

Performance-Based Services Contracting

Presentation to The 2005 Business Managers' Conference



Overview

- ◆ Performance-based Contracting Goals
- ◆ Principles and Characteristics of Performance-Based Service Contracts
- ◆ The Performance Work Statement (PWS)
- ◆ Performance Standards
- ◆ Technical Exhibits
- ◆ Quality Assurance



Performance-based Contracting Goals

- ◆ President's Management Agenda is 40% PBC of eligible service contracts over \$25,000 during FY 2005



A Definition

- ◆ A Performance-Based Service Contract (PBSC) is structured to define a service requirement in terms of performance objectives and to give contractors latitude to determine how to meet those performance objectives.



Principles of Performance-Based Service Contracting

1. Focus on Work Outcomes Not Procedures
 - What does the customer want to happen after service is provided?
 - Electrical systems work
 - Troops have clean uniforms (Laundry Service)
 - What state does the customer want after completion of work?
 - What was broken is fixed
 - Customer is satisfied
 - Work area is clean



Principles of Performance-Based Service Contracting

2. Fixed Price Contracts Complement Performance-Based Acquisitions

- Evaluate Outcomes—not Input
 - Measure outcomes:
 - ◆ Quality and Timely Services
 - Do not measure input:
 - ◆ Labor
- Pay for Output—not Input
 - Pay Fixed Price for Services
 - Do not pay for cost reimbursable labor



Principles of Performance-Based Service Contracting

3. Provide Incentives for Performance

- In the fixed price arena:
 - ◆ Price is fixed
 - ◆ Performance is the Independent Variable
 - ◆ Motivate contractors to improve outcomes (incentives)
 - ◆ An alternative to reduced input (labor and other costs)
- Focus is on reward not penalties
 - ◆ Government and contractor work as a team



Principles of Performance-Based Service Contracting

4. Focus Quality Assurance on Outcomes
 - Evaluate what you want to happen
 - Custodial (rooms are clean)
 - Do not evaluate how it happens
 - Custodial (contractor custodial checklist completed)



The Performance Work Statement (PWS)

- ◆ PWS used by Contractors in their Offers
- ◆ PWS made a part of the Contract
- ◆ PWS made up of six parts
 - C-1 General Requirements
 - C-2 Definitions
 - C-3 Government Furnished Property & Services
 - C-4 Contractor-Furnished Facilities & Equipment
 - C-5 Statement of Work with PRS*
 - C-6 Publications and Forms

*Performance Requirements Summary



PWS Section 1 -- General Requirements & Information

- ◆ Scope of Work
 - Physical/Geographic
 - Organizational
 - Functional
- ◆ Type of Contract
- ◆ Organization of the PWS
 - Section C-5 Structure
 - Relationship to Schedule B
- ◆ Responsibilities
 - Work Retained by the Gov't
 - Contractor Responsibilities
- ◆ General Requirements
 - Phase-In – Phase Out
 - Contractor Management
 - Coordination w/ Government Operations and other Government Contractors
 - Reports
 - Documentation



PWS Section 2 Definitions

Terminology

- ◆ Definitions for terms as used in this Contract
- ◆ Limit this to terms used in the PWS

Acronyms

- ◆ Acronyms used in this contract – primarily Sections 1 and 5 of the PWS



PWS Section 3

Government Furnished Property & Services

- ◆ Accountability and Inventory Management
 - Transfer of Accountability
 - Property Control System Plan
 - Property Administration
 - Report of Government Property
- ◆ Inventory Management
 - Initial Procedures
 - Periodic Inventory
 - Contract Expiration and Termination
- ◆ Facilities
 - General, Joint Use, Final Condition
- ◆ Equipment
- ◆ Material
- ◆ Medical, Fire Protection, and Utility Services
- ◆ Vehicles
- ◆ Technical Exhibits



PWS Section 4

Contractor Furnished Facilities, Material, and Equipment

- ◆ Contractor provides everything not specified as Government Furnished
- ◆ Requirement for Facilities and Equipment Plan
- ◆ Government Reimburses Contractor for Purchase of Material, Equipment, and Supplies Purchased Incidental to Provision of Services



PWS Section 5

Technical Description of Work

- ◆ This is the Requirement
 - Communicate the requirements in a clear and understandable manner.
- ◆ Includes:
 - Description of Requirement
 - Deliverables
 - Performance Standards
 - Technical Exhibits
- ◆ Clear Crosswalks to CLINs in schedule to PWS
- ◆ For multiple chapters use standard template – e.g.,
 - Introduction
 - Scope of Services
 - Scope
 - Language Requirements
 - US Citizen Requirements
 - Hours of Operation
 - Scheduled Work
 - Unscheduled Work
 - Performance Standards
 - Technical Exhibits



PWS Section 6 Publications and Forms

- Regulations
- Pamphlets,
- Memos
- Public Works Technical Bulletins
- Technical Manuals
- Forms
- Engineering Pamphlet
- Field Manual
- US Code
- Host Nation Code
- FAR/DFAR
- Joint Service Publications
- US Federal Specifications



Performance Work Statement Describing the Requirement

- ◆ The Contractor shall maintain grass at improved areas and semi-improved areas as described in the Contractor's Grounds Maintenance M&S Plan as approved by the COR. Mowing standards are provided in the USAREUR "Blue Book." The Contractor's M&S Plan shall include a projected mowing schedule.
- ◆ Maintain grass between 4 and 12 cm.



