



US Army Corps  
of Engineers®

# Office of The Principal Assistant Responsible For Contracting (OPARC)

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## ***Acquisition Strategy for Multiple Award Schedule (MAS) Contracts with Incentives***

**Requirement:** USACE is in the process of positioning itself to provide more effective contracting support to accomplish our existing environmental program and the upcoming BRAC 05 Program. Development of more diverse contractual instruments is a key element in improving our customer support. Currently USACE has a wide range of Indefinite Delivery Indefinite Quantity Contracts that are used to accomplish A-E services, study services, investigative services, interim/final remediation services and interim/long term monitoring/operation services. While these acquisition strategies provide substantial flexibility in contract performance, they also include geographic and monetary restrictions that restrict our Districts and customers access to these instruments, lean strongly towards contractor performance of detailed plans and specifications, limit our competitive resources and are, in many cases, locked into some form of cost type contracting. To alleviate the impact of these restrictions, USACE must (1) expand the competitive base of our multiple award contracts by increasing the number of qualified contractors, (2) increase our contractual capacity to include a broader range of pricing (fixed price/incentive) structures,

(3) improve contractor performance and flexibility through more effective use of performance based contracting and (4) improve USACE District access to viable contractual instruments by removing monetary ceilings and geographic boundaries. Failure to achieve these objectives will only result in a substantial loss of work and customers for the U. S. Army Corps of Engineers.

**Acquisition Strategy:** USACE will continue to utilize its current contractual instruments to acquire environmental remediation services on a cost type basis when significant unknowns, time restrictions and/or customer demands lead Contracting Officers to decisions requiring utilization of cost reimbursement acquisition strategies. Such contractual instruments include but are not limited to site specific contracts or TERC, PRAC, ESC, UST and SmART IDIQ contracts to name a few. Additionally, USACE will move forward to implement contract strategies that provide the flexibilities described above. One approach will be the award of Guaranteed Fixed Price Remediation with Insurance (**GFPRI**) contracts by the Omaha District and **GFPRI** contracts for **ordnance** by the Huntsville Center. We are also pilot testing **reverse auctioning** as a way to improve performance and decrease costs. Another approach will be the development of a USACE **multiple award schedule environmental remediation service contract** with characteristics not unlike those found in

GSA Multiple Award Schedule (MAS) contracts. However, the USACE MAS contract strategy will establish a relatively large pool of contractors located throughout the United States and will consist of the following characteristics:

a) All contractors included in this pool will be well qualified to accomplish environmental remediation services on a fixed price basis.

b) The contractor pool shall be made up of both large and small businesses and, include all other socio-economic business classifications defined in FAR Part 19 to the greatest extent possible.

c) Task orders placed under this schedule will be competed between no less than three firms listed within the contractor pool.

d) Task order competition shall be accomplished between competitive firms.

e) Task orders shall be issued on any form of Fixed Price arrangement including but not limited to Fixed Price Incentive Fee, Fixed Price Award Fee, Fixed Price Milestone Incentive Fee, Fixed Unit Price Level of Effort, Fixed Price w/Insurance, Firm Fixed Price, etc.

f) The contract performance period shall not exceed 5 years.

g) There shall be no monetary contract ceiling. Each contractor shall have an established minimum and maximum order amount.

h) The contract shall have no geographic boundary. Only USACE organizations shall be authorized to place and administer orders.

i) The ordering organization shall assume PCO administrative authority and responsibility over their own orders.

j) Specific ordering procedures will be established within the

contract to ensure compliance with CICA and Section 808.

k) The extent of task order PCO/PM oversight shall be established by each USACE ordering organization based upon agreements between the USACE ordering organization and their customer.

Such agreements shall define the services to be provided and the amount of the fee for the service provided.

l) Task orders scopes of work may developed as "Performance Based" SOWs (preferred) or as detailed plans and/or specifications.

m) A-E services may be acquired within a task order if determined to be activities incidental to the overall work to be performed under the task order as permitted by FAR Part 36.

The Corps is also conducting a pilot project that is using reverse auctions for selected solicitations. It is new to DoD and the rest of the Government because the practice was specifically forbidden by the FAR up until the FASA was implemented. Basically, you identify your requirements and allow contractors to bid on the price they will do the job for. In this process, contractors know that their competitors have bid and are provided with an opportunity to bid more than once during the bidding period. In an auction, bidders present their highest price for an item. In reverse auctioning, they do the opposite by bidding their lowest price for the job. It is a unique strategy that can serve us well and could be used in conjunction with the MAS concept.

**Strategy Benefits:** There are a number of advantages USACE would gain in support its customers

by implementing multiple award schedule contract described above.

a) Implementing this acquisition strategy will meet/exceed the conditions addressed above by providing USACE with a large pool of well qualified environmental service contractors that can perform in a competitive fixed price performance based arena. It also provides USACE with a contractual instrument easily accessible by all Districts and USACE environmental restoration customers.

b) This strategy provides a broader competitive base for our customers who should ultimately experience substantial cost savings and less project risks.

c) This Strategy is very similar to GSA MAS contracts, however unlike GSA, USACE does have the technical expertise to conduct source selection evaluations that would establish source lists of well qualified contractors on a competitive basis. Currently GSA simply develops a contractor pool by asking potential customers what contractors they would like to have included on the GSA MAS. GSA also includes any other contractor on their source lists who request to be included. Such contractors only need to state that they are qualified contractors capable of performing one or more of the activities described in the MAS contract. This approach results in GSA MAS source lists consisting of 150 to 500 contractors. There is no real technical or price competition and GSA has no means to verify that any of the contractors are qualified to provide the services defined in the MAS.

d) USACE could control Task Order competition by ensuring that Task Orders are competed between technically competitive contractors. Customers would

realize valid price competition on their projects.

e) GSA currently charges any contractor awarded a Task Order under their contract a fee equivalent to one percent of the total amount of the Task Order. This fee is passed directly on to the agency placing the Task Order. GSA also charges 1.5 to 5% of task order amount to customers accessing their contacts. This fee pays only for the cost of issuing the Task Order. GSA does not have capability to provide project management or technical support to the customer for these fees. Consequently, customers are required to pay GSA 2.5 to 6% of their total project funds for the relatively simple effort of issuing a Task Order. USACE would not charge our contractors any fees that would be passed on to our customers and could tailor its fees to the customer for the actual cost for everything from issuing a Task Order to providing project management and technical support at whatever level was requested by the customer.

f) USACE would retain PCO/ACO authority over its contract and would experience no involvement of any kind by GSA in any of its contractual actions.

The main thrust of this new initiative is that the Corps to come up with an innovative contracting tool similar to the GSA Schedule in accomplishing Corps's acquisition mission - to provide products and services to our customers in the manner of Faster, Cheaper and Better. The brain storming session revealed several topics on legal constraints as road blocks in implementing this initiative were discussed. The main concern was if USACE could obtain the appropriate authority to implement this kind of contracting tool as GSA does. POC: Song Zobrist

