DEPARTMENT OF THE NAVY
OFFICE OF THE ASSISTANT SECRETARY
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MEMORANDUM FOR DISTRIBUTION

Subj: GENERAL SERVICES ADMINISTRATION (GSA) FEDERAL SUPPLY SCHEDULES CONTRACTING

Ref: (a) ABM memo of April 2, 1997
(b) ABM memo of October 27, 1997

Encl: (1) Ordering procedures for executive, administrative and/or professional services priced on GSA Schedules at hourly Rates

Reference (a) highlighted the improvements made in the Federal Supply Service (FSS) Schedule contracting program at GSA, advised of early successes using Blanket Purchase Agreements (BPAs) with FSS contractors and directed attention to the Department of the Navy's information technology electronic mall, Information Technology Electronic Commerce (ITEC) Direct, on the world wide web. Reference (b) directed activities not to initiate new BPAs for IT products with FSS contractors until they had validated that their requirements could not be met through use of DoD/DoN BPAs or contracts available on ITEC Direct. These policies remain in effect.

BPAs with FSS contractors have continued to be used successfully and ITEC Direct is an active and viable source for meeting your information technology needs. However, one aspect of contracting with FSS contractors, whether through BPAs or not, has not received enough notice and recognition. This aspect is the necessity to obtain quotations on specific work descriptions before placing orders. In this light, please review the procedures provided at enclosure (1) (which was publicized on the GSA Web Site in April 1999 and is also available at http://pub.fss.gsa.gov/Sched/ordinssv.cfm), and ensure all contracting and acquisition personnel at your headquarters and subordinate organizations are familiar with its contents.

Finally, please ensure that in the process of ordering under BPAs, your contracting officers give appropriate consideration to

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the timing and magnitude of each order in determining whether to seek additional discounts from BPA holders for individual orders.

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Federal Supply Schedules Program
"The Best Value IDIQ Worldwide"

Ordering Procedures for Services (Executive, Administrative and/or Professional)

Procedures for services priced on GSA schedules at hourly rates.

FAR 8.402 contemplates that GSA may occasionally find it necessary to establish special ordering procedures for individual Federal Supply Schedules or for some Special Item Numbers (SINs) within a Schedule. GSA has established special ordering procedures for services that are priced on Schedule at hourly rates. These special ordering procedures take precedence over the procedures in FAR 8.404.

GSA has determined that the rates for services contained in the contractor's price list applicable to this Schedule are fair and reasonable. However, the ordering office using this contract is responsible for considering the level of effort and mix of labor proposed to perform a specific task being ordered and for making a determination that the total firm-fixed price or ceiling price is fair and reasonable.

(a) When ordering services, ordering offices shall—

(1) Prepare a Request for Quotes:

(i) A performance-based statement of work that outlines, at a minimum, the work to be performed, location of work, period of performance, deliverable schedule, applicable standards, acceptance criteria, and any special requirements (i.e., security clearances, travel, special knowledge, etc.) should be prepared.

(ii) A request for quotes should be prepared which includes the performance-based statement of work and requests the contractors to submit either a firm-fixed price or a ceiling price to provide the services outlined in the statement of work. A firm-fixed price order shall be requested, unless the ordering office makes a determination that it is not possible at the time of placing the order to estimate accurately the extent or duration of the work or to anticipate cost with any reasonable degree of confidence. When such a determination is made, a labor hour or time-and-materials proposal may be requested. The firm-fixed price shall be based on the hourly rates in the schedule contract and shall consider the mix of labor categories and level of effort required to perform the services described in the statement of work. The firm-fixed price of the order should also include any travel costs or other incidental costs related to performance of the services ordered, unless the order provides for reimbursement of travel costs at the rates provided in the Federal Travel or Joint Travel Regulations. A ceiling price must be established for labor-hour and time-and-materials orders.