Performance Work Statement Performance Requirements Summary

Requirement

- ◆ Elevator Maintenance
- ◆ Snow & Ice Control

Performance Standard

- ◆ Elevators fully operational
 - Elevators fully operational
 - AQL -- 1%
- ◆ Snow & Ice Control
 - Ensure safe base camp operations and continuous use of primary traffic routes. Perform work IAW quality and workmanship standards
 - AQL – 2.5%



Performance Work Statement Performance Requirements Summary

PERFORMANCE REQUIREMENTS SUMMARY Section 5.1.3 Grounds Maintenance

PWS Para.	Requirement Text	Quality	Quality AQL	Method of Surveillance	Quality	Timeliness AQL	Method of Surveillance
5.1.3.3.1.2	Mowing and Trimming of grass	Maintain grass between 4 and 12 cm - mowing at 4 to 6 cm., IAW the M&S Plan.	4.0%	Random Sampling	Inspections and maintenance performed within the timeframes prescribed in the M&S Plan.	4.0%	Random Sampling



Performance Work Statement Technical Exhibits

Type

- ◆ Workload
 - Historical
 - Projected
- ◆ Site Plans
- ◆ Maps
- ◆ Systems

Purpose

- Provides Metrics for Offerors to size Requirement
 - Critical for Fixed Price CLINs
- Helps Describe the Requirement



Quality Assurance / Quality Control

Government Quality Assurance (QA) Plan

- Method of performing Quality Assurance (QA) on Contractor
- Establishes systematic methods of measurement
- Documents results of QA
- Evaluation results directly impact Award Fee Process

Contractor Quality Control (QC) Plan

- Contractor's Internal Procedure for ensuring timely and quality performance
- Can be made a delivery by including in Section 5
- Government should validate the Contractor's QC Program



Quality Assurance Surveillance Methods

- ◆ Random Sampling
 - Statistically Based (most valid)
- ◆ Periodic Sampling
 - Planned (most efficient)
- ◆ 100% Evaluation
 - Small number of occurrences
 - Safety/Security
- ◆ Customer Feedback
 - Firsthand information from users/customers



Quality Assurance Execution

Work Sheet #3-3

SOOS - 233rd BSB

Evaluation Period:

Grounds Maintenance							COR/QAE Comments & Remarks		
Paragraph	PWS Reference Title	Performance Standard Contractor . . .	Did the Contractor:	BSB	* Lot Size	No. Observations Per Mo.		Reject >	
								Quality	Time
				Darmstadt	250	32		4	4
							Quality: 4 Rejected	No. 4 Timeliness: 4 No. Rejected	
Mowing and Trimming			Did the Contractor:	Recommended Level of Observations		17	2	0	
5.1.3.3.1.2	Mowing -- Improved Areas	maintain grass between 4 and 12 cm - mowing at 4 to 6 cm., IAW the M&S Plan							
5.1.3.3.1.2	Mowing -- Unimproved Areas	maintain grass less than 24cm, less than 18 cm after mowing, IAW the M&S Plan							
5.1.3.3.1.3	Debris Removal	remove debris IAW the M&S Plan.							
5.1.3.3.1.4	Clippings	remove clippings IAW the M&S Plan.							
5.1.3.3.1.5	Trimming	trim IAW the M&S Plan?							
5.1.3.3.1.6.1	Child Development Centers	maintain CDC grassed areas at a height NTE 10 cm IAW the PWS Standard/M&S Plan.							
5.1.3.3.1.6.2	Parameter Fences	maintain exterior and interior of perimeter fences IAW host nation / BSB requirements, IAW the PWS Standard / M&S Plan.							
5.1.3.3.1.6.3	Athletic Fields	maintain athletic field grassed areas IAW the PWS Standard and M&S Plan. After mowing grass shall be 4-5 cm.							
5.1.3.3.1.6.4	Parade Fields	maintain Athletic grassed areas IAW the PWS Standard and M&S Plan. After mowing grass shall be 4-5 cm.							
Tamped Sand Areas			Did the Contractor:	Recommended Level of Observations		1	0	0	
5.1.3.3.9	Sand Play Areas	maintain sand play areas IAW PWS Standards and M&S Plan.							
	Tamped Sand Areas	maintain tamped sand IAW PWS Standards and M&S Plan.							

Total	32	3	1
		satisfactory <	
		4	4
Insert Rating Score from the Rating Table			
	1.00	3.00	
	weight	0.75	0.25
	weighted score	0.75	0.75
Composite Score for Grounds:		1.50	

* Lot Size: The total observations.

** Number of observations required annually is based on an AQL of 96% IAW the PRS for Grounds 5.1.3. The distribution of observations among the separate tasks should be made on the basis of resources expended and criticality of the task.



Quality Assurance Results

Rating Table -- Award Term Summary -- 1st Quarter, October through November 2003

	Scores for the Quarter			Average for the Quarter	Weight	Weighted Score
	Oct	Nov	Dec			
Management, Work Control, Mobilization	3.40	3.00	3.90	3.43	15%	0.52
Scheduled Performance -- Quality Control	2.90	3.50	3.20	3.20	15%	0.48
Scheduled Performance -- SOOs	2.64	3.08	2.93	2.88	20%	0.58
Unscheduled Performance -- SOs	2.93	2.90	2.80	2.88	15%	0.43
Unscheduled Performance -- IJOs	3.00	3.10	3.30	3.13	15%	0.47
Unscheduled Performance -- VQM	2.70	3.70	3.80	3.40	15%	0.51
Unscheduled Performance -- CFMO	3.55	2.95	3.10	3.20	5%	0.16
				<u>Total</u>	<u>100%</u>	<u>3.14</u>
Rating for Quarter						3.14



Topics for Discussion

- ◆ Performance Standards
- ◆ Relying on the Contractors Quality Control Program
- ◆ Solicitation requirements supporting PBC

