

# 1552.216-78 Award term incentive plan.

As prescribed in 1516.406(c), insert a clause substantially the same as follows:

Award Term Incentive Plan (FEB 2008)

(a) The Award Term Incentive Plan provides for the evaluation of performance, and, together with Agency need and availability of funding, serves as the basis for award term decisions. The Award Term Incentive Plan may be unilaterally revised by the Government. Any changes to the Award Term Incentive Plan will be made in writing and incorporated into the contract through a unilateral modification citing this clause. The Government will consult with the contractor prior to the issuance of a revised Award Term Incentive Plan, but is not required to obtain the contractor's consent to the revisions.

(b) [describe the evaluation periods and associated award term incentive periods, e.g., months 1-18 for award term incentive period I, and months 19-36 for award term incentive period II]

(c) [describe the evaluation schedule, e.g., 90 days after the end of the evaluation period]

(d) In order to be eligible for an award term incentive period the contractor must achieve all of the acceptable quality levels (AQL) for the evaluated tasks, both individual and aggregate, for that evaluation period. Failure to achieve any AQL renders the contractor ineligible for the associated award term incentive period. [identify the most significant tasks. Describe the AQL for each task as well as an overall AQL for the associated evaluation periods, e.g., an AQL of 90% each for tasks 1 and 3, and an AQL of 85% for task 7, and an overall AQL of 90% for the months 1-18 evaluation period]

(e) [If the contract will contain a quality assurance surveillance plan (QASP), reference the QASP, e.g., attachment 2. Typically, the performance standards and AQLs will be defined in the QASP]

(End of clause)

*Alternate 1* (FEB 2008) As prescribed in 1516.406(d), substitute paragraphs substantially the same as following paragraphs (b) through (e) for paragraphs (b) through (e) in the basic clause:

(b) At the conclusion of each contract year, an average contract rating shall be determined by using the numerical ratings entered into the Department of Defense Contractor Performance Assessment Reporting System (CPARS) for this contract. The CPARS is an interactive database located on the Internet which EPA uses to record contractor performance evaluations.

(c) The contract year average rating shall be obtained by dividing the combined ratings by the number of ratings, for example:

<b>Criteria</b>	<b>Rating</b>
Quality of Product or Service	5.

<b>Criteria</b>	<b>Rating</b>
Cost Control	4.
Timeliness of Performance	4.
Business Relations	5.
	18 (combined rating).
	/ 4 (number of ratings).
	= 4.5 contract year average rating.

(d) The contractor shall be evaluated for performance from the start of the contract through Year \_\_\_\_ [identify the evaluation period, e.g., year three]. The average rating for each contract year (as derived in paragraph (c) above) will be combined and divided by [insert the number of evaluation periods] to obtain an overall average rating, for example:

<b>Evaluation period</b>	<b>Average rating</b>
Year One	4.5.
Year Two	4.75.
Year Three	4.75.
	14 (combined average rating).
	/ 3 (number of evaluation periods).
	= 4.66 overall average rating.

(e) Based on the overall average rating as determined under paragraph (d), provided that no individual rating, i.e., Quality of Product or Service, Cost Control, Timeliness of Performance, or Business Relations is below a 3, the contractor shall be eligible for the following award term periods:

- (1) Overall average rating of 4.6 to 5.0 - Two award term incentive periods of \_\_\_\_ [insert the number of months] months.
- (2) Overall average rating of 4.0 to 4.6 - One award term incentive period of \_\_\_\_ [insert the number

of months] months.

**Parent topic:** Subpart 1552.2 - Texts of Provisions and Clauses