

# PGI 216.470 Other applications of award fees.

The “award amount” portion of the fee may be used in other types of contracts under the following conditions:

- (1) The Government wishes to motivate and reward a contractor for—
  - (i) Purchase of capital assets (including machine tools) manufactured in the United States, on major defense acquisition programs; or
  - (ii) Management performance in areas which cannot be measured objectively and where normal incentive provisions cannot be used. For example, logistics support, quality, timeliness, ingenuity, and cost effectiveness are areas under the control of management which may be susceptible only to subjective measurement and evaluation.
- (2) The “base fee” (fixed amount portion) is not used.
- (3) The chief of the contracting office approves the use of the “award amount.”
- (4) An award review board and procedures are established for conduct of the evaluation.
- (5) The administrative costs of evaluation do not exceed the expected benefits.

TABLE 16-1, PERFORMANCE EVALUATION CRITERIA

		Submarginal	Marginal	Good	Very Good	Excellent
A Time of Delivery.	(A-1) Adherence to plan schedule.	Consistently late on 20% plans	Late on 10% plans w/o prior agreement	Occasional plan late w/o justification.	Meets plan schedule.	Delivers all plans on schedule & meets prod. Change requirements on schedule
	(A-2) Action on Anticipated delays.	Does not expose changes or resolve them as soon as recognized.	Exposes changes but is dilatory in resolution on plans.	Anticipates changes, advise Shipyard but misses completion of design plans 10%.	Keeps Yard posted on delays, resolves independently on plans.	Anticipates in good time, advises Ship- yard, resolves independently and meets production requirements.
	(A-3) Plan Maintenance.	Does not complete interrelated systems studies concurrently.	System studies completed but constr. Plan changes delayed.	Major work plans coordinated in time to meet production schedules.	Design changes from studies and interrelated plant issued in time to meet product schedules.	Design changes, studies resolved and test data issued ahead of production requirements.

B Quality of Work.	(B-1) Work Appearance.	25% dwgs. Not compatible with Shipyard repro. processes and use.	20% not compatible with Shipyard repro. processes and use.	10% not compatible with Shipyard repro. processes and use.	0% dwgs prepared by Des. Agent not compatible with Shipyard repro. processes and use.	0% dwgs. Presented incl. Des. Agent, vendors, subcontr. Not compatible with Shipyard repro processes and use.
	(B-2) Thoroughness and Accuracy of Work.	Is brief on plans tending to leave questionable situations for Shipyard to resolve.	Has followed guidance, type and standard dwgs.	Has followed guidance, type and standard dwgs. Questioning and resolving doubtful areas.	Work complete with notes and thorough explanations for anticipated questionable areas.	Work of highest caliber incorporating all pertinent data required including related activities.
	(B-3) Engineering Competence.	Tendency to follow past practice with no variation to meet reqmts. job in hand.	Adequate engrg. To use & adapt existing designs to suit job on hand for routine work.	Engineered to satisfy specs., guidance plans and material provided.	Displays excellent knowledge of constr. Reqmts. considering systems aspect, cost, shop capabilities and procurement problems.	Exceptional knowledge of Naval shipwork & adaptability to work process incorporating knowledge of future planning in Design.
B Quality of Work (Cont'd)	(B-4) Liaison Effectiveness	Indifferent to requirements of associated activities, related systems, and Shipyard advice.	Satisfactory but dependent on Shipyard of force resolution of problems without constructive recommendations to subcontr. or vendors.	Maintains normal contract with associated activities depending on Shipyard for problems requiring military resolution.	Maintains independent contact with all associated activities, keeping them informed to produce compatible design with little assistance for Yard.	Maintains expert contact, keeping Yard informed, obtaining info from equip, supplies w/o prompting of Shipyard.
	(B-5)	Constant surveillance required to keep job from slipping—assign to low priority to satisfy needs.	Requires occasional prodding to stay on schedule & expects Shipyard resolution of most problems.	Normal interest and desire to provide workable plans with average assistance & direction by Shipyard.	Complete & accurate job. Free of incompatibilities with little or no direction by Shipyard.	Develops complete and accurate plans, seeks out problem areas and resolves with assoc. act. ahead of schedule.
C Effectiveness in Control- ling and/or Reducing Costs	(C-1) Utilization of Personnel	Planning of work left to designers on drafting boards.	Supervision sets & reviews goals for designers.	System planning by supervisory, personnel, studies checked by engineers.	Design parameters established by system engineers & held in design plans.	Mods. to design plans limited to less than 5% as result lack engrg. System correlation.

(C-2)  
Control  
Direct  
Charges  
(Except  
Labor)

Expenditures  
not controlled  
for services.

Expenditures  
reviewed  
occasionally by  
supervision.

Direct  
charges set  
&  
accounted  
for on each  
work  
package.

Provides  
services as part  
of normal  
design function  
w/o extra  
charges.

No cost  
overruns on  
original  
estimates  
absorbs  
service  
demands by  
Shipyard.

(C-3)  
Performance  
to Cost  
Estimate

Does not meet  
cost estimate  
for original  
work or  
changes 30%  
time.

Does not meet  
cost estimate for  
original work or  
changes 20%  
time.

Exceeds  
original est.  
on change  
orders 10%  
time and  
meets  
original  
design  
costs.

Exceeds original  
est. on changing  
orders 5% time.

Never  
exceeds  
estimates of  
original  
package or  
change  
orders.

TABLE 16-2,  
CONTRACTOR  
PERFORMANCE  
EVALAUTION  
REPORT

Ratings	Period of _____
Excellent	Contract Number _____
Very Good	Contractor _____
Marginal	Date of Report _____
Submarginal	PNS Technical Monitor/s _____

CATEGORY	CRITERIA	RATING	ITEM FACTOR	EVALUATION RATING		CATEGORY FACTOR	EFFICIENCY RATING
	A-1 Adherence to Plan Schedule	_____	x	.40	=	_____	
	A-2 Action on Anticipated Delays	_____	x	.30	=	_____	
	A-3 Plan Maintenance	_____	x	.30	=	_____	
	Total Item Weighed Rating	_____	x	.30	=	_____	
B	QUALITY OF WORK						
	B-1 Work Appearance	_____	x	.15	=	_____	
	B-2 Thoroughness and Accuracy of Work	_____	x	.30	=	_____	
	B-3 Engineering Competence	_____	x	.20	=	_____	
	B-4 Liaison Effectiveness	_____	x	.15	=	_____	
	B-5 Independence and Initiative	_____	x	.15	=	_____	
	Total Item Weighed Rating	_____	x	.40	=	_____	

C

EFFECTIVE-NESS IN CONTROL-LING AND/OR  
REDUCING COSTS

C-1 Utilization of Personnel	_____	x	.30	=	_____
C-2 Control of all Direct Charges Other than Labor	_____	x	.30	=	_____

C-3 Performance to Cost Estimate \_\_\_\_\_ x .40 = \_\_\_\_\_

Total Item Weighed Rating \_\_\_\_\_ x .30 = \_\_\_\_\_

TOTAL WEIGHT RATING

\_\_\_\_\_

Rated by:

\_\_\_\_\_

Signature(s)

\_\_\_\_\_

NOTE: Provide supporting data and/or justification for below average or outstanding item ratings.

**Parent topic:** PGI 216.4 -INCENTIVE CONTRACTS