SUCCEEDING AT COMPETITION

Guide to Conducting Commercial Activities Studies

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INTRODUCTION

The U.S. Navy is operating in an environment of reduced budgets while being required to maintain high levels of readiness to meet operational commitments. One method to help meet this challenge is to conduct a comparison of the cost of performing commercial activities by government organizations to the cost of performing these services by the private sector. The Office of Management and Budget Circular Number A-76 (Circular A-76) and its related Supplemental Handbook, and OPNAVINST 4860.7B provide guidance and policy for conducting this cost comparison. Although it is not intended to provide policy, *Succeeding at Competition: Guide to Conducting Commercial Activities Studies,* is intended to provide additional guidance to enable A-76 studies to be completed within a 12-month time frame. This guide is intended to be used by both the Commanding Officer and the team conducting the A-76 study.

This guide organizes the A-76 study process into 15 steps and identifies milestones throughout the process. Each step comprises a significant number of actions and issues that must be resolved in a timely manner. To expedite the process some of the critical steps can be conducted simultaneously. However, a significant number of actions involving procurement and contracting issues must be performed consecutively. To complete an A-76 study within the 12-month time frame requires the concentrated effort of dedicated resources and proactive leadership.

During the development of this guide, the Outsourcing Support Office (OSO) conducted a simulated A-76 study to test the guide and to incorporate the lessons learned from the simulation into the guide. The OSO provided hypothetical data for a transportation maintenance and repair function at a typical naval activity. The guide uses this hypothetical data to illustrate certain critical steps (Steps 1, 2, 5, and 7) and provides illustrative samples of documents developed using the simulation materials. *It is important to note that these simulated deliverables are based on hypothetical data and do not represent the quantity or quality of the analyses or documentation required for an actual A-76 study.*

This guide identifies each significant step and the associated documentation required for assessing, evaluating and implementing the A-76 study. Checklists and templates are provided for each of the major steps in the process to assist the Commanding Officer and his or her management team. Suggestions on data collection, analysis, and overall management of the study effort are included in the guide. Also included is information on addressing the rights of affected employees, communication with affected employees and the possible participation of affected employees in an A-76 study.

EXECUTIVE SUMMARY

The purpose of this document, *Succeeding at Competition: Guide to Conducting Commercial Activity Studies*, is to provide Commanding Officers and Commercial Activity (CA) study teams with tools to assist them in successfully completing the competition for a commercial activity within a 12-month time frame.

The Challenge

The Navy is faced with declining budgets and an increasing share of the available budget going to support, as opposed to acquisition. To maintain the current size of the fleet and to sustain a modernization program into the next century, the Navy must fund acquisitions by reducing operating costs. One way to reduce infrastructure costs is to use the A-76 study process to determine the most efficient means of providing services (i.e., services considered to be commercial activities). The cost comparison and the competition itself compel both the government and industry to become more efficient. Recent studies by the Center for Naval Analysis and the Defense Science Board suggest that cost savings of 30 percent are possible. Consequently, the Navy is actively pursuing cost savings using competition and the A-76 process. Savings that result from this policy will be applied to fleet modernization.

The Chief of Naval Operations (CNO) has directed that the performance of commercial activities involving 80,000 positions—50,000 civilian and 30,000 military—be competed through the A-76 process over the next 5 years. These competitions will result in savings of an estimated $1.4 billion—savings that have already been programmed into the Navy's budget cycle.

Commanding Officers face an enormous challenge in conducting A-76 studies, achieving significant savings, and maintaining operations at current or improved levels of performance. All this must be accomplished in light of considerable and understandable resistance from employees affected by the results of the A-76 process. Further, the process itself must be completed within 12 months, which pushes the limits of the contracting process and the personnel assigned to complete the study.

Methodology

The CNO established the Outsourcing Support Office (OSO), not to set policy, but to provide guidance and support to Commanding Officers tasked with performing A-76 studies. The OSO divided the A-76 process into 15 discrete steps and developed a schedule for completing the 15-steps within a 12-month time frame. The A-76 timeline is illustrated in Exhibit 1. Exhibit 2 illustrates the A-76 Study Milestones. Exhibit 3, The Process, provides the Commanding Officer with a one-page overview that highlights the major issues associated with each step of the process.

The OSO has developed this guide in cooperation with a team experienced in A-76 studies, contracting, specific functional backgrounds, and command. The team developed a working draft of the guide, tested the guide in a simulation of the A-76 process, and issued this guide as a "living" document. As more lessons are learned

through conducting actual A-76 studies, this guide will be updated.

Step 1 provides guidance on how to develop a plan—the Action Plan—for conducting the A-76 study. Step 2 is one of the two critical steps in the 15-step process (Step 7 is the other critical step). Step 2 is the development of the Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP). The PWS describes the work to be performed, including results or outputs. Contractors and the government in-house organization will develop their respective offers to perform the work requirements during the course of the A-76 study based on the PWS. The QASP describes procedures the government will use to ensure that the actual performance of a successful contractor's proposal meets the requirements of the Performance Work Statement, if a contractor is selected to perform the work as a result of the cost comparison. Similarly, the QASP also forms the basis for the Post-Most Efficient Organization Performance Review, which is an evaluation of the in-house organization's performance if it is selected to perform the work as a result of the cost comparison.

Steps 3 and 4 involve review and approval of the PWS and QASP. Step 5 identifies methods of conducting interaction with private industry and potential offerors in preparation for issuance of a solicitation for performance of the commercial activity. Step 6 covers the issuance of the solicitation. Step 7 is the other critical step in the process and involves the development of the Management Plan. The Management Plan is the in-house organization's proposal for how it will perform the commercial activity. It describes how the current organization will be structured (or restructured), staffed and the operating procedures to be followed in performing the requirements of the PWS.

CO Tip: It is important for the Commanding Officer to be mindful throughout the process that documents related to the government's proposal—the Management Plan—should be considered procurement sensitive information until the announcement of the tentative decision.

Step 8 is industry's preparation of offers in response to the solicitation issued in Step 6 and the government's receipt and handling of these offers. An independent review of the government Management Plan takes place in Step 9. The purpose of this review is to certify that the in-house organization's performance and cost comparison estimates have been prepared in accordance with the requirements of Circular A–76 and the Supplemental Handbook. The goal of the review is assure equity in the process of comparing the in-house organization's offer to the private industry offer. The independent review must be completed before the private industry offers are opened.

CO Tip: Throughout this guide there are references to the "contracting officer" performing certain actions or fulfilling certain roles. Depending on the organization and the particular situation, these actions may be performed by a contracting officer or by a representative of the contracts organization. The local contracts organization can provide guidance in determining the appropriate contracting representative to perform a particular action or fulfill a particular role.

Steps 10 through 13 involve those actions necessary to evaluate the contractor proposals and determine the "winning" contractor offer which will be compared to the in-house offer. The process of comparing the government offer with the private industry offer is conducted in Step 14. In Step 14, if the source selection authority (SSA) determines that the

government proposal will not offer the same level of performance as the contractor offer, the government proposal is revised and the cost is recalculated. The purpose of this provision is to ensure that when the government and contractor cost proposals are compared, the respective cost estimates reflect the same level of work.

CO Tip: If the SSA determines that the Management Plan must be revised (Step 14), the SSA and contracting officer should consult with legal counsel to ensure that FAR restrictions on disclosure of information in contractor offers are not violated (e.g., FAR 3.104). This meeting must take place *before* the CA team is notified of the revisions to be made to the Management Plan.

The A-76 process described in this guide concludes with the announcement of the tentative decision in Step 15.

CO Tip: Choosing whom will perform the role of source selection authority will have an important impact on the conduct of the A-76 study. The A-76 Supplemental Handbook provides that the SSA should not review or have access to the in-house cost estimate (the in-house organization's cost proposal). Therefore, if the Commanding Officer wishes to perform the role of source selection authority, the Commanding Officer should not participate in any element of the development or review of the in-house cost estimate. Conversely, if the Commanding Officer

CO Tip continued: participates in the development or review of the in-house cost estimate, then the Commanding Officer cannot perform the role of source selection authority. In either case, however, it should be noted that the Commanding Officer plays a major role in the A-76 study process.

Appendix A contains a discussion of streamlined cost comparison procedures for situations in which a full cost comparison may not be required. Appendix B contains a combined glossary of terms and a list of acronyms used in this guide. Appendix C is a table of contract types describing situations in which each type may be appropriate. Appendix D is a diagram showing the critical path of the 15-step timeline. The purpose of this diagram is to display the dependencies and interrelationships of the 15 steps. Appendix E contains information on the Outsourcing Support Office.

CO Tip: The Commanding Officer's leadership throughout the entire process directly affects the quality of the tentative decision announced in Step 15. By taking ownership of the process from Step 1, the Commanding Officer leads the CA team to a tentative decision that is based on merit and fairness.

Conclusions and Recommendations

1. The A-76 study process is a competition to provide services between the existing government workforce and private industry. The process is designed to allow a fair and equitable comparison of the government and contractor offers. The offeror that provides the best value to the government will ultimately prevail.

2. This guide organizes the A-76 study process into 15 steps to assist in completing the study within a 12-month time frame. Careful monitoring of the schedule established during the planning of the study (Step 1) by the Commanding

Officer and the CA team leader is *essential* for the timely completion of the study.

3. The 12-month, A-76 timeline begins upon the announcement of the study, and ends with the announcement of the tentative decision resulting from the comparison of the government and contractor offers.

4. Completing the A-76 study in a 12-month period is challenging. To be successful, the CA team will need the active support of the Commanding Officer and the command's senior management.

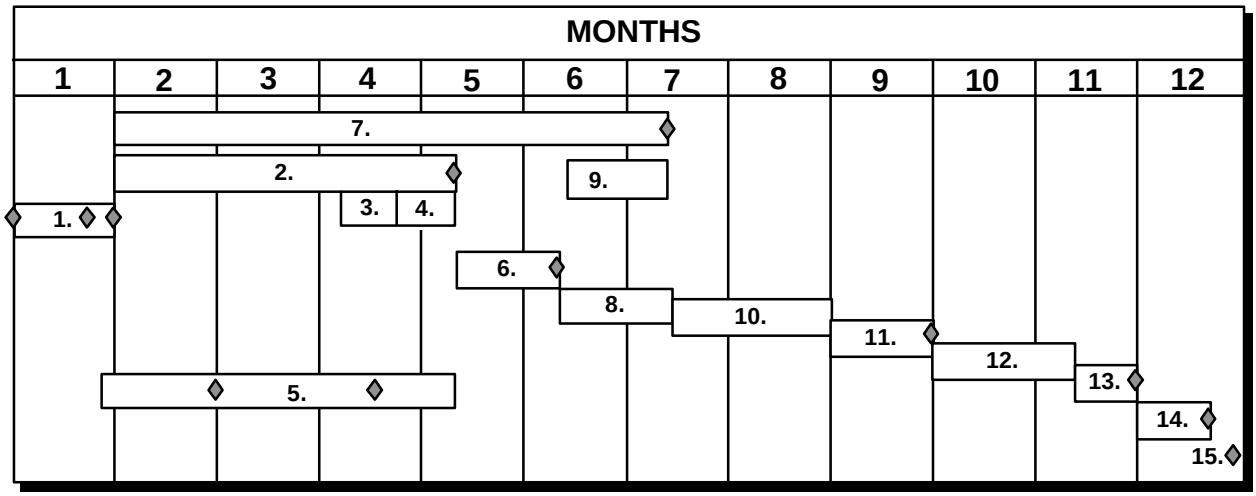
5. The Commanding Officer is the "owner" of the A-76 study process. The decisions made regarding functional descriptions, service level expectations, quality assurance methods and choice of contract type will have a direct impact on the success of the effort.