(iii) The request for quotes may request the contractors, if necessary or appropriate, to submit a project plan for performing the task and information on the contractor's experience and/or past performance performing similar tasks.

(iv) The request for quotes shall notify the contractors what basis will be used for selecting the contractor to receive the order. The notice shall include the basis for determining whether the contractors are technically qualified and provide an explanation regarding the intended use of any experience and/or past performance information in determining technical acceptability of responses.

(2) Transmit the Request for Quotes to Contractors:

ENCLOSURE(1)

(i) Based upon an initial evaluation of catalogs and price lists, the ordering office should identify the contractors that appear to offer the best value (considering the scope of services offered, hourly rates and other factors such as contractors' locations, as appropriate).

(ii) The request for quotes should be provided to three (3) contractors if the proposed order is estimated to exceed the micro-purchase threshold, but not exceed the maximum order threshold. For proposed orders exceeding the maximum order threshold, the request for quotes should be provided to additional contractors that offer services that will meet the agency's needs. Ordering offices should strive to minimize the contractors' costs associated with responding to requests for quotes for specific orders. Requests should be tailored to the minimum level necessary for adequate evaluation and selection for order placement. Oral presentations should be considered, when possible.

(3) Evaluate Quotes and Select the Contractor to Receive the Order:

After responses have been evaluated against the factors identified in the request for quotes, the order should be placed with the schedule contractor that represents the best value and results in the lowest overall cost alternative (considering price, special qualifications, administrative costs, etc.) to meet the Government's needs.

(b) The establishment of Federal Supply Schedule Blanket Purchase Agreements (BPAs) for recurring services is permitted when the procedures outlined herein are followed. All BPAs for services must define the services that may be ordered under the BPA, along with delivery or performance time frames, billing procedures, etc. The potential volume of orders under BPAs, regardless of the size of individual orders, may offer the ordering office the opportunity to secure volume discounts. When establishing BPAs ordering offices shall—

(1) Inform contractors in the request for quotes (based on the agency's requirement) if a single BPA or multiple BPAs will be established, and indicate the basis that will be used for selecting the contractors to be awarded the BPAs.

(i) SINGLE BPA: Generally, a single BPA should be established when the ordering office can define the tasks to be ordered under the BPA and establish a firm-fixed price or ceiling price for individual tasks or services to be ordered. When this occurs, authorized users may place the order directly under the established BPA when the need for service arises. The schedule contractor that represents the best value and results in the lowest overall cost alternative to meet the agency's needs should be awarded the BPA.

(ii) MULTIPLE BPAs: When the ordering office determines multiple BPAs are needed to meet its requirements, the ordering office should determine which contractors can meet any technical qualifications before establishing the BPAs. When multiple BPAs are established, the authorized users must follow the procedures in (a)(2)(ii) above and then place the order with the Schedule contractor that represents the best value and results in the lowest overall cost alternative to meet the agency's needs.

(2) Review BPAs Periodically: Such reviews shall be conducted at least annually. The purpose of the review is to determine whether the BPA still represents the best value (considering price, special qualifications, etc.) and results in the lowest overall cost alternative to meet the agency's needs.

(c) The ordering office should give preference to small business concerns when two or more contractors can provide the services at the same firm-fixed price or ceiling price.

(d) When the ordering office's requirement involves both products as well as executive, administrative and/or professional, services, the ordering office should total the prices for the products and the firm-fixed price for the services and select the contractor that represents the greatest value in terms of meeting the agency's total needs.

(e) The ordering office, at a minimum, should document orders by identifying the contractor from

which the services were purchased, the services purchased, and the amount paid. If other than a firm-fixed price order is placed, such documentation should include the basis for the determination to use a labor-hour or time-and-materials order. For agency requirements in excess of the micro-purchase threshold, the order file should document the evaluation of Schedule contractors' quotes that formed the basis for the selection of the contractor that received the order and the rationale for any trade-offs made in making the selection.

4/20/99

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