1852.216-88 Performance incentive.

As prescribed in 1816.406-70(f), insert the following clause:

Performance Incentive (APR 2015)

(a) A performance incentive applies to the following item(s) under this contract: (1).

The performance incentive will measure the performance of those items against the salient hardware performance requirement, called “unit(s) of measurement,” e.g., months in service or amount of data transmitted, identified below. The performance incentive becomes when the item is put into service. It includes a standard performance level, a positive incentive, and a negative incentive, which are described in this clause.

(b) *Standard performance level.* At the standard performance level, the Contractor has met the contract requirement for the unit of measurement. Neither positive nor negative incentives apply when this level is achieved but not exceeded. The standard performance level for

(1) ____ is established as follows: (2).

(c) Positive incentive. The Contractor earns a separate positive incentive amount for each item listed in paragraph (a) of this clause when the standard performance level for that item is exceeded. The amount earned for each item varies with the units of measurement achieved, up to a maximum positive performance incentive amount of $ (3) ____ per item. The units of measurement and the incentive amounts associated with achieving each unit are shown below: (4).

(d) *Negative incentive.* The Contractor will pay to the Government a negative incentive amount for each item that fails to achieve the standard performance level. The amount to be paid for each item varies with the units of measurement achieved, up to the maximum negative incentive amount of $ (5) ____. The units of measurement and the incentive amounts associated with achieving each unit are shown below: (6).

(e) The final calculation of positive or negative performance incentive amounts shall be done when performance (as defined by the unit of measurement) ceases or when the maximum positive incentive is reached.

(1) When the Contracting Officer determines that the performance level achieved fell below the standard performance level, the Contractor will either pay the amount due the Government or credit the next payment voucher for the amount due, as directed by the Contracting Officer.

(2) When the performance level exceeds the standard level, the Contractor may request payment of the incentive amount associated with a given level of performance, provided that such payments shall not be more frequent than monthly. When performance ceases or the maximum positive incentive is reached, the Government shall calculate the final performance incentive earned and unpaid and promptly remit it to the contractor.

(f) If performance cannot be demonstrated, through no fault of the Contractor, within [*insert number of months or years*] after the date of acceptance by the Government, the Contractor will be paid [*insert percentage*] of the maximum performance incentive.

(g) The decisions made as to the amount(s) of positive or negative incentives are subject to the

Disputes clause.

(1) Insert applicable item number(s) descriptor and/or nomenclature.

(2) Insert a specific unit of measurement for each hardware item listed in (1) and each salient characteristic, if more than one.

(3) Insert the maximum positive performance incentive amount (see 1816.402-270(e) (1) and (2)).

(4) Insert all units of measurement and associated dollar amounts up to the maximum performance incentive.

(5) Insert the appropriate amount in accordance with 1816.402-270(e).

(6) Insert all units of measurement and associated dollar amounts up to the maximum negative performance incentive.

(End of clause)

Parent topic: Subpart 1852.2—Texts of Provisions and Clauses