6. The complexity of the contracting process may cause delays in the timely completion of the A-76 study. Recent initiatives in acquisition reform and best value contracting may be useful in minimizing these delays. The contracting officer should be consulted to determine how these initiatives and reforms may be incorporated into the A-76 study. The process also entails many complex legal issues. This guide suggests appropriate times that legal counsel should be involved. However, legal counsel should be consulted early in the process to determine the appropriate timing and level of their participation.

7. Under certain circumstances a waiver from the requirement to conduct a cost comparison may be available. Under the waiver provision in the A-76 Supplemental Handbook, a designated official may authorize a cost comparison waiver and/or the direct conversion to or from in-house, contract or interservice support agreement (ISSA) performance. However, the waiver provision is beyond the scope of this guide.

Incorporated within the 15 steps are 10 major milestone events that should be monitored by the Commanding Officer and the CA team to ensure the A-76 study is completed on time. Exhibits 1 and 2 present a graphical overview of the 12-month timeline and these major milestones.

Exhibit 1. A-76 Timeline



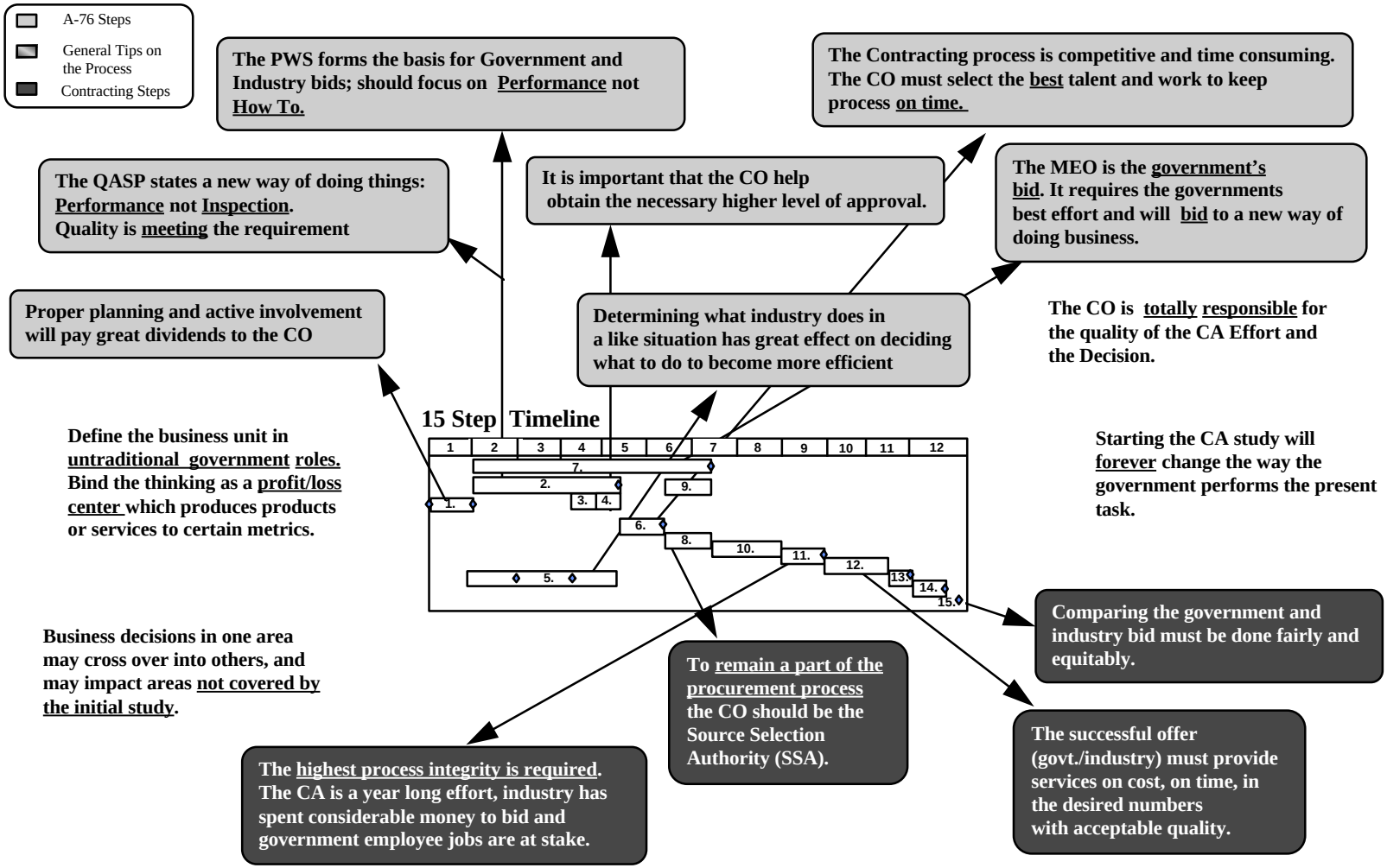
◊ **Major Milestone Event**

DESCRIPTION OF STEPS ON THE A-76 TIMELINE	
Step 1: Plan for Commercial Activities Study	**Step 9: Perform Independent Review**
Step 2: Develop PWS and QASP	**Step 10: Evaluate Proposals**
Step 3: Review and Revise PWS and QASP	**Step 11: Obtain Prenegotiation Clearance Approval**
Step 4: Obtain High Level Approval of PWS and QASP	**Step 12: Conduct Discussions with Offerors**
Step 5: Conduct Presolicitation Actions	**Step 13: Obtain Final Clearance Approval for Selecting Best Value Contractor Proposal**
Step 6: Prepare and Issue Solicitation	**Step 14: Compare Government and Contractor Proposals**
Step 7: Develop the Management Plan	**Step 15: Announce Tentative Decision**
Step 8: Respond to Solicitation	

Exhibit 2. A-76 Study Milestones

MAJOR MILESTONE EVENT		OCCURS DURING	DUE NO LATER THAN THE END OF MONTH
1a.	Receive CNO announcement of A-76 study.	**Step 1**	**--**
1b.	Conduct business unit definition.	**Step 1**	**1**
1c.	Complete Action Plan.	**Step 1**	**1**
2.	Complete Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP).	**Step 2**	**4.5**
3.	Issue *Commerce Business Daily* (CBD) announcement for presolicitation meeting.	**Step 5**	**2**
4.	Issue *Commerce Business Daily* (CBD) announcement for issuance of solicitation.	**Step 5**	**3.5**
5.	Issue solicitation.	**Step 6**	**5.5**
6.	Complete the Management Plan (consisting of the Most Efficient Organization (MEO) document, Technical, Performance Plan (TPP), Transition Plan (TP), and In-House Cost Estimate (IHCE).	**Step 7**	**6.5**
7.	Issue Prenegotiation Clearance Memorandum (if necessary).	**Step 11**	**9**
8.	Issue Final Clearance Approval Memorandum (if necessary).	**Step 13**	**11**
9.	Complete Cost Comparison Form (CCF).	**Step 14**	**12**
10.	Announce tentative decision	**Step 15**	**12**

Exhibit 3. "The Process"



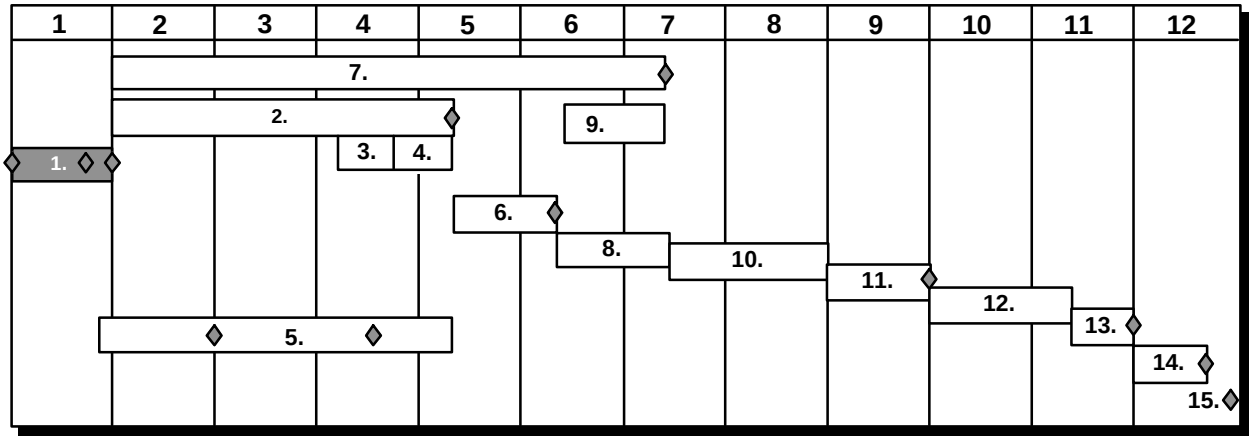
The CA Study Process is complicated, legalistic, with abundant regulations, learn as much about the process as possible.

The CA Team leader should be a mature individual who understands business, people, the function, and the culture.

The CA Study will compete the government way against the commercial way.

STEP 1: PLAN FOR COMMERCIAL ACTIVITIES (CA) STUDY

1.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of Step 1 is to develop an action plan for conducting an A-76 commercial activities study. The A-76 study is not designed to "contract out" government functions, but to ensure that the government functions are operated in a businesslike manner. The action plan defines the scope of the A-76 study, maps out a plan for developing the Performance Work Statement (PWS), Quality Assurance Surveillance Plan (QASP), and Management Plan, and outlines the data collection and analysis methodology. The action plan also includes a schedule that identifies the milestones and involvement of key players throughout the process.

CO Tip: Contracting office personnel can provide valuable input during Step 1 in developing an acquisition strategy by providing advice and assistance in structuring the PWS and selecting an appropriate contract type to be used for the solicitation issued in step 6.

Step 1 commences with the formal announcement of the study. The level of effort required in this step is determined as much by the knowledge and preparation of the key players as by the size of the commercial activity being considered. Step 1 concludes with the Commanding Officer's approval of the action plan, although it may be revised as the study progresses.

CO Tip: The announcement of the commercial activities study is the milestone that initiates the 15-step, A-76 process described in this guide.

Certain actions can be performed in Step 1 to facilitate the planning for and timely completion of the study. In keeping with statutory requirements (e.g., 10 USC 2467), communicating, educating, and sharing knowledge with affected employees and their representatives regarding the study process and potential outcomes will help ease their concerns. In particular, these actions may include the direct involvement of the Commanding Officer, classroom training, claimant support, public affairs involvement, and communication with employees, their representatives and the community.

