Use of Performance Based Acquisitions in Army Cleanup Programs

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Briefing Topics

• Overview of the Army’s PBA Initiative
• Lessons Learned
  – Technical Scoping
  – Contractual
  – Financial Execution
  – Program Efficiencies
• Changes to PBA Approach
Through FY10, the Army has awarded 133 PBA contracts/task orders.

Total Contract/Task Order Value Exceeds $1B

Awards range in value from $260K to $67.8M

Contracts in 48 states and Puerto Rico and all 10 EPA Regions at 165 installations (1,938 sites)

Total Cost Savings = $737M; Averaging 41% under CTC-based cost estimates

PBA Trends

<table>
<thead>
<tr>
<th>Year</th>
<th>$M Saved (Cum)</th>
<th>$M Awarded (Cumulative)</th>
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<tr>
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<td>571</td>
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<tr>
<td>FY06</td>
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<tr>
<td>FY10</td>
<td>737</td>
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Lessons Learned

• Three components to be considered throughout all phases of PBA
  – Technical Scoping
  – Contractual
  – Financial Execution

• Requires integrated approach
  – Personnel expertise in all components important

• Army has continually revised its PBA strategy, approach, and procedures to address lessons learned
Technical Scoping

• Candidate Screening
  – Starting point is Army database of record
  – All Army cleanup programs

• Candidate Evaluation (by site)
  – What are regulatory drivers (CERCLA, RCRA CA)?
  – What are significant uncertainties?
  – What is the current contract status?
  – What contract mechanisms are available?
  – What is Cost-to-Complete (CTC)?
    • Remedy in Place/ Response Complete (RIP/RC)
    • Remedial Action Operations/Long Term Management
Technical Scoping

• Outcomes of Candidate Evaluation
  – List of sites for Performance Work Statement/Statement of Objectives (PWS/SOO)
  – Pick up point for PBA
  – Performance objectives and due dates by site
  – Recommended contract vehicle and portfolio
  – Recommended timing for award
  – Acquisition strategies
    • Multiple-year
    • Multi-installation
    • Multi-contract
Technical Scoping

• Risk Management Approaches
  – Insurance
  – Guaranteed limit
  – Unit pricing
  – SOO versus PWS
  – Data gap analysis
  – Phased performance objectives
Technical Scoping

• Additional Evaluation Considerations
  – Fence-to-fence versus targeted sites
  – Defining endpoint performance objectives
    – Regulatory closure
    – RIP/RC versus Site Closeout (SC)
    – Interim phase
  – Single program or multi-program scope
  – Period of performance
  – Exit / ramp-down / optimized current and long-term costs
  – Incentives
Contractual

• Solicitation Considerations
  – Basis for Award
    • Technically acceptable/ low cost or best value technical tradeoff
    • Estimated remaining liabilities (activities and long-term financial liability)
  – Contract line items (CLINs) and payment milestones
  – Questions and Answers (Q&As)
  – Document availability/Organizational Conflict of Interest (OCI)
  – Site visit
  – Not incorporating proposal by reference in awarded contract
Contractual

- Considerations for Vehicle Selection
  - Contractors by portfolio
  - Remaining capacity
  - Award date/ordering period
  - Place of performance
  - Contract types
  - Types of services
  - Fee to use

- Insurance/warranty/pay and performance bonds
- Contracting Officer’s Representative (COR)
- Conditions
- Regulatory interface
- Personnel qualifications
- Use of non-voting technical expertise on evaluation panels
Financial Execution

• Tracking completion of performance objectives (modified Earned Value Management System (EVMS))
  – CLINs and Sub-CLINs
  – Payment milestones
  – Requests for change orders
• Bona fide need
• Multiple-year funding
  – Five-year expiration of ER,A funds
Other Lessons Learned

- Regulatory participation
- Lead agency role
- Innovative versus proven technologies
- Evolving definition of “performance-based”
- CERCLA 5-year reviews / remedy reviews
- Wage determinations (Davis Bacon, Service Contract Act)
Program Efficiencies

• Templates and Tools
  – PWS
  – Evaluation criteria
  – Standardized performance objectives

• Database for Tracking
  – Integrated technical, contractual and financial
Changes to PBA Approach

• FY01 to FY04
  – Fixed Price Contracts with Environmental Insurance
  – Fence to Fence awards addressing IRP sites
  – Contracts/Task Orders awards were typically Technically Acceptable/Low Cost

• FY05 to FY08
  – Decreased use of Environmental Insurance;
  – Increased use of Best Value as basis for award
  – MMRP Awards – FY05 was first MMRP SI Award
  – Compliance Cleanup Sites
  – Installations having multiple PBAs awarded for different types of sites
Changes to PBA Approach

• FY09 to FY11
  – Increased use for newly eligible DERP sites
  – First cost-reimbursable PBA
    • Target cost plus incentive fee (CPIF)
    • Disincentives for schedule delays and poor document quality
  – MMRP sites (approved RI or DD)

• FY12+
  – MMRP Feasibility Studies, Remedial Action, and Long Term Management
  – Greater Application to Formerly Used Defense Site Program
QUESTIONS?