

ENVIRONMENTAL COST REIMBURSEMENT AND TASK ORDER SUBCONTRACTS FOR THE SAVANNAH RIVER SITE

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ABSTRACT

This paper is intended to inform the technical and scientific community about the innovative subcontract management techniques being applied to environmental projects at the Savannah River Site. The intent is to show how task order subcontracts are being initiated and administered to accomplish specific environmental service projects in a timely manner.

INTRODUCTION

The Savannah River Site (SRS), at present, has identified over 400 waste sites and potential waste sites at SRS that must be evaluated and, if necessary, cleaned up. Current waste site investigations at the SRS include seepage basin, rubble pit and piles, waste tanks, and disposal sites for radioactive, hazardous, and solid waste.

This paper presents and describes subcontracting methods for performing environmental services, where work can be put in place quickly, and the subcontract control is not compromised as far as work performance, budgeting, and contract administration. It will discuss the objective of the Task Order Subcontract System, subcontract proposal process, subcontract management, and the results of using this type of Subcontract.

OBJECTIVE

Due to increasing environmental needs, the inability of the environmental departments to predict specific requirements, evolving Government regulatory requirements, advancing technology and just plain unknown environmental needs, Westinghouse Savannah River Company (WSRC) has competitively put in place subcontracts structured to respond quickly to the customer's needs for environmental permitting, motoring and compliance support, while maintaining effective subcontract administration controls. WSRC Procurement awarded large Cost-Plus-Fixed-Fee Subcontracts with environmental firms that are considered technically equal. Each subcontract specifies a Level of Effort (LOE) to support estimated task activities for the three (3) year duration of the subcontract. These subcontracts have general statements of work focused on categories of environmental specifications so we may perform specific projects against them at a later date through task orders. Each task order is like a mini completion subcontract, designed to be completed within the task performance period, for an authorized level of effort and funding.

In addition, these subcontracts are cost contracts and the subcontractors must have a acceptable Government accounting system in place to tract cost. Finally, all successful environmental subcontractors must qualify to the criteria of Quality Assurance Program Requirement for Nuclear Facilities or (NQA) I. Therefore, task orders requiring any or all elements of NQA I may be awarded to any of the environmental task order subcontractors.

PROPOSAL PROCESS

One of the best lessons learned using Total Quality is communication and team work. Therefore, before you start a large procurement, a Strategy Session is needed to include the

management of the using organization and Procurement. During these sessions we discuss the best possible way to achieve the customers goals and explain the necessary path the solicitation must take before becoming a Subcontract. Afterwards, we sign a "Win-Win" agreement that includes milestone dates for the solicitation through award process. This agreement ensures everyone understands their responsibilities and what is expected. These meetings also serve to educate our technical organizations about the procurement process.

The writing of the Statement of Work (SOW) is the responsibility of the requester. The statement should be in an understandable format, include all needed attachments, include everything technically a company will need to present a good proposal, and narrow the subject matter to the technical issue. The Request for Proposal (RFP) should explain how the work will be accomplished or proposed. The Requestor should feel free to confer back and forth with the procurement department. This is a team effort.

The procurement process starts when the SOW and Purchase Request (a formal authority/funding document) arrive in procurement. The Procurement Administrator (PA) reviews all documents, writes a Procurement Plan, and requests that the using organization create a Source Evaluation Board (SEB).

The SEB should include 3 to 5 voting members to include a Chairman that can technically evaluate the proposal. Other non-voting personnel that are considered essential can participate on the board as long as they sign a Confidentiality Statement. Other members include legal, DOE personnel (if they would like to attend) and the Procurement Administrator as the Recording Secretary. The SEB duties are to assist in developing sources, develop evaluation criteria, RFP preparation, and technically evaluate the proposal. Most of our service contracts are awarded competitively unless circumstances dictate otherwise. Once the RFP has been written and the source list established, pre-qualification phone calls should be conducted to ensure the proposal is sent to the right person, that this can fit in their schedule, and just to obtain an assurance that the source is a viable bidder. When the RFPs are sent out, a 30 to 45 day response time is appropriate with a proposal conference scheduled shortly after the issue date to answer any questions.

When the proposals are received, a quick review is conducted by the PA to insure the proposals are responsive to our RFP. Next, the Source Evaluation Boards is convened and the proposals are evaluated using the evaluation criteria published in the RFP. Once the proposals are evaluated, an evaluation report is written by the board chairman and along

with all supporting material returned to the PA who combines the information with the financial data. The PA completes the evaluation in accordance with the directives as described in the Federal Acquisition Regulations (FAR), Part 15 and makes a determination. If a proposal receives the highest technical score and offers the lowest price to perform the service and meets all the other qualifications, WSRC makes an award; however, if there is no clear winner discussions are held with all proposers in the competitive range.

Revised Offers may be requested after the establishment of a competitive range. Discussions are conducted with all proposers in the competitive range on deficiencies found in their proposals. All proposers are notified that discussions are concluded and a Request for Revised Offer will be issued. When the revised proposals are received, then the Source Evaluation Board is reconvened and a second technical evaluation is conducted. The PA receives the evaluation report and combines this with the new financial data and makes a selection based on the directives described in FAR, Part 15. In most cases, multiple awards are appropriate. The selection recommendation, in the form of a Procurement Package, is submitted for approval. The above process takes from 6 to 8 months.

TASK ORDER EVALUATION AND AWARD PROCESS

Once the Subcontract is awarded, the task orders are released through change notices under the Subcontract. When an individual has a specific project and feels that work can be accomplished under this Subcontract, the below steps are needed to place a task order. This process will take 3 to 6 weeks.