This guide is not intended, by itself, to provide the level of detail required by commercial activities study teams (CA team)

to handle all the requirements of performing an A-76 study. In conducting an A-76 study, some employees may be tasked to perform activities which are new to them. Careful consideration of training requirements tailored to the needs of the particular commercial activity under study and the personnel involved will greatly facilitate the quality of the A-76 study results. Joint employee-management training on the study process can help raise the understanding of the process and reduce conflicts before they arise.

1.2 DESCRIPTION OF KEY TASKS

A well-reasoned and practical action plan is key to the success of the process. Choosing the right individuals for the CA team, tailoring a methodology for collecting and analyzing data, and identifying specific milestones are integral parts of the action plan. The following paragraphs describe some of the key tasks that should be addressed in Step 1.

1.2.1 Communication With Functional Activity Under Study

During the planning stage, the Commanding Officer should plan to conduct a series of meetings. The first is a senior level management meeting, where the Commanding Officer announces to the senior staff that the activity will conduct an A-76 study. (See Templates 1.5.1–1.5.3.) The Commanding Officer may solicit input from senior management for selecting CA team members. The Commanding Officer should then meet with the CA team to discuss the approach for developing the action plan and for identifying inherently governmental functions which may not be subject to review by the study.

The CA team leader should then prepare a briefing on the action plan for the Commanding Officer, senior management, and other key individuals. The purpose of this briefing is to ensure that all levels in the command have been apprised of the goals, objectives, strategy, and methodology for conducting the A-76 study. This briefing should impart the "who, what, how, and when" elements of the study. Issues should have been resolved before the briefing and decisions reached and incorporated into the action plan. Suggested information to be presented at this meeting is provided in Template 1.5.4. Templates 1.5.5–1.5.7 support the information to be briefed at the senior management meeting.

When the Commanding Officer and senior management have approved the CA team's approach, the Commanding Officer should convene an all hands meeting, supported by the CA team. Template 1.5.8 provides a sample agenda for this meeting.

CO Tip: The Commanding Officer's continuing communication with various levels of the organization will greatly facilitate the A-76 study. These communications should include information on the A-76 study process, the commercial activity under study, employee rights, union involvement and periodic updates on the status of the study.

As early in the process as possible the Commanding Officer should meet with appropriate union representatives to discuss the potential effects of the A-76 study on employees. This meeting should occur after the activities related to business unit definition (described in Section 1.2.3) take place but before the all hands meeting.

Finally, the Commanding Officer announces the A-76 study to the public. This action should be coordinated with the Public Affairs Officer (PAO). At a minimum, the

Commanding Officer's announcement should address the need for the study, the function under review, the potential effect of the action on the workforce and the rights of the employees, and the fact that the government has a fair and equitable chance of winning the competition. A checklist for the public announcement is provided in Template 1.5.9.

1.2.2 Creating the CA Team

In creating the CA team, the Commanding Officer should consider the skills required to conduct the study and identify the staff with these skills. A sample position description for the CA team leader is provided in Template 1.5.1, Position Description.

CO Tip: The skills required of the CA team leader—in addition to leadership skills—include the ability to plan, organize and manage the CA study process to meet established deadlines.

The Commanding Officer and the CA team leader should meet to discuss candidates for the CA team and their availability for the effort, as shown in Template 1.5.2. The study will require individuals with expertise in management analysis and the functional area under study, as well as skills in organizational analysis, industrial engineering, work measurement, position classification, contract administration, and cost analysis. Good writing skills are essential in developing A-76 study documents. Study team members should also have experience in productivity improvement. Although experience in A-76 studies is not mandatory, an understanding of the A-76 requirements is helpful. Template 1.5.3 provides a sample matrix for staffing the CA team.

Due to the parallel efforts performed in developing the Performance Work Statement and Quality Assurance Surveillance Plan (Step 2) and developing the Management Plan (Step 7), the CA team may be structured so that after the data gathering in Step 2 is complete, the team can be split. One group can then develop the Performance Work Statement while the other group develops the Management Plan. However, depending upon the size of the function being reviewed and the time constraints, the CA team may remain as one group to work on both the Performance Work Statement and the Management Plan.

CO Tip: It is important for the Commanding Officer to be aware of and sensitive to ethical considerations related to the A-76 and procurement processes. Participation by an employee on the CA team could trigger the application of statutory and regulatory requirements governing conflict of interest, "revolving door" restrictions on employment, and bars to post-government service employment, among other ethical considerations. For example, an employee of the activity under study who seeks employment with a company that is an offeror for the solicitation issued in Step 6 may create a conflict of interest. It is also important for the Commanding Officer to be aware that participation on the CA team could adversely affect an employee's Right-of-First-Refusal for employment with a contractor if the cost comparison results in a contract award, the employee should be given the opportunity to decline participation on the CA team. This is a limited but important provision of the A-76 process.

The Commanding Officer should also consider establishing a semipermanent resource pool of individuals whose skills are needed for only some portions of the study, or who may be needed as advisors. This group might include staff from the personnel office, budget office, legal counsel, equal employment opportunity office, and public affairs office. The CA team should be able to rely on support from this resource pool as required.

1.2.3 Business Unit Definition

Following the CNO's announcement that a particular function will be studied under the CA process, the Commanding Officer, CA team leader and the organization's senior management should discuss all issues surrounding the function to be studied. This will include identifying the elements of the organization under study and those associated groups that interact and support the core function. It is important that the Commanding Officer and the CA team immediately establish the boundaries for—or "package"—the function or business unit under study. Where these boundaries are set will be crucial to the shore establishment's ability to perform the required work regardless of who wins the competition. In creating the business unit, boundaries should be established in such a way that the product or service produced by the activity is adequately maintained.

Once the boundaries are defined, consideration must be given to those positions within the business unit that are inherently governmental. If any of these unique positions exist, they must be identified up front and subsequently excluded from study consideration. Additionally, the Commanding Officer should factor into the overall analysis the potential effect this study will have on the support groups both internal and external to the command. The Commanding Officer should communicate the potential impact of the CA study to these organizations, but keep in mind that these groups are outside of the scope of the study.

If the Commanding Officer and senior management believe that the function announced by the CNO could be better defined in terms of how they operate, the issue should be addressed immediately. It may be possible to modify the announcement to include or exclude specific positions or functions so that the business unit can operate more efficiently and effectively.

Some examples may help illustrate what is meant by business unit definition. The CNO may announce that the transportation maintenance and repair function will be studied at the shore establishment. The announcement will affect only one command. Support functions such as Naval Supply Department, accounting, HRO, and medical and dental are all under the purview of other commands. However, there is a great deal of interaction between the transportation maintenance and repair function and these support organizations. In defining the business unit, the Commanding Officer should consider those full-time equivalent (FTE) positions associated with transportation maintenance and repair, and the FTE's in the support commands. However, these should be considered outside of the scope of the current study since they are associated with other commands. It is incumbent upon the Commanding Officer to notify the leadership of the support organizations of the potential ramifications this study will have on their organizations. If these functions reside in the same command, the Commanding Officer may consider including them in the scope of the CA study.

1.2.4 Inherently Governmental Positions

The A-76 *Supplemental Handbook* defines inherently governmental activity as one that is so intimately related to the exercise of the public interest as to mandate performance by federal employees. Determining whether particular positions within an activity are inherently governmental is an issue that should be addressed by the Commanding Officer early in the planning process. The

supplement contains Appendix 5, Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, Inherently Governmental Functions.

1.2.5 Developing the Action Plan

The CA team leader will be responsible for developing an action plan. The action plan should define the information to be gathered, the methodologies for collecting and analyzing the data, the documentation to be produced, and the manner in which required reports will be generated. The plan should be organized as specific tasks, and each task should be assigned to appropriate CA team members. Expected completion dates should be established and a milestone schedule created. A sample format for the action plan is provided in Template 1.5.6. After the CA team has reviewed the action plan, the resource requirements should be defined and briefed to the Commanding Officer. The CA team leader should obtain the Commanding Officer's commitment to support the resource requirements defined. Template 1.5.7 lists the key resource requirements. Finally, an all hands meeting should be held to inform members of the command about the plans for conducting the A-76 study. Template 1.5.8 provides a suggested agenda for the all hands meeting. In developing the action plan careful consideration must be given to the possible acquisition strategies which may be utilized. Contracting office personnel may provide expertise in these decisions which may effect the timing of all subsequent steps.

1.3 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**.

  The Commanding Officer maintains communication with all involved personnel and higher authority to ensure prompt approval of final products. The Commanding Officer must give final approval before any information on the A-76 study is released within the organization or to the public. The Commanding Officer should draw on (or make available) all resources, including the Outsourcing Support Office (OSO) as appropriate to support the A-76 study. The OSO is available to provide subject matter expertise. The Commanding Officer will review progress regularly and approve the final action plan.

CO Tip: An active command presence throughout the study planning and development stage is important.

- **Senior Management**

  Senior managers are responsible for providing information for inclusion in the action plan. They must keep apprised of the study progress and be prepared to support the CA team. This may include providing information about activities and providing people to support the CA effort. The manager responsible for the function under study is a key player among the senior managers.

- **Contracting Officer**

  The contracting officer or representative provides the Commanding Officer with advice on the contracting process. He or she identifies any pitfalls and impediments to contracting and assists the staff in addressing procurement planning issues in the action plan.

- **CA Team Leader**

  The CA team leader is responsible for completing the action plan. As directed

by the Commanding Officer, the CA team leader will select, organize, and train individual members of the CA team.

- **Public Affairs Officer**

  Communication with affected employees and the public is a significant factor in the success of the Commercial Activities Study process. The PAO performs the critical function of assisting the Commanding Officer in formulating and executing a communications strategy. This strategy must convey that the study process is being conducted in an open, honest, and ethical manner

- **Human Resources Officer**

  The Human Resources Officer (HRO) performs two critical functions. The first is to serve as a credible source of information on personnel issues for affected employees. The second is to clarify the impact of personnel regulations and issues on the A-76 study.

Advisory Players

- **Comptroller**

  The comptroller supports the Commanding Officer and the command by collecting required cost data and making this data available to the CA team in a timely manner.

- **Union Representative(s)**

  The union representative provides essential input to the Commanding Officer on sensitive workforce issues and keeps the workforce informed on the progress of the study.

CO Tip: The union representative can motivate the workforce to cooperate with the CA team in developing a government proposal that will be competitive with those from the private sector.

- **Legal Counsel**

  The legal counsel provides advice on the many legal issues involved in the A-76 and procurement processes and may perform certain activities. For example, upon issuance of the CA study announcement, the legal counsel will issue a notice to all affected employees regarding restrictions on the release of information that may be advantageous to contractors submitting offers in response to the solicitation.

1.4 CHECKLISTS FOR KEY PLAYERS

The two key players in Step 1 are the Commanding Officer and the CA team leader. The following checklist illustrates their major responsibilities during Step 1.

- Commanding Officer

1. Lead senior-level management meeting.
2. Appoint CA team leader (refer to Template 1.5.1).
3. Review/comment on draft CA team staffing plan (members and percentage of time).
4. Approve CA team membership.
5. Convene/meet with CA team to convey mission direction/charter.
6. Convene senior management meeting.
7. Define the Business Unit.
8. Review draft action plan.
9. Provide comments/additions to action plan.
10. Approve action plan and CA team charter.
11. Discussion with union president(s).
12. Conduct the all hands meeting.
13. Obtaining Training.

