AFCEE Performance Based Remediation (PBR) Program

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U.S. AIR FORCE
**AFCEE Performance Based Remediation (PBR) Program**

Presented at the NDIA Environment, Energy Security & Sustainability (E2S2) Symposium & Exhibition held 9-12 May 2011 in New Orleans, LA.
PBR Topics

- AFCEE PBR History & Successes
- FY11 Air Force Environmental Clean-up Refocus
- Lessons Learned for Overcoming Challenges
- Early Successes
Successes - BRAC Program

2006 BRAC Management Plan (BMP)

Goal of BMP
- Reduce Cost to Complete
- Expedite Site Closure
- Reduce Manpower to Manage BRAC Program

Successes of the BMP
- Five years after approval of the BMP
  - 90% of the BRAC bases will be under a basewide PBR
  - 50% AFCEE Manpower Reduction (from 86 to 43)
    - AFCEE PMs become Base Environmental Coordinators (BECs)
    - AFRPA becomes less involved in environmental operations

- Prior to FY11, 15 PBRs (16 former facilities) $180M
- In FY11, 6 PBRs (15 former facilities) $200M
Successes- Active Base Program
2011 Restoration Master Plan

- Prior to FY11
  - Awarded 14 PBRs valued at $156M
  - Typically not basewide

- In FY11
  - PBRs are basewide or regional
  - Nine (9) AFCEE PBRs Planned (24 bases) – approx $240M

- Restoration Master Plan under development by AFCEE/ER to be completed by Dec 2011
2011 Restoration Master Plan

Sites Considered for Active Base PBRs

- All Military Munitions Response Program (MMRP) sites
- All Compliance Restoration Program (CRP) sites
  - Regional PBRs for completion of Preliminary Assessment/Site Inspection (PA/SI) or Remedial Investigations (RIs) will not be pursued
  - Ongoing efforts for evaluating oil water separators and other potential sources not currently identified as sites will continue in parallel with PBRs (e.g. validate site status)
- All Installation Restoration Program (IRP) sites

Pre-ROD Sites

- PBRs require achievement of the end objective (e.g. RIP, RC, SC) even if the AF and Regulator accepted remedy differs from what was originally proposed
- AF may use optional line items in the TO for any phase beyond acceptance of the ROD and only exercise the option upon EPA acceptance of the ROD
New Air Force Goals
Refocus PBR Approach

- 24 Feb 11 Joint Memo from SAF/IE & SAF/AQ – Focus Shifted from “Remedy-in-Place” to Accelerated Site Completion (ASC)
  - Reduce Air Force Long Term Liabilities
  - ASC - The point at which the AF will make essentially no additional appreciable investment of time or money

New ASC Goals:
- BRAC Sites:
  - FY12 – 75% sites closed
  - FY15 – 90% sites closed
- Non-BRAC Sites:
  - FY12 – 50% sites closed/ 60% of all sites under PBR
  - FY15 – 75% sites closed/ 90% of all sites under PBR
New PBR Paradigm

- History - Competition Driving Savings! Average award 30% below programmed amount

- New Paradigm – Competition driving Accelerated Site Completion
  - Give contractors Rough Order of Magnitude (ROM) in RFP
  - Focus on completion of sites and reducing long term liability
PBRs May Cost More Upfront to Reduce Long Term Tail

Historically – PBR Savings 30% Below Programmed Amount

Current Funding Requirement Tail

Current Path

New Approach
Lessons Learned
Increase Contractor Flexibility

- Focus on the Final Objective
  - Do not award incremental steps to get to the final objective
  - Contractors performance is measured by the achievement of objectives and aligns payment to meeting objectives
  - Encourages innovation and enables contractors’ flexibility to meet objectives

- Longer Period of Performance – 9 years remaining on the IDIQ contract (WERC)

- Provide a healthy spread of low-medium-high risk sites
Lessons Learned

Funding Flexibility

- Within each PBR, award Options that are linked to delivered products/ Final Objectives

- Milestone Payment Structure (MPS) used to negotiate payment milestones within each option
  - MPS does not become a part of the task order award
  - MPS is submitted typically 30 Days after award, for approval by the project manager
  - Reduces modifications, simplifies management process
Lessons Learned
Technical Evaluation

- Minimum performance objectives provided in SOO
  - These must be achieved in order to have an acceptable minimally responsive proposal

- Proposals will be evaluated on their proposed strategy and capability to meet the overarching objectives
  - Maximize Site Closure (unrestricted) is preferable to meet goals
  - Reduce Life Cycle Cost

- Contractors required to explain why site closure is not proposed

- Contractors submit expected life cycle cost assumptions and a performance model beyond the POP for sites not achieving unrestricted site closure (reviewed by technical team)
Lessons Learned
Keep Regulators Involved

There are three key areas AF request Regulatory involvement within the PBR process:

Pre-Solicitation:
- Preliminary Planning
- PBR Candidate Evaluation
- Reference Document Preparation
- Acquisition Package Development

Solicitation:
- Contractor Site Visit
- Proposal Preparation for Evaluation
- Proposal Evaluation

