

Section 9: Cost Plus Award Fee Contracts

COST PLUS AWARD FEE CONTRACTS

Cost Plus Award Fee Contracts

- **Objectives**

- Define the basic Cost-Plus-Award-Fee Contracting Option as used to accomplish O&M services.
- Identify the major advantages and disadvantages of Cost-Plus-Award-Fee Contracts.
- Identify the basic field input required in the development of the RFP Solicitation.
- Identify basic administrative and inspection requirements of a CPAF contract.



Section 9: Cost Plus Award Fee Contracts

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- FAR Subpart 16.3 - Cost-Reimbursement Contracts
- [30,190] 16.301 General.
- 16.301-1 Description.
- Cost-Reimbursement Types of Contracts Provide for Payment of Allowable Incurred Costs, to the Extent Prescribed in the Contract. These Contracts Establish an Estimate of Total Cost for the Purpose of Obligating Funds and Establishing a Ceiling That the Contractor May Not Exceed (Except at Its Own Risk) Without the Approval of the Contracting Officer.

Cost Plus Award Fee Contracts

- FAR 16.404-2
- (A) Description. A Cost-Plus-Award-Fee Contract Is a Cost-Reimbursement Contract That Provides for a Fee Consisting of (1) a Base Amount Fixed at Inception of the Contract and (2) an Award Amount That the Contractor May Earn in Whole or in Part During Performance and That Is Sufficient to Provide Motivation for Excellence in Such Areas As Quality, Timeliness, Technical Ingenuity, and Cost-Effective Management. The Amount of the Award Fee to Be Paid Is Determined by the Government's Judgmental Evaluation of the contractor's Performance in Terms of the Criteria Stated in the Contract. This Determination Is Made Unilaterally by the Government and Is Not Subject to the Disputes Clause.



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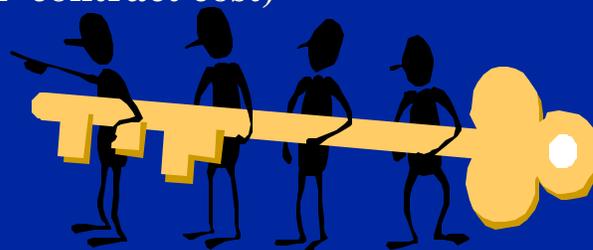
Cost Plus Award Fee Contracts

FFP VS CPAF GRASS MOWING (SIMPLIFIED)	
FFP	CPAF
LABOR - \$15.00	LABOR - \$15.00
FUEL - \$ 2.00	FUEL - \$2.00
OIL - \$1.00	OIL - \$1.00
TOTAL EXPENSES - \$18.00	REIMBURSIBLE EXPENSES - \$18.00
PROFIT/10% - \$1.80	BASE FEE/3% - \$.54
BID PRICE - \$19.80	AWARD FEE/7% - \$ 1.26
CONTRACT COST	CONTRACT COST
\$19.80	MINIMUM - \$18.54 MAXIMUM - \$19.80

Cost Plus Award Fee Contracts

Key Elements of a CPAF Contract

- An established cost for the base year
- An established base fee (not to exceed 3 %)
- An established award fee
(total base & award fees not to exceed
10% of total contract cost)

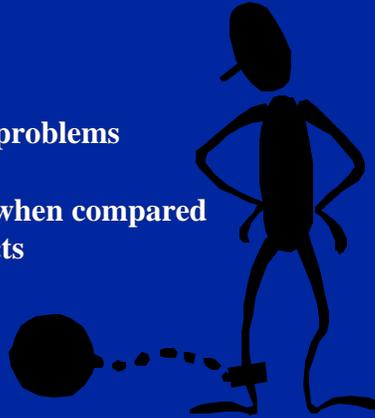


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Cost Plus Award Fee Contracts

Disadvantages

- Not the preferred contracting method by regulation
- Perceived Higher Cost
- Increased potential for security problems
- Increased liability for the COR when compared to traditional fixed-price contracts
- Increased audit costs