- CA Team Leader

1. Develop and revise draft CA team staffing plan:
   - Identify team members,
   - Forecast percentage of personnel time required (for each step and total for year).
2. Prepare briefing for Commanding Officer/senior management on staffing plan (Templates 1.5.2, 1.5.3).
3. Convene CA team to develop action plan and team charter (Template 1.5.6):
   - Schedule
   - Milestones
   - Budgets
   - Training Plan
   - Communication Plan
   - Risk Assessment/Constraints
   - Scope of Study
   - Contract Strategy
   - Assumptions For A-76 Study
   - Data Collection And Methodology
   - Staff Assignment
   - OSO Support (Optional).
4. Prepare briefing for Commanding Officer/senior management on the action plan and team charter (Template 1.5.4).
5. Prepare Commanding Officer for the all hands meeting (Template 1.5.8).

1.5 TASK TEMPLATES

The purpose of the templates is to provide the Commanding Officer and the CA team with tools to aid in completing the planning step as effectively as possible. These templates are intended as a guide for the CA team; they should be revised as needed to meet specific user requirements.

Template 1.5.1: Position Description

The Commanding Officer may solicit input from senior management in identifying the CA team leader. This position description provides criteria for selecting a suitable candidate.

POSITION: Commercial Activities (CA) Team Leader

Job Description: This individual is responsible for planning all activities and functions necessary for the command to conduct a Commercial Activities Study, more commonly called an A-76 study. The CA team leader is the command's team leader and reports directly to the Commanding Officer. The CA team leader is responsible for ensuring that all elements of the A-76 study are developed in accordance with existing directives, that the process is conducted in a fair and equable manner, and that both the Navy's and Command's interests are represented at each step. The CA team leader is responsible for interfacing with the various functional and staff organizations involved in the study effort. This involves achieving timely results from CA team efforts and receiving guidance as necessary from the Commanding Officer.

Criteria for Selection: The most important criterion for the CA team leader is proven leadership ability. Furthermore, the CA team leader should possess strong project management skills and be knowledgeable of the command and the function under study. Knowledge of the command should include familiarity with the financial system, workload measurement and reporting system, personnel system, management structure, support structure, and chain of command. The CA team leader should be a forward-thinking individual with the capability to schedule work, meet deadlines, and lead people in diverse and demanding situations. The CA team leader should be capable of developing a plan, collecting

information, developing a rational analytical framework, and drawing sound conclusions from the available information.

Desired Experience: Should be an established leader and an experienced manager who has had prior experience with the function under review.

Template 1.5.2: Discussions Between Commanding Officer And The CA Team Leader

After receiving notification that an A-76 study is to be conducted, and that he or she has been chosen as the CA team leader, the CA team leader should provide a high-level briefing to the Commanding Officer covering the following topics:

- Function covered, including a preliminary review of vital information related to the function,
- Overview of the A-76 study process,
- Timing of the A-76 study process,
- Proposed team size and composition (see Template 1.5.3),
- Draft agenda for the all hands meeting,
- Likely problem areas/issues and recommended solutions.

This meeting should provide the Commanding Officer with the necessary information to approve the CA team members.

Template 1.5.3: CA Team Staffing Matrix

The CA team composition will vary greatly with the complexity of the function being studied, the organic resources available to the Commanding Officer, and the capability of the individual team members. There is no standard defining how large or small a CA team should be. The following matrix shows a nominal CA team. The CA team leader's participation will be required throughout the process. During contracting phases of the process, however, the CA team leader may not be required full time but should be available for consultation throughout the process. The CA team will be required on a full-time basis until the government Management Plan has been developed, reviewed, audited, and sealed for the Contracting Officer. After the government offer is given to the contracting officer, the majority of the CA team members can return to their primary duties subject to recall.

CA Team Staffing Matrix

CA TEAM	PART TIME/ FULL TIME	COMMENTS
Team Leader	Full Time	May become part time after Management Plan is submitted to the

		Commanding Officer
Functional Manager	Part Time	
Functional Experts	Full Time	May become part time after Management Plan is submitted to the Commanding Officer
Mgmt. Analyst	Full Time/ Part Time	
Financial Analyst Industrial Engineers	Full Time/ Part Time Full Time/ Part Time	
Public Affairs Office	Part Time	
Personnel Office	Part Time	
Contracting Office Rep.	Part Time	
Clerical Support	Part Time	

ADVISORY PERSONNEL	FULL TIME/PART TIME
Union Representative	Part Time
Comptroller	Part Time
Legal Counsel	Part Time
Safety	Part Time
Security	Part Time
Customers	As Appropriate

Template 1.5.4 Senior Management Brief

The CA team leader with the support of the CA team and senior management, should prepare a briefing for senior management personnel. The objective of this briefing is to resolve key issues within the command, including the definition of the business unit to be studied, and to obtain consensus on the overall approach, key issues, and CA team assignments. The Commanding Officer should lead the briefing.

The briefing should include the following:

- Objective of the entire effort to complete the 15-Step A-76 process in 12 months and ensure that no matter who wins the competition, costs are reduced and the work is performed at the levels specified in the PWS.
- Scope of the effort—a description of the function to be studied (see Template 1.5.5). If necessary, include a flow diagram of the process that will clearly show the start and stop points:
  - Staff size of the function,
  - Operating budget,
  - Organizations involved in the process.
- Assessment of command's needs for training in the A-76 study.
- Assessment of the need for outside assistance, e.g., OSO.
- CA Action Plan (see Template 1.5.6).
- Milestone schedule of events: major milestones and dates—a tailored version of the A-76 with each of the steps and approximate dates.
- CA team members' assignments and commitments.
- Discussion of the resource requirements required to conduct the A-76 study (refer to Template 1.5.7).
- Overall contract strategy.

Template 1.5.5: Definition of the Business Unit

The CA team leader should gather vital information concerning the function under

review. This information should focus on clearly defining the functional boundaries and enabling the Commanding Officer to grasp the level of activity involved and potential impact on the command and other organizations. At this stage the Commanding Officer should focus on identifying any support organizations, tenants, or customers that currently interact with and support the function being studied. If the support organization is going to be impacted by the results of the A-76 study this fact should be raised early in the process and the definition of the function under study may need to be revised to include these support functions. Key information should be gathered at this point to define the business unit to include the following:

- A brief description of the function to be studied. If it is apparent that the boundaries of the study should be expanded, the Commanding Officer should discuss modifying the scope of the study with higher authority.
- Identification of other organizations' activities which support the function being studied.
- If the function under study crosses organizational lines within the command, each of the affected organizations should be identified.
- The total number of FTE's included in the function. (including support functions)
- The budget data associated with the function.
- Looking at the functions identified for study in the future, evaluate how the future organization might look. For example, if some public works functions are identified in each of the next several years, it may be better to package all of public works together and study it at once.

Template 1.5.6: CA Action Plan

The objective of Step 1 is to develop a detailed plan for conducting a cost comparison between using in-house resources to perform the function and using commercially available resources. To conduct such a cost comparison, the command must develop a Performance Work Statement (PWS), Quality Assurance Surveillance Plan (QASP), Most Efficient Organization (MEO), an In-House Cost Estimate (IHCE) of the MEO based on the PWS, a Technical Performance Plan (TPP) describing how the government would accomplish the PWS and a Transition Plan (TP). The purpose of the action plan is to identify the requirements of each task to be conducted, a time estimate to complete each task, resource requirements, training, communications, and a risk assessment. The risk assessment identifies those risks related to achieving the goals of the study (as depicted in the Action Plan Simulation). The action plan will be the overarching document that defines the study elements and guides the CA team in conducting the study. The CA Action Plan, identifying the tasks to be performed by each team member, should be based on the draft action plan developed by the CA team leader and augmented by decisions made during the management meetings. The Action Plan should be developed as a group effort by the CA team and should include the following elements:

- Identify team members
  - Task assignments
  - Back up personnel
  - Develop team charter
- Provide schedule of key events, including major milestones

- List key documents (PWS, QASP, MEO, IHCE, Technical Performance Plan, Transition Plan):
  - Description
  - Timeframe for initiation and completion
  - Data requirements
  - Data sources
  - Resources required
    Team members assigned.
- Training requirements for the CA team and a training timeline
- Communications Plan
  - Announcement to all personnel
  - Press releases, conferences
  - Town hall meetings
  - Status reports to higher level authorities
- Risk Assessment
  - Overall risk related to achieving goal
  - Risk matrix
  - Risk mitigation strategy.

Template 1.5.7: Resource Requirements

A summary of resource requirements should be prepared by the CA team leader and approved by the Commanding Officer. The following factors should be considered in defining the resources required to conduct the A-76 study:

- Personnel requirements
  - Key players
  - Advisory players
- Time required for each participant; estimate whether full time or part time is required
- Material and equipment needed
- Administrative Cost
  - To perform the study
  - If required, to convert to contract.

Template 1.5.8: All Hands Meeting Agenda

The Commanding Officer conducts the all hands meeting with support from the CA team leader.
The suggested agenda for this meeting follows:

- Brief of the overall plan
- Define scope of the A-76 study
- Describe which activities are included in the scope of the function and which are not
- Discuss how the study will affect individual employees
- Describe the assignment of team members by name and percentage of time required
- Emphasize that personnel assigned to the study are committed to the effort
- Describe command training for the A-76 study
- Describe the need for outside assistance
- Describe the contract strategy to be employed.

Template 1.5.9: Checklist For Communications

Communication is the key to ensuring stability and the continued operation of the functions involved and will reduce widespread rumors. Communication is accomplished both internally and externally. Internal communications are those methods of communicating within the command. External communications need to be carried

out in accordance with relevant communication directives (e.g., OPNAVINST 4860.7B or successor instruction). Due to the sensitivity of the A-76 process, the Commanding Officer needs to be involved in any internal or public communications regarding the study.

The following internal communications factors also need to be considered:

- Initial notice in the Plan of the Day that a study will be conducted
- Public meeting with employees in the function under study
  - Discuss overall study
  - Review government alternatives
  - Discuss impacts
- Posting updates in prominent places in the workplace (utilize Plan of the Day)
  - Opportunities for employee participation
  - Schedule of future events

The basic external communication to local papers, any press conferences, and any follow up press releases that the Commanding Officer provides should consider the following:

- Need for the study
- Function under review
- Potential effect on the workforce
- Employee rights
- Fair and equitable competition

-- SIMULATED ACTION PLAN --
For Illustration Purposes Only

I. Background

This action plan sets forth the activities that must be accomplished to conduct an A-76 cost comparison study of the Transportation Maintenance and Repair function at NSA Cattle Crossing, Utah, as directed by the CNO. It specifies major milestones and documents, and estimates resources, time, and personnel necessary to conduct this study.

