

Headquarters U.S. Air Force

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AFCEE Performance Based Remediation (PBR) Program

11 May 2011



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Report Documentation Page

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PBR Topics

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



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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



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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

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- 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

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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



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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

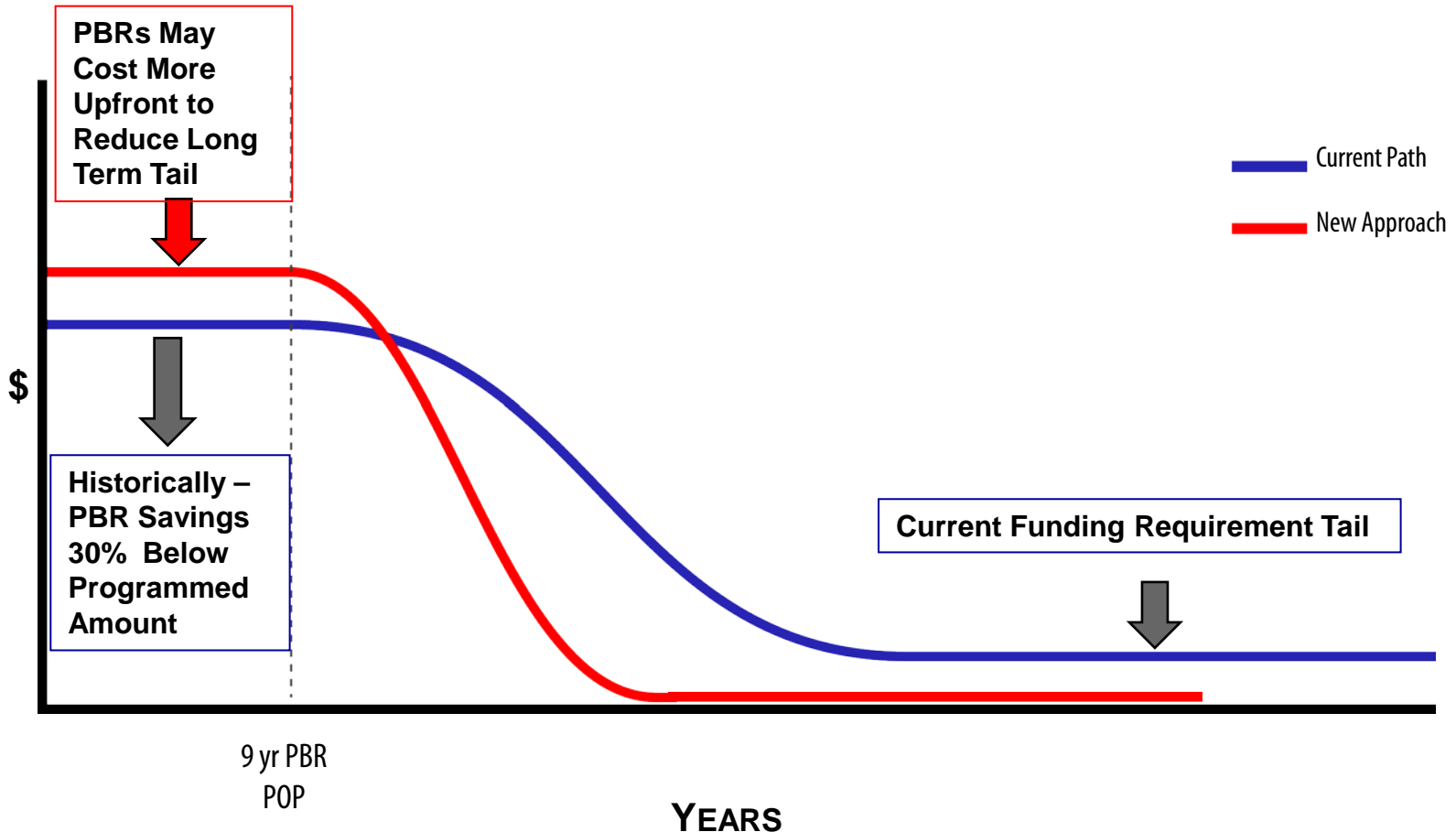
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New PBR Paradigm

REDUCE LONG TERM LIABILITIES & ASC





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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



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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



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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)

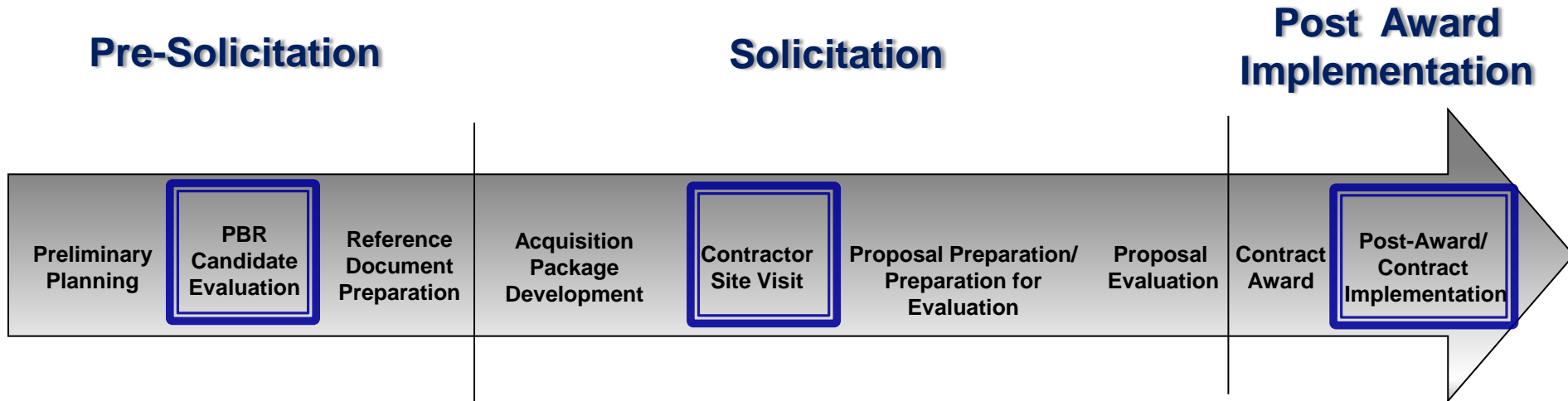


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Lessons Learned

Keep Regulators Involved

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





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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



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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

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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



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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

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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 assess 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



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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



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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

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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

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- 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



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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



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Questions?

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