Cost Plus Award Fee Contracts

Advantages

- Very flexible
- In general, better quality services are received
- Solicitation method allows for evaluation of contractors based on their experience & their expertise (resulting in improved chances for award to a good contractor)
- Management services & Expertise are also procured
- Contractor/COE relationship is more positive in nature
- Reward for good performance rather than deduct for poor performance

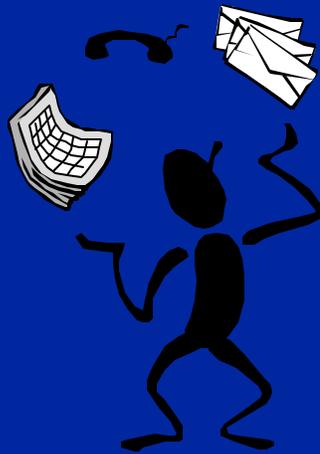


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Field COR Input

- Request wage rates
- Develop Appendices (which list Government furnished supplies, materials, equipment & primary facilities to be maintained)
- Develop technical provisions
- Develop Government cost estimate



Cost Plus Award Fee Contracts

Technical Provisions can include:

- Management services
- Facility maintenance
- Cleaning & refuse removal
- Grass mowing & trail maintenance
- Boundary line maintenance
- Maintenance of signs, barricades & traffic counters
- Landscaping
- Maintaining rip-rap & beaches
- Natural resource management
- Maintenance of roads, parking areas & drainage structures
- Visitor center operation & maintenance
- Maintenance of vehicles & equipment
- Recreation facility repair
- Navigational aids & courtesy dock maintenance



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GOVERNMENT COST ESTIMATE FOR O&M
O&M SERVICE CONTRACT, SOLICITATION DACW100-R-0025
COST ESTIMATE SUMMARY

TECHNICAL PROVISION	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TP-1, GENERAL	\$234,448.12	\$242,021.20	\$249,953.85	\$257,383.45	\$265,180.75
TP-2, BUILDINGS, STRUCTURES, FACILITIES, MECHANICAL, ELECTRICAL, PLUMBING, SEWAGE AND WATER SYSTEMS	\$284,442.02	\$271,894.83	\$270,989.80	\$266,750.74	\$264,627.70
TP-3, CLEANING, CUSTODIAL SERVICES AND REFUSE REMOVAL	\$286,213.42	\$395,992.00	\$315,303.71	\$325,361.80	\$335,780.12
TP-4, GRASS MOWING AND TRAIL MAINTENANCE	\$183,849.86	\$157,516.20	\$181,866.72	\$166,164.13	\$179,453.43
TP-5, MAINTENANCE OF BOUNDARY LINES	\$16,818.26	\$17,267.31	\$17,729.01	\$18,253.78	\$18,801.95
TP-6, MAINTENANCE OF SIGNS, BARRICADES, GATES, BUMPERS	\$26,600.05	\$27,550.38	\$28,484.36	\$29,454.01	\$30,460.74
TP-7, FENCING, TRAFFIC COUNTERS AND FIRE EXTINGUISHERS					
TP-8, MAINTENANCE OF LANDSCAPED AREAS (TREES, SHRUBS AND GRASS)	\$47,263.22	\$46,054.52	\$45,084.85	\$44,253.88	\$43,663.39
TP-9, CLEANING & MAINTAIN RIPRAP AND BEACHES	\$20,968.86	\$21,369.37	\$21,759.72	\$22,160.20	\$22,571.07
TP-10, NATURAL RESOURCE MANAGEMENT	\$45,130.00	\$46,565.57	\$47,987.17	\$49,457.19	\$50,977.46
TP-11, MAINTENANCE AND REPAIR OF PAVED AND UNPAVED ROADS, ROAD SHOULDERS, PARKING AREAS, DRAINAGE STRUCTURES AND BOAT LAUNCHING RAMPS	\$149,975.29	\$147,450.16	\$147,937.25	\$148,436.89	\$148,949.40
TP-12, OPERATION AND MAINTENANCE OF VISITOR CENTER	\$38,018.27	\$38,677.83	\$39,370.65	\$40,099.10	\$40,853.96
TP-13, CLEANING & MAINTENANCE OF GOVERNMENT VEHICLES, EQUIPMENT, MOTORS, TRAILERS AND ATTACHMENTS	\$190,112.04	\$165,267.37	\$170,606.20	\$176,145.09	\$181,882.91
TP-14, RECREATION FACILITY REPAIRS	\$153,087.50	\$166,206.64	\$169,406.40	\$182,689.19	\$196,056.97
TP-15, AID TO NAVIGATION, FLOATING DEBRIS REMOVAL AND COURTESY DOCK MAINTENANCE	\$41,383.22	\$42,829.39	\$43,314.10	\$45,245.21	\$46,821.25
TP-16, LABOR FOR POWERHOUSE MAINTENANCE	\$4,416.80	\$4,526.71	\$4,645.77	\$4,784.88	\$4,937.05
TP-17, EMERGENCY SPILL RESPONSE SUPPORT	\$12,813.23	\$13,437.11	\$14,091.22	\$14,777.69	\$15,497.84
TOTAL	\$1,692,756.38	\$1,736,966.79	\$1,782,471.82	\$1,829,237.88	\$1,877,336.08
GRAND TOTAL					\$8,916,799.84

