



INDUSTRY DAY
Lessons Learned from
ACSIM ID/IQ

27 August 2008

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Leading Change for Installation Excellence



Agenda

- Why Continued Use of PBA?
- Observations and Lessons Learned
 - Use of Environmental Insurance
 - Acceptable Payment Milestones
 - Contract Line Item Number Structures
 - Miscellaneous
 - Other “overarching” Observations and Recommendations
- Conclusion



Why Does the Army prefer PBA?

- When effectively implemented, the PBA approach affords the Army many benefits in the Environmental Cleanup Program by improving cost and schedule performance without compromising cleanups that are protective of human health and the environment. In general, PBA -
 - Lowers risk of cost growth
 - Accelerates cleanup requirements and property reuse/transfer
 - Reduces contract reporting and oversight
 - Can be aligned to exit strategies or used to optimize systems
 - Lowers remediation costs
 - Encourages the use of innovative approaches/application of commercial practices



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ACSIM ID/IQ for Environmental Remediation Services

- Awarded December 2004
- \$480M Capacity over 5 years
- 2 Portfolios
 - I-Small Business (SB) (\$160M)
 - II-Unrestricted (UR) (\$320M)
- Competitive Task orders -- Guaranteed Fixed Price Remediation (w/ insurance), Firm-Fixed Price (w/o insurance), Fixed Price with Award Fee (w/o insurance)
- ACSIM ID/IQ is approaching capacity



ACSIM ID/IQ for Environmental Remediation Services

- The ACSIM ID/IQ has been a successful mechanism for obtaining environmental remediation services
 - Awarded 24 Task Orders through August 2008 with a steady increase in requests for use
 - Controlled cost growth (0.1%)
 - Indications show that schedule performance has improved as a result of PBA; the Army anticipates that a large number of the final performance objectives will be met on or ahead of schedule



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Observations and Lessons Learned Use of Environmental Insurance

- Observation: There continues to be considerable debate among Army personnel and contractors as to the value of environmental insurance (EI), and how the decision to require EI is made
- Implemented Changes: The use of EI on all sites in the PWS is no longer a routine requirement. The use of EI is based upon:
 - Amount of uncertainty;
 - Type/method of remediation;
 - Size of the business awarded the work; and
 - Results of Monte Carlo Uncertainty Analysis (MCUA), when available, to help set insurance coverage limits so that insured amounts do not exceed reasonable overrun limits

Fiscal Year	PBA Awards	PBA Awards Requiring EI
FY01-02	2	2 (100%)
FY03	5	5 (100%)
FY04	15	10 (66%)
FY05	19	11 (58%)
FY06	12	4 (33%)
FY07	11	2 (18%)
FY08	9*	1 (11%)

* as of 31 Jul 08



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Observations and Lessons Learned Project Management Plans & Milestones

- Observation: Although major milestones are identified in the PWS, most contractors proposed alternate milestones in their proposal or the draft Project Management Plan (PMP). In some cases the alternate milestones did not meet Army requirements or were not in the Army's best interest. As a result, the COR and the contractor had to negotiate an acceptable milestone schedule before Army acceptance of the PMP.
- Implemented Changes:
 - The Contracting Officer now provides instructions and illustrated examples on the development and appropriate types of payment milestones to the offerors when the solicitation is released
 - Proposed payment milestones are requested with the bidders' proposals to allow early review by the Army to provide feedback to the winning bidder before the contract is awarded
 - Early communication of Army expectations is provided during post-award kick-off meetings to ensure Contractor prepares a PMP with acceptable interim milestones



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Observations and Lessons Learned CLIN Structure & Performance Objectives

- Observation: Army personnel noted that the Contract Line Item Number (CLIN) structure for long-term management (LTM) activities and the performance objectives for exit strategies are not aligned to allow the PBA contractors to succeed.
- Implemented Change: When appropriate, CLINs are revised from “Conduct Annual LTM” to “Develop and Implement an Exit/Ramp-Down Strategy,” which includes all monitoring activities, remedy reviews, and optimization efforts for a five year duration.



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Observations and Lessons Learned Miscellaneous

- Additional changes resulting from observations and experience:
 - Best Value using Technical Trade Off Analysis versus Technically Acceptable/Low Cost
 - Technical Trade Off (other than low cost) consideration of post-contract liabilities
 - In response to greater scrutiny on environmental liabilities
 - Environmental Insurance optional in some cases
 - Broadening types of task orders to better match performance objectives and site conditions



Other “Overarching” Observations and Recommendations

- Stay current on the Army Environmental Cleanup Program
 - Contractors are required to adhere to Army policy and guidance, even if not spelled out in the PWS
- Read each new task order carefully
 - This is a fluid process; we embrace application of continuous improvement
 - As the PBA initiative broadens to new areas, changes to the PWS templates may be required
- Remember that all task orders will be performance based
 - Change orders are few, far between, and require strong justifications



Army PBA Lessons Learned Conclusions

- PBA is the way of today and the future for the Army Environmental Cleanup Program
- PBA has been determined to be a successful means to accomplish the tasks at hand; however,
- We need your input to continue improving the use of PBA
 - Specific suggestions on a task order
 - Global changes/recommendations
- Provide constructive feedback



**Thank you for your attendance
and participation!**

Questions?

<http://aec.army.mil/usaec/cleanup/pbc00.htm>