | Overall compliance requires major Agency involvement to ensure achievement of contract requirements.  | Inability to adequately crew vessels requires major Agency involvement to ensure achievement of contract requirements   | Response to inquiries, technical/service/administrative issues is marginally effective  | Ability to manage cost issues requires major Agency involvement to ensure achievement of contract requirements  |
| <i>Fair</i>                       | Overall compliance requires minor Agency involvement to ensure achievement of contract requirements.  | Delays require minor Agency involvement to ensure achievement of contract requirements  | Overall compliance requires minor Agency involvement to ensure achievement of contract requirements.  | Ability to adequately crew vessels requires minor Agency involvement to ensure achievement of contract requirements   | Response to inquiries, technical/service/administrative issues somewhat effective   | Ability to manage cost issues requires minor Agency involvement to ensure achievement of contract requirements  |
| <i>Good</i>                       | Overall compliance requires no Agency involvement to ensure achievement of contract requirements  | Delays require no Agency involvement to ensure achievement of contract requirements   | Overall compliance requires no Agency involvement to ensure achievement of contract requirements  | Crewing of the vessels with qualified personnel requires no Agency involvement to ensure achievement of contract requirements                                 | Response to inquiries, technical/service/administrative issues usually effective  | Management of cost issues requires no Agency involvement to ensure achievement of contract requirements   |
| <i>Excellent</i>                  | There are no quality problems   | There are no unexcused delays   | There are no safety, security or environmental problems   | There are no unresolved crewing issues  | Response to inquiries, technical/service/administrative issues is effective.  | There are no unresolved cost management issues  |
| <i>Outstanding</i>                | The Contractor has demonstrated an outstanding performance level in any of the above six goals that justifies adding a point to the score. It is expected that this rating will be used in those rare circumstances when contractor performance clearly exceeds the performance level described as Excellent.   |   |   |   |   |   |