Cost Plus Award Fee Contracts

Additional Field COR Input,

- Develop appendices that include sample formats (daily inspection reports, work orders, etc.)
- Develop evaluation factors for award
- Submit package with requisition or PR&C through channels to Contracting Division



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SOLICITATION



Cost Plus Award Fee Contracts



The Pre-Bid Conference ...

- An Opportunity to see perspective bidders
- An Opportunity for bidders to see the Project
- An Opportunity to answer basic questions and amend the solicitation



Section 9: Cost Plus Award Fee Contracts

General Instructions

To aid in the evaluation of proposals, contractors are required to follow the same general format...



Evaluation of Proposals Responsibility

- It is the offeror's responsibility to insure the completeness of the proposal; therefore, the evaluation panel for the government has been instructed to evaluate on the basis of the information provided in the proposal. The government shall not assume that an offeror possesses any capability unless specified in the proposal. Proposals that are unrealistic in terms of technical or schedule commitments, or unrealistically low in cost will be considered indicative of a lack of understanding of the complexity and risk in the contract requirements.



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Evaluation of Proposals Source Selection Plan

- Defines Evaluation Procedures
- Identifies Evaluation Team Members
- Establishes a Schedule for Evaluation

Evaluation of Proposals Evaluation Criteria

- **Technical Area** - (1) Understanding and Compliance with Requirements and (2) Soundness of Approach.
- **Management Area** - (1) Program Management Controls, (2) Past Performance/Relevant Experience and (3) Key Personnel.
- **Cost Area** - (1) Cost Analysis/Pricing Data and (2) Financial Statements



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AWARD



Contract Administration Key Items (Pitfalls)

- Requiring contractor to stick with proposals
- Keeping on schedule
- Dealing with contractor's internal controls
- Maintaining inventory of supplies & materials
- Making sure QC & Safety plans are adhered to
- Keeping accurate cost records
- Maintaining vehicle/equipment files (GSA compliance)
- Assure all correspondence is timely



