



# Army Environmental Programs

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## Use of Performance Based Acquisitions in Army Cleanup Programs



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# Briefing Topics

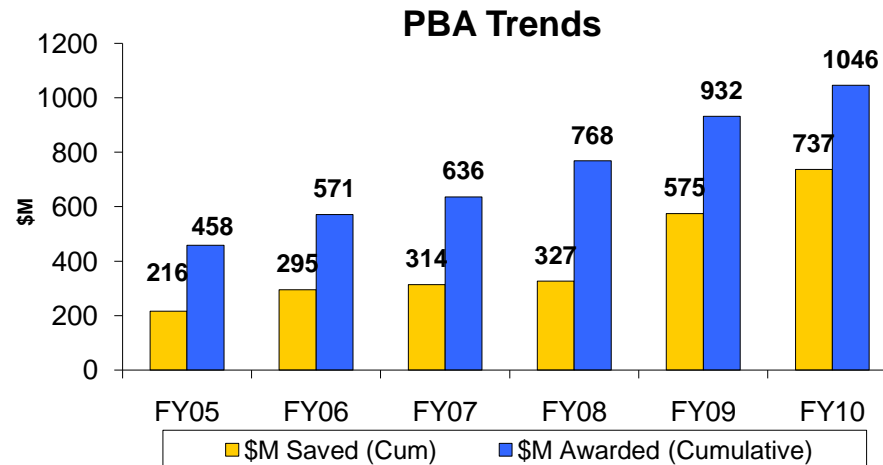
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- Overview of the Army's PBA Initiative
- Lessons Learned
  - Technical Scoping
  - Contractual
  - Financial Execution
  - Program Efficiencies
- Changes to PBA Approach



# Performance-Based Acquisition

- 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





# Lessons Learned

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- 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

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- 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

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- 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

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- Risk Management Approaches
  - Insurance
  - Guaranteed limit
  - Unit pricing
  - SOO versus PWS
  - Data gap analysis
  - Phased performance objectives





# Technical Scoping

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- 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

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- 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

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- 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

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- 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

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- Templates and Tools
  - PWS
  - Evaluation criteria
  - Standardized performance objectives
- Database for Tracking
  - Integrated technical, contractual and financial



# Changes to PBA Approach

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- 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

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- 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





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# QUESTIONS?