II. Discussion

The Transportation Department provides full-service automotive and light truck repair for 1,424 vehicles owned by Naval Support Activity, plus three bridge cranes installed in the industrial area. Also, NSA provides reimbursable repair services for several small commands and the Navy recruiters within a 125-mile radius. Services include routine maintenance, scheduled repairs, and breakdown maintenance on all assigned vehicles and bridge cranes and repair services for tenant commands and identified Navy recruiting offices. Road service is provided for all NSA-assigned vehicles when problems occur within a 100-mile radius. Services also include full service body repair and painting, primarily for accident repair, which is reimbursable by the using department. The Transportation Department also installs radios in all sedans and custom fits police vehicles with lights, sirens, radios and other special equipment.

III. Activities

- Identify CA team members

  Commercial Activities (CA) Team Leader: Spence Roberts
  CA Team Members:
  Management Analyst: Susan Canada; Mike Howe
  Industrial Engineer: Dick Greene; Chris Foster
  Cost Analyst: Ed House; Mike Minsk
  Functional Expert(s): Tom Hatch; Hank Charles

- Make step assignments (key players)

  Step 1: Plan for Commercial Activities (CA) Study
  Commanding Officer: (CAPT Waters)
  Senior Management: (Harold Matheson; Susan Canada)
  Director of Contracting: (Angie Ford)
  CA Team Leader: (Spence Roberts)
  Outsourcing Support Office (optional)

Step 2: Develop PWS and QASP
Commanding Officer: (CAPT Waters)
Senior Management: (Harold Matheson; Susan Canada)
Functional Manager(s): (Joe Goodwrench)
CA Team Leader: (Spence Roberts) / CA Team
Quality Assurance Evaluator: (Victor Rawlings)
Outsourcing Support Office (optional)

Step 3: Review and Revise PWS and QASP
Commanding Officer: (CAPT Waters)
Systems/Type Commander: (one-level up review)
Functional Manager(s): (Joe Goodwrench)
CA Team Leader: (Spence Roberts)/CA Team
Quality Assurance Evaluator: (Victor Rawlings)
Contracting Officer: (Angie Ford)

Step 4: Obtain Higher Level Approval of PWS and QASP
Commanding Officer: (CAPT Waters)
Systems/Type Commander: (one-level up review)

Step 5: Conduct Presolicitation Actions
Commanding Officer: (CAPT Waters)
CA Team Leader: (Spence Roberts) / CA Team
Contracting Officer: (Angie Ford)

Step 6: Prepare and Issue Solicitation
Contracting Officer: (Angie Ford)
CA Team Leader: (Spence Roberts) / CA Team

Step 7: Develop the Management Plan
Commanding Officer: (CAPT Waters)
Senior Management: (Harold Matheson; Susan Canada)
Functional Manager(s): (Joe Goodwrench)
CA team leader: (Spence Roberts) / CA Team
Comptroller : (Christa Starling)
Human Resources Officer: (Nancy Miner)
Union(s): (Joe O'Malley)

Step 8: Respond to Solicitation (Government / Contractor)
Commanding Officer: (CAPT Waters)
CA team leader: (Spence Roberts) / CA Team

Step 9: Perform Independent Review
Commanding Officer: (CAPT Waters)
CA team leader: (Spence Roberts) / CA Team
Independent Review Officer: (Bertha Rummel)

Step 10: Evaluate Proposals
Commanding Officer: (CAPT Waters)
Contracting Officer: (Angie Ford)
Technical Evaluation Board
Source Selection Board
Source Selection Authority : (CDR Marty Cosgrove)

Step 11: Obtain Initial Clearance Approval
Contracting Officer: (Angie Ford)
Higher level contracting authority approval: (ADM Corridor)

Step 12: Conduct Discussions with Offerors
Source Selection Authority: (CDR Marty Cosgrove)
Contracting Officer: (Angie Ford)

Step 13: Obtain Final Clearance Approval
Contracting Officer: (Angie Ford)
Higher level contracting authority approval: (ADM Corridor)

Step 14: Compare Government and Contractor Proposals
Contracting Officer: (Angie Ford)
CA team leader: (Spence Roberts)
Source Selection Board

Step 15: Announce Tentative Decision
Commanding Officer: (CAPT Waters)
Contracting Officer: (Angie Ford)

IV. Business Unit Definition

An example snapshot for an A-76 study of Transportation Maintenance and Repair (TMR) at Naval Support Activity (NSA), Cattle Crossing, Utah, follows.

- This work involves providing the managerial, administrative, supervisory, direct, and indirect (overhead) personnel to accomplish all the maintenance and repair functions. These services are provided for 1,424 vehicles assigned to the NSA Cattle Crossing, Utah, and transient equipment within a 125-mile radius of the facility. The TMR provides equipment, repair parts, materials, supplies, and tools to perform the full transportation maintenance and repair function.
- Primary indicators of performance are availability of vehicles (versus vehicle down-time) and customer satisfaction. The standard of performance for vehicle availability is 82.5 percent (17.5 percent vehicle downtime). Vehicle downtime means the time during which a vehicle is out of service because it is undergoing maintenance or repair, or awaiting parts. The standard of performance for customer satisfaction is measured against industry standards. Additionally, overall vehicle condition is the third criterion upon which performance is measured. Vehicle condition is maintained according to fair wear and tear standards used in private industry.
- In establishing the business unit definition to be utilized in this study, the team reviewed the interaction between the TMR branch and the following support functions: Supply, Administration, Accounting and Finance, and Payroll functions. While these organizations all support the TMR, the level of effort was determined initially to be minimal and these activities were not included in the boundaries established for the study.
- The team also evaluated the Operations Branch to see if including it the study was appropriate. The team determined, with the agreement of the Commanding Officer, not to include operations in the study.
- Thirty seven staff members are currently authorized for the TMR function at NSA, Cattle Crossing, Utah. There are 34 staff currently on board.
- This function involves the Maintenance Branch, Body and Paint Branch, and the Administration Branch.
- Budget for TMR is approximately $1,500,000 in personnel costs. Equipment cost is unknown.

V. Key Tasks and Major Milestones

Step 1: Plan for Commercial Activities (CA) Study

TASKS	DUE DATE	TIMEFRAME
Develop Communication Plan	1/31/97	1/1/97-1/3197
Create CA Team	1/4/97	1/1/97-1/4/97
Business Unit Definition	1/30/97	1/1/97-1/30/97
Identify Risk Assessments	1/30/97	1/1/97-1/30/97
Develop Action Plan	1/31/97	1/1/97-1/31/97

Step 2: Develop PWS and QASP

TASKS	DUE DATE	TIMEFRAME
Develop PWS	5/15/97	2/1/97-5/1597
• Define Present Operation	3/15/97	2/4/97-3/15/97
• Define Desired Outcomes		
• Develop Performance Measures	3/22/97	2/15/97-3/22/97
• Project Workload	4/8/97	3/1/97-4/8/97
Develop QASP	4/22/97	3/17/97-4/22/97
Provide Continuing Feedback to Command and Major Claimant		2/1/97-5/15/97

Step 3: Review and Revise PWS and QASP

TASKS	DUE DATE	TIMEFRAME
Conduct Command Level Review and Incorporation of Changes	4/27/97	4/12/97-4/27/97

Step 4: Obtain Higher Level Approval of PWS and QASP

TASKS	DUE DATE	TIMEFRAME
Approve PWS and QASP	5/15/97	5/1/97-5/15/97

Step 5: Conduct Presolicitation Actions

TASKS	DUE DATE	TIMEFRAME
CA team leader Coordinate with Contracting Officer, and Issue CBD	2/28/97	1/27/97-2/28/97
Market Research	2/28/97	1/26/97-2/28/97
Presolicitation Actions	5/12/97	3/1/97-5/12/97

Step 6: Prepare and Issue Solicitation

TASKS	DUE DATE	TIMEFRAME
Announce Solicitation in CBD	5/20/97	5/15/97-5/20/97
Prepare and Issue Solicitation	6/15/97	6/3/97-6/15/97
Develop IGE	6/10/97	6/1/97-6/10/97

Step 7: Develop the Management Plan

TASKS	DUE DATE	TIMEFRAME
Data Gathering and Analysis	6/15/97	2/3/97-6/15/97
Develop MEO	7/15/97	2/5/97-7/15/97
Develop IHCE	7/15/97	3/15/97-7/15/97
Technical Performance Plan	7/15/97	4/23/97-7/15/97
Transition Plan	7/15/97	5/15/97-7/15/97
Request and Schedule Independent Review	6/2/97	6/2/97-6/2/97

Step 8: Respond to Solicitation (Government/Contractor)

TASKS	DUE DATE	TIMEFRAME
Conduct Site Visits	TBD	TBD
Respond to Questions	TBD	TBD
Receive Solicitations	7/15/97	6/15/97-7/15/97

Step 9: Perform Independent Review

TASKS	DUE DATE	TIMEFRAME
Review PWS, QASP	7/15/97	6/16/97-7/15/97
Audit MEO, IHCE, Transition Plan	7/15/97	6/16/97-7/15/97

Step 10: Evaluate Proposals

TASKS	DUE DATE	TIMEFRAME
Convene Source Selection Board	TBD	TBD
Evaluate Proposals	9/1/97	7/16/97-9/1/97

Step 11: Obtain Initial Clearance Approval

TASKS	DUE DATE	TIMEFRAME
Obtain Initial Clearance Approval	10/1/97	9/1/97-10/1/97

Step 12: Conduct Discussions with Offerors

TASKS	DUE DATE	TIMEFRAME
Conduct Discussions	11/15/97	10/1/97-11/15/97

Step 13: Obtain Final Clearance Approval

TASKS	DUE DATE	TIMEFRAME
Obtain Final Clearance Approval	12/1/97	11/15/97-12/1/97

Step 14: Compare Government and Contractor Proposals

TASKS	DUE DATE	TIMEFRAME
Compare Proposals	12/23/97	12/1/97-12/23/97

Step 15: Announce Tentative Decision

TASKS	DUE DATE	TIMEFRAME
Select Best Value Offer	12/30/97	12/30/97

VI. Resource Requirements

For each key document (PWS, QASP, MEO, IHCE, Technical Performance Plan, and Transition Plan), the following estimates of calendar time and person days are estimated. For a study this size, approximately 1.5 person years of effort is estimated over a 12-month period:

KEY DOCUMENT	DESCRIPTION	TIMEFRAME	RESOURCES REQUIRED	TEAM MEMBERS ASSIGNED
PWS	Describes work to be performed, including results or outputs (becomes basis for solicitation and Govt's proposal for performing required work).	75 days	90 person days	Spence Roberts, Susan Canada, Dick Greene, Ed House, Tom Hatch
QASP	Describes procedures Govt will use to ensure performance meets PWS requirements.	30 days	30 person days	Spence Roberts, Susan Canada, Dick Greene, Ed House, Tom Hatch, Victor Rawlings
MEO	Govt organization proposed to perform PWS requirements.	160 days	110 person days	Spence Roberts, Mike Howe, Chris Foster, Mike Minsk, Hank Charles
IHCE	Govt's cost estimate for MEO performance of PWS requirements	120 days	72 person days	Spence Roberts, Mike Howe, Chris Foster, Mike Minsk, Hank Charles