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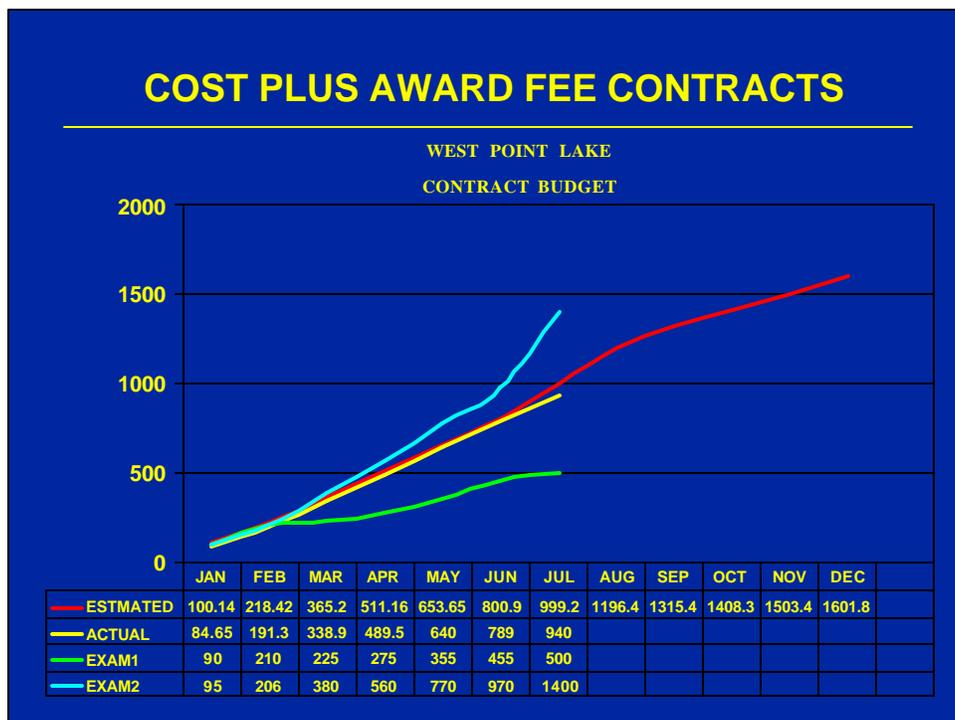
Schedule, Schedule, Schedule!

Weekly
Work
Schedule

Monthly
Summary

Long-Term
Work
Plan

Planning + Execution = Success

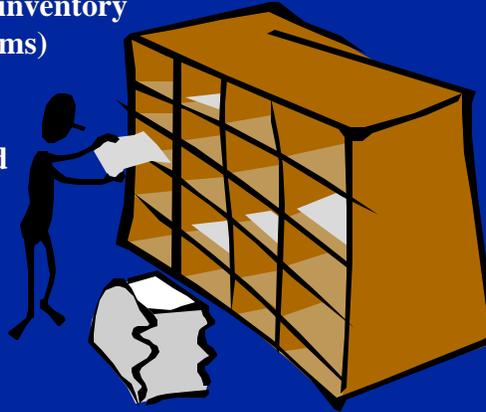


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Property Control - In addition to GFE, Contractor must:

- Maintain a small tool inventory (for non-bar coded items)
- Provide a supply inventories on demand
- Comply with GSA & Voyager regulations



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Contractor Quality Control



- The Contractor's Quality Control Chief should be independent and non-bias
- Overall Quality Control should be the responsibility of everyone on the Contractor's staff



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Contractor Quality Control Submittals and Reports



- The Contractor's Quality Control Plan must be submitted (in draft form) with the management proposal
- Final Quality Control Plan must be Approved after Contract is awarded
- Daily and monthly reports are required
- Contractor may submit additional reports

Quality Assurance (Pitfalls)

- Review invoices to assure proper record keeping and use on site
- Check time sheets to verify proper labor billings
- Review productivity and job controls
- Review vehicle and equipment utilization
- Verify competition on purchases when required
- Remind the Contractor that they will be audited and they are subject to inspection by various District Office elements
- Develop QA Plan to consolidate your QA Program



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Quality Assurance Plan



- Identify responsibilities and authority of team (KO, COR, QAR, QAI, SI, etc.)
- Identify inspection objectives & methods
- Identify performance indicators & evaluation criteria
- Identify Special Inspectors and include letters of appointment

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Quality Assurance Plan



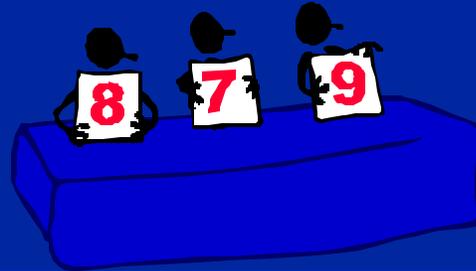
- Establish daily reporting (form)
- Establish routine meeting requirements with Contractor for quality management & mutual understanding
- Provide references (FAR, safety manual, design standards, etc.)



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Quarterly Award Fee Primary Evaluation Factors

1. Funds Management and Cost Control (40%).
2. Performance (40%).
3. Coordination and Flexibility (15%).
4. Safety and Accident Prevention (5%).



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