The requestor writes a specific task order Statement of Work complete with specified deliverables, completion schedule requirements, QA requirements and an estimate of anticipated cost. The requestor prepares a Purchase Requisition signed by individuals who have the authority consistent with the amount of funding estimated to perform the work; and furnishes a cost and hour estimate. The PA receives this package and issues a task order RFP to the Subcontractor.

The Subcontractor prepares a task order proposal based on the rates established in the Subcontract. The task order proposal identifies the labor hours and costs that the Subcontractor expects will be reimbursed to perform the work. In addition, the Subcontractor submits a task order program management plan to demonstrate a understanding of and methodology for completing the task.

The proposal is then sent to the requestor who writes a technical evaluation of the proposal and sends it to the PA. If the proposal is responsive, within funding, and has a favorable technical and cost evaluation of formal change notice is awarded to initiate work on the task order. If the evaluation is questionable or unfavorable, negotiations are held to resolve the Subcontractor's interpretation of the Statement of Work and other issues as applicable.

SUBCONTRACT ADMINISTRATION

Subcontract Administration controls the contract flow, ensuring the subcontractor performs in accordance with the Subcontract, making sure the dollars and hours are used properly, and that the subcontractor is only paid for actual work performed. However, to start off a Subcontract properly, a good "Kick-Off" meeting is needed to include the using organization, the subcontractor, and procurement. The below

list is not all inconclusive but suggests some of the items that should be discussed.

Responsibility: A Detailed discussion should be conducted on the responsibilities of the PA, Subcontractor and the Subcontract Technical Representative (STR), the individual technically responsible to administer subcontractor performance. The Subcontractor is responsible for performing work in accordance with the subcontract and the authorized funding and LOE limits identified in each task order. The STR should ensure work is performed as per the Statement of Work, track hours and direct cost items. The STR should not request actions that are not in the Statement of Work. The Procurement Administrator ensures the Subcontractor performs as described in accordance with the Subcontract as written.

Authority: The PA is the only individual with the authority to make changes to the Subcontract via issuance of a Subcontract Change Notice. The Subcontractor should be informed that any changes he makes outside of the Statement of Work will be done at his own risk and the STR has no authority to request any changes to the Subcontract but he has the right to demand performance that is included in the Statement of Work.

Reports: All monthly reports are included and described in the Subcontract and will be expected to be correct and on time. These reports include Monthly Accrual and Management/Cost Reports.

Monthly Status Briefings: The Subcontractor is required to provide a monthly status briefing on Subcontract performance on each working task order. Attendees normally include the Procurement Administrator, the STR, and management personnel from the using organization. This briefing is meant to be a meaningful working discussion with good communication on all sides.

Quality Review: A quality review will be discussed with the Subcontractor concerning the Subcontractor's monthly performance at the above Monthly Status Briefing.

Marketing: The Subcontractor is cautioned against marketing for future work and making suggestions for additives to existing task orders. This is not to exclude information that might have been overlooked in the present Statement of Work for changes caused by changing regulatory requirements.

Personnel: WSRC reserves the right to approve or disapprove all key personnel working on the Subcontract task orders. The Subcontract document has the qualifications for each position. Each person is paid in accordance with the position they hold, and the Subcontractor can pre-qualify personnel and place them in a pool. We will not micro manage the personnel make-up of each task but we will ensure the person is qualified in accordance with the position he holds. If the Subcontractor adds to his personnel pool, he will have to submit a resume on the added personnel and not work that individual until it is approved.

Invoices: These documents will be submitted in accordance with the Subcontract on a monthly basis. Copies of all invoices are submitted to Accounts Payable, the

Procurement Administrator, and the STR all at the same time. The STR will ensure the work invoiced has been performed and verify any stated travel and all direct cost items. The PA will ensure the labor, fee, travel costs and indirect rates are authorized in accordance with cost principles and the FAR. Accounts Payable will make sure the payment form is signed by the STR and PA, prior to releasing payment.

RESULTS

In March of 1992, Procurement Management and Environmental Restoration Department sent a WSRC team to the Headquarters, Westinghouse Corporation to participate in the Government owned Contractor Operated (GOCO), "Cost/Time Management" Workshop for environmental Restoration and Waste Management. The team mission was to review the task order cycle using the Westinghouse Cost/Time Management Westip (R) process and to determine if there was a potential to reduce the cycle time further. The conclusion developed as a result of the work shop, led to a reduced task order cycle for routine task orders.

The "norm" to place a task order is 45 to 60 days. With good coordination and communication, WSRC reduced this time down to 36 days. Through Westip, Cost/Time Management evaluation, WSRC further reduced the task order award

cycle down to 22.5 days. Using a conservative estimate of 100 tasks issued within a year, this could equate to a cumulative hands on reduction in subcontract processing time of 4,400 hours and a potential savings of \$387,200. Application of this process has the potential to significantly improve the overall subcontract.

CONCLUSION

The biggest benefit of this type of Subcontract is increased customer satisfaction and subcontractor cost management. With ever changing regulations and increased environmental controls, a task order can be initiated in the minimum amount of time, and in emergencies the PA has the authority to initiate work even quicker. However, this Subcontract is not a "catch all". We must define the categories of work and have the Subcontracts available when work on specific projects is needed. The Task Order procurement process applied by WSRC has resulted in increased efficiency, productivity, and product quality resulting in increased customer satisfaction. This performance was verified by the Department of Energy Environmental Appraisal Report entitled "Contracting of Environmental Services/Activities Appraisal", conducted October 1992, giving Procurement high marks for their unique approach to Subcontract Management.