KEY DOCUMENT	DESCRIPTION	TIMEFRAME	RESOURCES REQUIRED	TEAM MEMBERS ASSIGNED
Technical Performance Plan	Provides details of MEO performance of PWS requirements	82 days	33 person days	Spence Roberts, Mike Howe, Chris Foster, Mike Minsk, Hank Charles
Transition Plan	Details Govt's plan to implement the MEO	60 days	33 person days	Spence Roberts, Mike Howe, Chris Foster, Mike Minsk, Hank Charles

VII. Data Requirements and Sources

The following data requirements and data sources to support development of these six key documents were identified. These data are used in some or all of the development of these key documents:

DATA REQUIREMENTS	DATA SOURCES
• Vehicle inventory (# of vehicles; ID #; age; date of acquisition) • Frequency of vehicle repair rates • On-base facility / equipment • Downtime / available time • Number of accidents/severity of damage	Transportation Department
• Industry standards • Preventive Maintenance schedule	Chilton's Flat Rate Standards; Bodywork Standards; other industry source data
• Number of supply items issued / average cost	Supply Department records
• Complete organization chart • Staffing plan • Position descriptions	HRO
• Current cost for all listed elements • Daily labor reports	Supervisor / Comptroller
• Environmental issues (e.g. Paint Boy)	Environmental Office
• Customer complaints (Number/Type)	Survey and Complaint Records
• Changes to customer demand • Projected change to fleet / forecast workload	Tenant organizations

VIII. Training Requirements

The training requirements for the CA team include:

- Assess current knowledge and skill level
- Conduct survey of CA team skill level
- Determine training requirements, e.g. (refresher in A-76 procedures (1 day))
- Determine individual availability for training (1-3 days)
- Assess time sufficiency in schedule to conduct training

- Complete within first 30 days
- Determine availability of training courses / facilities
- Obtain on-site training from OSO / other Navy / or commercial sources
- Materials Required:
  - Circular No. A-76
  - A-76 *Supplemental Handbook*
  - OPNAVINST 4860.7B
  - OSO Guide
  - Training Facilities

IX. Communication Plan

A communications plan for the simulation was developed as follows:

- Announce study to all personnel

ACTIVITY	DUE DATE	PURPOSE
All Hands Meeting	1/2/97	Announce study commencement, next steps
All Hands Meeting	3/15/97	Discuss PWS development, status update
All Hands Meeting	7/15/97	Discuss Management Plan development, status update
All Hands Meeting	7/15/97	Discuss solicitation activities, status update
All Hands Meeting	1/2/98	Announce tentative decision

- Conduct Town Hall Meetings

ACTIVITY	DUE DATE	PURPOSE
Town Hall Meeting	1/3/97	Similar to All Hands Meeting, but broader audience
Town Hall Meeting	4/3/97	
Town Hall Meeting	7/3/97	
Town Hall Meeting	10/3/97	
Town Hall Meeting	1/2/98	

- Conduct press conferences and hold press releases

ACTIVITY	DUE DATE	PURPOSE
Press Conferences / Releases	1/4/97	Similar to All Hands and Town Hall Meetings, but more formal with official press release provided
Press Conferences / Releases	4/4/97	
Press Conferences / Releases	7/4/97	
Press Conferences / Releases	10/4/97	
Press Conferences / Releases	1/3/98	

At the three types of meetings listed above, similar information may be addressed, for instance, at the first meeting:

- Discuss status of Transportation Maintenance and Repair Action Plan.
- Discuss scope/limitations of the Transportation Maintenance and Repair function (e.g., only those organizations within the Transportation Department will be directly affected by this study).

X. Assignment of CA Team Members

- Describe the assignment of team members by percentage of time required.
- CA Team Members:
  - Management Analyst: Susan Canada; Mike Howe
  - Industrial Engineer: Dick Greene; Chris Foster
  - Cost Analyst: Ed House; Mike Minsk
  - Functional Expert(s): Tom Hatch; Hank Charles

  - All key CA team members initially will be dedicated full time, and as the A-76 study progresses, these percentages will be adjusted as needed
  - No initial outside assistance is required. Coordinate with OSO as needed
  - The people identified in this plan have been counseled by the HRO regarding their subsequent employment rights and have agreed to participate in this process.

XI. Risk Assessment

RISK	IMPACT	RISK MITIGATION
1. Completing A-76 study on time	• Cost overrun (for A-76 study budget) • Quality of A-76 study	• Make it a command priority / commitment • Commit appropriate resources • Seek OSO / contractor support • Understand difficulty of Steps (e.g., Step 1, Step 2, Step 7, contracting, IRO) • Seek waivers from regulations
2. Loss of best employees	• Maintain performance levels	• Communicate with employees • Consider potential business alternatives (use temporary employees, overtime)
3. Cost of performing study	• Overrun costs	• Budget appropriately • Manage A-76 study process
4. MEO not viable (win competition but fail to perform adequately)	• MEO fails Post-MEO Performance Evaluation causing loss of function • IRO won't approve MEO causing delay of schedule	• Plan deliberately • Conduct periodic reviews (e.g., Red Teaming)
5. Customer satisfaction	• Customers dissatisfied	• Maintain vehicle maintenance performance levels • Communicate with employees • Resolve customer complaints
6. Lack of adequate information	• A-76 study quality reduced	• Develop and document estimates • Consider innovative sources

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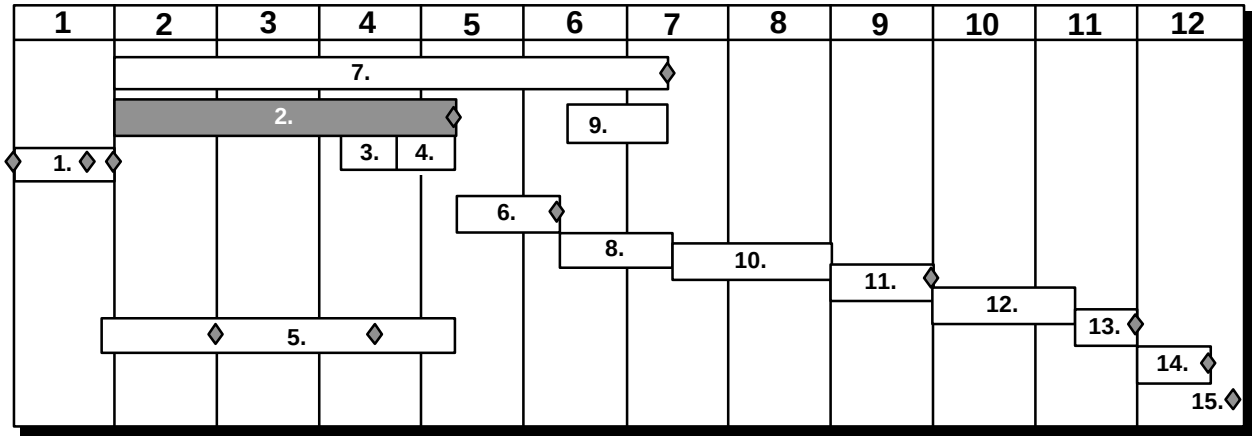
STEP 2: DEVELOP PWS AND QASP

2.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of Step 2 is to develop the Performance Work Statement (PWS) and the Quality Assurance Surveillance Plan (QASP). The PWS is a description of the work to be performed, performance standards and timeframes. It is the basis for the technical performance section of the solicitation (issued in Step 6). Contractor proposals (submitted in Step 8) and the government in-house organization's technical performance plan (Step 7) are based on performing the work described in the PWS.

The PWS should be developed so that it can be performed by either a contractor or the government in-house organization, depending on the results of the cost comparison. It should enable an "apples to apples" comparison of contractor and government proposals. A good quality PWS should not be overly prescriptive regarding how procedures are to be performed and should permit appropriate innovations to be used that can lead to increased efficiency and improved levels of quality. It should focus on desired results or outputs and acceptable levels of performance.

A thorough understanding of the organization's mission and a clearly worded mission statement are essential in creating a performance-based PWS. Information provided by the private sector during presolicitation activities (Step 5) may be useful in developing performance measures used in the PWS and QASP. However, unlike commercial activities performed in the private sector, the PWS should account for an increase in workload (e.g., a surge capability) resulting from contingency operations that may arise as a part of the organization's mission. Additionally, identifying the risks involved with performing a particular function and developing appropriate risk mitigation strategies to be included in the PWS are important considerations for both the Commanding Officer and the CA team.

CO Tip: The Performance Work Statement should focus on the performance measures of the function, not on the "how to" of performing the function.

The Quality Assurance Surveillance Plan defines the process by which the government will evaluate the performance of the PWS regardless of whether the service provider is a contractor or the government. Although the QASP accompanies the PWS to the independent review officer (IRO) for a cost comparison, it need not be included as a part of the solicitation or provided to private sector offerors. In-house, contract and interservice support agreement (ISSA) offerors should develop their offers based upon the requirements of the PWS alone.

CO Tip: Using appropriate industry standards and benchmarks can increase the quality of the PWS which can lead to improvements in the efficiency and quality of performance of the commercial activity.

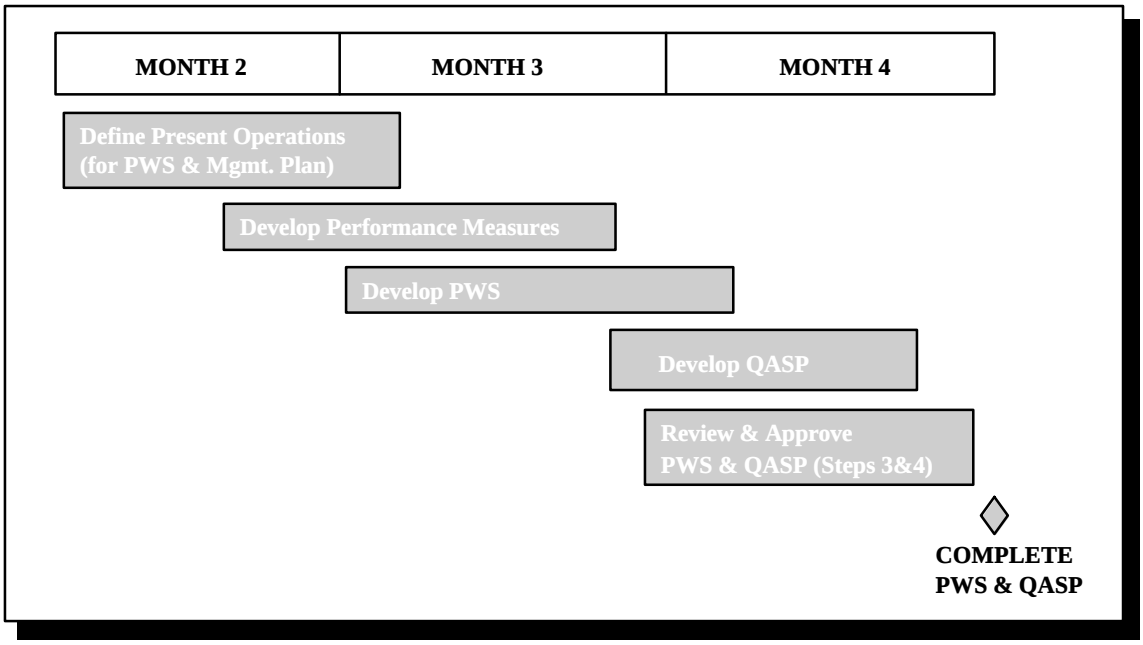
It is important to note that there is a great deal of overlap between this step and Step 7 (Develop the Management Plan). Therefore, it is generally more efficient for the CA team to gather data for both steps concurrently.