Post Award Implementation:
- Contract Award
- Post-Award/Contract Implementation
Lessons Learned
Pre-Award Regulator Involvement

- AF may invite Regulators to participate in the candidate evaluation meetings
- Regulators may review draft SOOs
- AF requests Regulator participation in Contractor site visits
- AF must balance procurement integrity and the potential for release of pre-solicitation documents into the public domain
- Contractor questions during the solicitation period that require regulator clarification should be submitted through the CO, who will then request regulator clarification and issue response to contractors
Lessons Learned
Post-Award – Lead Agency

- Use of a PBR does not shift AF responsibility to the Contractor

- Base Remedial Project Manager (RPM) and/or designated Contracting Officer Representative is required to be present for all discussions between Regulators and PBR Contractor (case-by-case exceptions)
  - Contractor cannot negotiate on behalf of the Government
  - AF review and acceptance of draft document before document is released to Regulators

- Only the Contracting Officer (CO) has authority to direct the PBR Contractor
  - AFCEE COR appointed
  - COR works closely with Base to speak as a single voice

- Project Management Plan and Surveillance Plan describes roles
Lessons Learned
Post-Award Management

- Program Management Plan (PMP) is the first deliverable, typically within the first 30 days
  - Serves as the work plan and kept current for the life of the contract
  - Technical approach, project’s resources, and project tasks
  - Both DoD and Federal/State roles are clearly defined
  - Integrated Master Schedule (IMS) and Milestone Payment Schedule (MPS) are included as attachments to the PMP
  - AF will seek Regulatory review of the PMP

- Surveillance Plan (SP) is prepared by the AF and represents the surveillance activities to be conducted by the Government during oversight of the task order.
Lessons Learned
Surveillance Plans - PBR Schedules

- PBRs must adhere to Federal and/or State regulatory review schedules unless schedules are amended based on existing processes and agreements
  - Objectives to be met in compliance with Federal Facilities Agreement (FFA), Resource Conservation and Recovery Act (RCRA) Corrective Action Schedules, Site Management Plan (SMP), State requirements, etc.

- If additional resources via DSMOA or Cooperative Agreements are not feasible, establish a set number of documents to be reviewed per frequency (e.g. month or quarter)
  - Contractors can then plan workload around the agreed upon rate

- Establish agreed upon AF and regulatory success indicators (e.g. eliminates the vapor intrusion pathway in the top 20 feet) prior to the release of solicitation, to the extent possible
  - Include in Surveillance Plan once contract is awarded
Lessons Learned
Verifying Optimized Exit Strategy

- Contractors prepare an Optimized Exit Strategy
  - Performance Models: Series of actions, some of which may occur beyond the POP of the task order, that will ultimately achieve the final objective

- Performance metrics, decision criteria, and endpoints will be assessed to determine how the response is progressing and demonstrate when the objective has been reached

- AF will seek regulatory review and acceptance of metrics, decision criteria, and endpoints
Lessons Learned
Leverage Industry Partners

- Dec 2010 – PBR Industry Day
  - Morning - Trained Contractors on New Approach
  - Afternoon - Obtained Industry Feed-back Early in New Process
    - 132 contractor comments/questions received
    - 5 recommendations implemented

- Continually communicating with Industry to improve processes
Lessons Learned
Insurance Basics

There is no Black and White Test for When to Use Insurance

- Rule of Thumb:
  - For sites with possible unknowns
    - Risk is higher for the contractor – increased proposal costs
    - Risk is higher for the government (equitable adjustments)
    - Insurance protects contractor and government

Two Types of Insurance

- PLL
  - Emerging Contaminants
  - Unknown Site Conditions
  - Regulatory Changes
  - Cost Cap - $25M to $35M is cap
    - Does not cover: Unknown Sites

Cost - about 15% of contract but varies
Lessons Learned
Insurance – Two step process

Industry Issue
- Only 3 or 4 Insurance companies interested in Environmental PBRs
- Typically, each company will only insure one proposal
- This limits contractors who can participate – Insurance companies limit your competition!

AFCEE Solution (Two-Step Approach)
- Technical Evaluation Team picks Apparent Selected Offeror
- Compete Insurance companies upon completion of tech evaluation (unless contractor self-insures)
- If contractors can’t get insurance, go to next contractor
Early Indication of Success

- 1st FY11 PBR Awarded
  - Life Cycle Costs included in proposal – validated by government employees
  - Focus on ASC and reducing life cycle costs
  - Final Objectives (not process) were awarded in the contract

- Expedited Site Closures exceeds AF stretch goals by 35%
  - 15 Sites closed in 5 years
  - 15 Sites – optimization greatly accelerated for post-POP closure
  - Estimate reduces Life Cycle Cost from $17.3M to $10.8M
  - Award to a Small Business
  - Award 5.5% below programmed amount
AFCEE PBR Summary

From FY02 – FY10, AFCEE awarded 29 TO’s, $336M

In FY11, AFCEE plans to execute 15 PBRs, ~$426M

Expecting many lessons learned/tweaks from the huge 2011 program to incorporate into the 2012 PBR program
Questions?