Subsequently, the work can progress into two parallel tasks: the first being the development of the PWS and QASP; and the second being the development of the Management Plan (consisting of the Most Efficient Organization (MEO) document, In-House Cost Estimate (IHCE), Technical Performance Plan (TPP), and Transition Plan (TP)). Exhibit 7-1, Data Elements, in Step 7 provides a listing of the major data elements used in both steps.

The creation of the PWS and QASP in this step and the development of the Management Plan in Step 7 are the two most critical and labor-intensive steps in the A-76 study process. Starting this step as soon as the scope of the A-76 study is defined (in Step 1) will facilitate the timely completion of Step 2.

CO Tip: Identifying and adapting existing PWS's that are of good quality, performance oriented and applicable to the activity under study may expedite the completion of Step 2 and lead to the development of a better quality PWS. The OSO can provide assistance in locating good quality PWSs.

2.2 DESCRIPTION OF SPECIFIC TASKS



2.2.1 Define Present Operations

The development of the PWS begins with gathering data to define the present operation. Examples of data to be gathered at this stage include information on the following: the current organization, its mission, current problem areas in the function, workload, staffing, facilities, equipment, and customer base. This information is also used in developing the Management Plan (Step 7).

Sources of data include information management systems, cost accounting systems, current and projected workload, interviews, and past studies. If data is unavailable, the CA team may be required to estimate some information. Data may be extrapolated based on current records, and assumptions may be made in defining the workload data if they can be supported. It is essential that assumptions on which the estimates are based be fully documented.

Data definition entails determining the data requirements and assessing their availability. The data collection and analysis is essentially an iterative process. As the data is received, it is analyzed and new or additional data requirements may be identified. Future workload for the performance period is estimated, and the assumptions for these estimates is documented.

2.2.2 Develop Performance Measures

The development of effective performance measures can lead to a good quality, performance-based PWS. Industry information obtained during Step 5 (Presolicitation Actions) may be useful in developing performance standards, performance indicators, and quality levels. Best operating ideas and practices from industry or other activities may be used. Other historical data such as prior A-76 studies, productivity or performance improvement projects, business process reengineering projects, and business case

analyses may be useful in developing the PWS and QASP.

Following are examples of four different measures of performance:

- A rate of productivity: ". . . it takes .3 hours of labor for one routine preventive maintenance task in the auto maintenance shop."
- An availability index: ". . . auto maintenance and repair operations should result in availability of 82.5 percent of the fleet at all times."
- Customer satisfaction ratings: ". . . operations are satisfactory when surveys show that at least X percent of customers are satisfied or highly satisfied with service."
- Cost benchmarks: ". . . a routine preventive maintenance job should cost on average $40.30, including labor, material, and overhead."

It may be necessary to use more than one measure of performance or some combination of measures to ensure that the minimum requirements of the PWS will be met.

2.2.3 Developing the PWS

Template 2.5.1 displays the outline of a PWS and shows how data that has been collected and analyzed supports the development of the PWS. Template 2.5.1 also provides a cross reference of templates for each section of the PWS.

When all the data has been gathered and analyzed, the CA team prepares the PWS. Template 2.5.6, Performance Work Statement Outline, provides a sample outline for preparing the PWS.

2.2.4 Develop Quality Assurance Surveillance Plan

The QASP describes the procedures the government will use to ensure that the service provider—whether it is government—or a contractor—is meeting the minimum requirements of the PWS. The service provider is responsible for building quality into the process. The QASP includes the method of inspection the government will use, the reports required, and the government resources to be employed. When determining the appropriate level of quality surveillance the Commanding Officer must consider the level of risk acceptable given the relationship of the commercial activity to the organization's mission. Template 2.5.7, Quality Assurance Surveillance Plan Outline, provides a sample outline for preparing this document.

2.2.5 Provide Continuing Feedback to Command and Major Claimant

The CA team should conduct periodic status meetings with the Commanding Officer to keep him or her apprised of the progress of the CA study. The Commanding Officer should ensure that the major claimant is kept apprised of the progress of the CA study.

2.3 ROLES AND RESPONSIBILITIES

Key Players

- Commanding Officer

  The Commanding Officer's careful monitoring of the schedule established during Step 1 will help ensure the timely completion of Step 2. The Commanding Officer provides the final approval for all products developed during this step. The performance of a CA study on an organization will likely create anxiety for the employees of the organization. The Commanding Officer should be mindful of this anxiety and address employees' concerns to the extent possible.

- Senior Management

  Senior managers should remain informed about the progress of the CA study and be aware of the impact the study is having on their function. Senior managers should support the CA team's effort to the extent required.

- Functional Manager

  Functional managers are responsible for providing information for the development of the PWS and for making personnel available for interviews with the CA team. Functional managers should ensure that data provided to the CA team presents a complete and accurate description of the function under study. Functional managers should support the CA team's effort to the extent required.

- CA Team Leader

  The CA team leader is responsible for completion of the PWS and QASP. The CA team leader should provide periodic updates to the Commanding Officer and raise any issues that need immediate resolution. He or she should coordinate with all entities that are responsible for providing data, and analyze and format the data to develop the PWS and the QASP. The CA team leader may coordinate with peers who may be conducting similar studies elsewhere. The CA team leader, in support of the contracting officer, will prepare the independent government estimate (IGE) as part of Step 6. The IGE is procurement sensitive and should not be released to those without the need to know.

- Contracting Officer

  The contracting officer ensures that the PWS developed in this step is contractible, and the QASP, when implemented, will assure satisfactory performance to the government. The contracting officer provides guidance on formatting the PWS so that it is compatible with the format of the solicitation issued in Step 6. The contracting officer advises the Commanding Officer and the CA team regarding the contracting process, the method of solicitation, and the type of contract to be used. Once the requirements begin to take shape, the contracting officer should begin to consider the appropriate contracting type to be used in the solicitation.

Advisory Players

- Comptroller

  The comptroller makes available all necessary cost data to the CA team. The comptroller begins planning for the reallocation of funds that may be required based on the alternative outcomes resulting from the cost comparison.

- Human Resources Officer

  The human resources officer provides the CA team with current job descriptions for all affected employees in the function under study. If needed, the HRO also obtains the wage rate determination from the Department of Labor for the positions included in the solicitation.

- Legal Counsel

  Legal counsel provides assistance to the CA team and the Commanding Officer to ensure that the activities conducted in Step 2 are performed in accordance with the requirements of the A-76 process and all other applicable statutes, regulations and instructions.

- Union Representative(s)

  The union(s) can contribute to the success of the CA study by helping to resolve work force issues. They may assist in educating affected employees about the commercial activities process, their rights to appeal, and their rights of first refusal of employment with a contractor if the result of the cost comparison is award of a contract. The union(s) may review the PWS and provide input to the CA team regarding work processes in support of the development of the Management Plan. Although unions cannot directly participate in the development of the Management Plan, their representatives may have ideas that will improve the government's competitive position during the competition with the private sector.

- Safety Officer

  The safety officer should provide advice and support to the Commanding Officer and the CA team as required. For example, the safety officer should ensure that applicable safety regulations and directives are considered by the CA team when developing the PWS.

- Security Officer

  The security officer should provide advice and support to the Commanding Officer and the CA team as required. For example, the security officer should ensure that appropriate security clearance requirements are included in the solicitation.

- Environmental Officer

  The environmental officer should provide advice and support to the Commanding Officer and the CA team as required. For example, the environmental officer may ensure that appropriate environmental regulations are considered by the CA team in developing the PWS.

- Customer/Consumer

  Customers or consumers of the services provided by the function under study should provide input concerning their requirements.

- Outsourcing Support Office

  The Outsourcing Support Office is available to support the Commanding Officer throughout the entire process.

2.4 CHECKLISTS FOR KEY PLAYERS

- **Commanding Officer**

  1. Meet with CA team leader to periodically review progress
  2. Communicate study progress periodically with command sponsor (higher level review)
  3. Meet with senior management and affected members to share information and gain support
  4. Facilitate/expedite data gathering process and ensure cooperation
  5. Review draft documents/provide comments and corrections.

- **Senior Management**

  1. Meet with CA team to determine data requirements
  2. Meet with staff to provide information about what is happening, seek their commitment, support and access
  3. Assign personnel to support CA team (as required)
  4. Provide input to modify the existing business unit definition and communicate changes to CA team (as required)
  5. Review/comment on documents developed during Step 2 (as required)

- **Functional Manager**

  1. Meet with CA team to determine data requirements
  2. Meet with staff to provide information about what is happening, seek their commitment, support, and access
  3. Assign personnel to support CA team

4. Work with CA team to identify consumers/customers
5. Provide input to modify the existing business unit definition and communicate changes to CA team (as required)
6. Review/comment on documents developed during Step 2.

- **Contracting Officer**

1. Meet with CA team leader to review the PWS and QASP
2. Interact with CA team to develop the contract strategy
3. Review draft documents/provide comments and corrections
4. Provide guidance regarding PWS format
5. Review documents to ensure contractability.

- **CA Team Leader**

1. Meet with Commanding Officer to provide progress reports
2. Meet with functional manager to determine functional data requirements
3. Work with functional manager to identify customers/consumers
4. Coordinate and conduct customer/consumer surveys to determine requirements
5. Define data requirements
6. Coordinate appropriate data collection and analysis between Steps 2 and 7
   - Current workload and performance
   - Estimated workload and performance for contract period
7. Analyze data and identify performance requirements
8. Prepare PWS
9. Prepare QASP
10. Develop contract strategy and review with contracting officer.

2.5 TEMPLATES

This subsection provides templates that may assist the CA team in completing Step 2. The primary focus of these templates is to collect and format data needed to prepare the PWS and the QASP. These templates are intended for illustrative purposes and may be adapted as appropriate.

The templates are as follows:

2.5.1 Incorporating Data in the PWS
2.5.2 Interview Guide
2.5.3 Current Organizational Analysis
2.5.4 Functional Diagram
2.5.5 Performance Measures
2.5.6 Performance Work Statement Outline
2.5.7 Quality Assurance Surveillance Plan Outline

Template 2.5.1 provides a diagram that cross-references the templates to the final PWS. An example of an interview guide is provided in Template 2.5.2. The CA team can use the interview guide and other templates to collect and analyze the data that will be used to develop the PWS.

The majority of the analysis in this step is focused on the data contained in templates 2.5.3, 2.5.4, and 2.5.5, and on the historical workload data provided as government furnished information. The results of this analysis will support the development of specific performance standards and acceptable quality levels that will be included in the PWS and the QASP.

Government furnished equipment, supplies and facilities lists, document any items or

services that the government intends to furnish to the contractor, if the result of the cost comparison is a contract award.

The remaining templates provide sample outlines of the PWS and QASP

2.5.1 Incorporating Data in the PWS

This template displays an outline of a PWS and shows how the data collected and analyzed fits into the development of the PWS. This template also cross-references the appropriate templates for each section of the PWS.

Template 2.5.1: Performance Work Statement and Data Collection Cross Reference

PWS Section	Input from Data Collection	Template
Purpose	Interview Guide, Current Organizational Analysis (Mission Statement)	2.5.2, 2.5.3
Scope of Work	Interview Guide Functional Diagram Historical Workload Data	2.5.2, 2.5.3, 2.5.4 and Government Furnished Information
Performance Measures	Performance Measures	2.5.5
Service Provider Quality Control	Interview Guide Performance Measures	2.5.2, 2.5.5
Service Provider Performance Incentives and Disincentives	Performance Measures	2.5.5

2.5.2 Interview Guide - Components for Success

Preparation

Before developing questions define the purpose and objectives of the interview; determine whether the interview should be conducted by one person or a team; contact the interviewee to arrange the meeting place and time; inform the interviewee of the purpose and format of the interview; and obtain background information on the interviewee, the task and his or her organization.

Preparation also entails creating an interview guide. List questions in the order you will ask them. Move from general to specific questions, including both open questions (e.g., Describe . . ., Tell me . . ., How . . .) and closed questions to obtain specific information (e.g., Who? How much? Where?).

Conducting the Interview

An interview should have three parts; an opening, the body of the interview, and the close. The opening is an opportunity to clarify the purpose of the interview, time frames under consideration and key objectives. The interviewer should then transition to the body of the interview by leading into the first question. Use probing questions to follow up on responses when necessary (e.g., Tell me more...). Interviewees should speak about 80 percent of the time and interviewers about 20 percent. Listen actively by paraphrasing and using body language. Take accurate notes and before moving to close the interview ask “catch-all” questions (e.g., Have we covered all the issues? Is there anything else I need to know?). To close the interview, briefly

summarize your findings and link them to your purpose. Answer any questions and determine and agree on next steps. Set up any follow on meetings, if necessary, and thank the interviewee for taking the time to meet with you.

Follow Through

Immediately after the interview, fill in your notes; be sure to jot down your impressions and important ideas. Review any documentation you received during the interview and follow up on leads provided by the interviewee. Data collection is an important area to be accomplished by individuals trained to be aware of the goals of the command and sensitive to the fears of employees.

The interview guide template presents sample questions that can be used to gather data for the development of Step 2 and Step 7. In Step 2, the focus of the questions is on collecting workload information and acceptable quality levels. In Step 7, the focus of the questions is on how the work is being performed and how the work process could be improved to develop the Management Plan.

The questions will vary depending on the level of authority and position of the individual within the organization and the function under study. When developing questions, review templates 2.5.3 through 2.5.7 to identify the kind of information you need to develop the interview guide.

Template 2.5.2 Interview Guide Template

Name of Interviewer	Date
Name of Interviewee	
Interviewee Organization	
Job Classification	
How long have you been in this position?	
Who is your immediate supervisor?	
Do you supervise any employees? If so, how many?	
How is the department / function / activity organized? Sub-elements?	
Describe the informal organization—"how things really work."	
What are the functions in your shop / area / division?	
What are the critical tasks you perform?	
What products do you produce or services do you provide?	
Who are your customers?	
What is your organization's mission?	
How do you know if you have succeeded or failed in your mission?	
What performance indicators show this?	
What are the consequences of mission success or failure?	
What are the acceptable quality levels of performance?	
What does your organization do well? In what areas is there room for improvement?	
What aspects of your organization should be changed?	
Are there any unnecessary tasks that could be eliminated?	
With whom do you interface at the facility? With outside vendors?	
How do you handle surges in workload? Can you plan for them (e.g., are they seasonal)?	
How do you account for hours worked?	
How do you account for reimbursables?	
How do you determine production schedule?	
How do you find out about changes to requirements?	
How do you respond to those changes?	

2.5.3 Current Organizational Analysis

The information typically analyzed in this task includes the current name and mission of the organization and its current formal and informal structures, as well as the type and quantity of services provided. Template 2.5.3 presents a general format for collecting organizational information. Information for this template is generated from initial interviews with the director or other high level officials of the function or activity under study. The organizational analysis may change as more data is collected. Revisit this template when the performance measures (Template 2.5.5) have been completed.

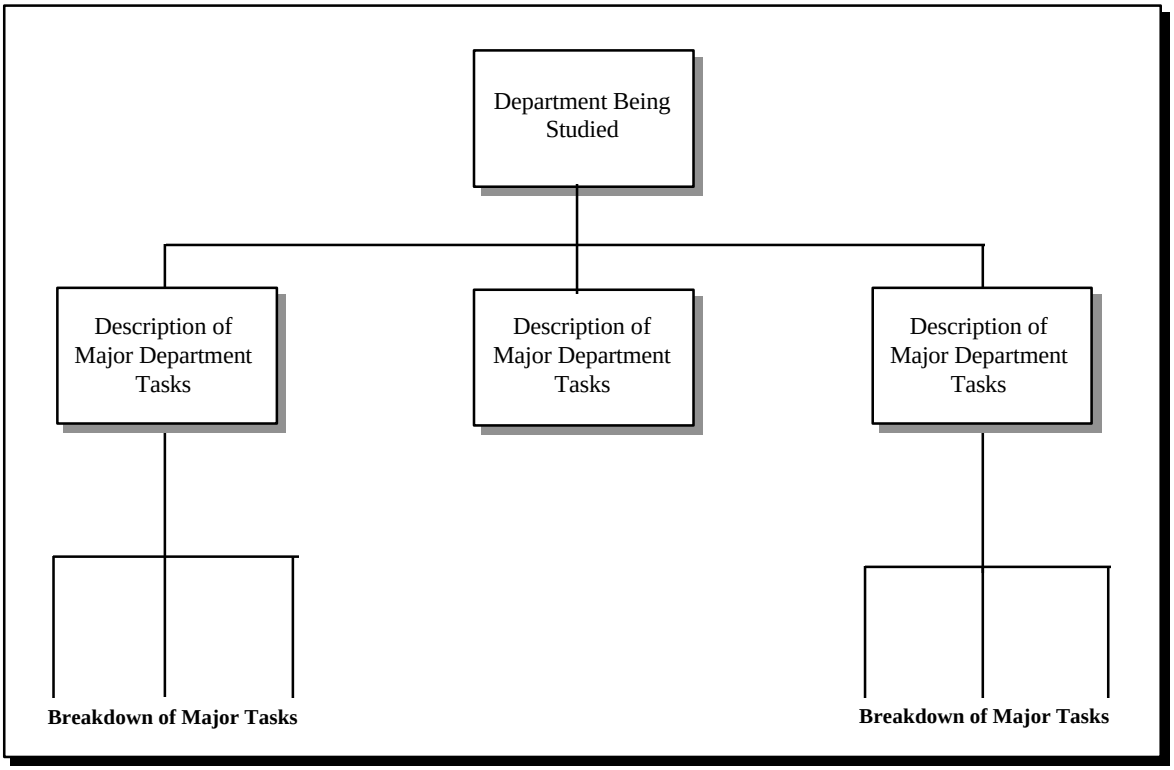
Template 2.5.3 Current Organizational Analysis

Name of Organization	*Name of the organization under study*
Mission Statement	*Brief description of the mission statement*
Organizational Elements:	*Describe the elements of the organization under review*
Services Performed	*Description of the services provided by the function under review*
• **Normal**	
• **Contingent**	

2.5.4 Functional Diagram

This sample functional diagram details the functions and subfunctions performed by the organization under review. The diagram breaks down each work element into its logical components. The functional diagram is not an organization chart, but rather it defines the functions of the organization.

Template 2.5.4 Sample Functional Diagram



2.5.5 Performance Measures

Identifying performance measures is a key component in developing performance oriented standards for the PWS. It is also crucial to the development of acceptable quality levels that will be included in the QASP. This template provides an illustration of the current performance measures and the future performance

measures. In developing performance measures, the CA team should consider available benchmarks, mission requirements, industry performance measures, and the cost and benefit tradeoffs of the performance measures.

Template 2.5.5 Sample Current Performance Measures

Performance Indicator	Standard	Acceptable Level of Quality
Vehicle Availability	82.5 percent availability at all times	82.5 percent is the minimum acceptable level of quality

Sample Future Performance Measures

Performance Indicator	Standard	Acceptable Level of Quality
Vehicle Availability	82.5 percent availability at all times	82.5 percent is the minimum acceptable level of quality
Customer Satisfaction	At or above baseline of customers completely or mostly satisfied with service	+/- 5 percent
Vehicle Condition	Normal fair wear and tear expected on vehicles	95 percent of the fleet shall be maintained to this standard

2.5.6 Performance Work Statement Outline

A PWS provides general information on the scope of work, where contracting products/services will be provided or located, and the contracting performance period. The bulk of the PWS provides a more detailed description of specific service provider responsibilities and of the commercial activity, and includes a list of technical attachments detailing the government furnished equipment, materials, and supplies. The PWS outlined below illustrates the type of information that might be provided in the technical requirements section of a solicitation

Template 2.5.6 Performance Work Statement Outline

Performance Work Statement
I. Purpose
II. Scope of Work
- **A. Management**
- **B. Work to Be Performed**

III. Reporting Requirements
IV. Performance Measures
V. Quality Control

Attachment 1: Government Furnished Equipment
Attachment 2: Government Furnished Material
Attachment 3: Government Furnished Facilities
Attachment 4: Government Furnished Information

2.5.7 Quality Assurance Surveillance Plan (QASP) Outline

The QASP describes the government's plan for monitoring the service provider's performance. The plan should not be prescriptive, but rather it should highlight the key measures of performance. Regardless of whether the service provider is the government or a contractor, the QASP applies to both. The service provider is responsible for developing and implementing a viable quality control process, while the government assures quality in the service or products received.

Template 2.5.7 Quality Assurance Surveillance Plan (QASP) Outline

Quality Assurance Surveillance Plan

I. Purpose

II. Methods

III. Assurance of Performance Measures

Simulated Performance Work Statement and
Quality Assurance Surveillance Plan
(provided for illustrative purposes only)

PERFORMANCE WORK STATEMENT

I. PURPOSE

The purpose of this Performance Work Statement is to describe the performance requirements for Transportation Maintenance and Repair at Naval Support Activity, Cattle Crossing, Utah. This document supports the process described in OMB Circular No. A-76 (Revised), dated August 4, 1983, and A-76, *Supplemental Handbook*, *Performance of Commercial Activitie*s, dated March 1996. The purpose of the A-76 process is to compare commercial activities performed by the public and private sectors to determine the best value for services performed. Responses to this solicitation will be subject to the A-76 cost comparison process.

II. SCOPE OF WORK

This work involves providing the managerial, administrative, supervisory, direct, and overhead personnel to accomplish all the maintenance and repair functions. These services will be provided for 1,424 (see Attachment 1) vehicles assigned to the NSA Cattle Crossing, Utah, and transient equipment within a 125-mile radius of the facility. The service provider shall provide equipment, repair parts, materials, supplies, tools, and associated support needed except as specified herein as government furnished, to perform the full transportation maintenance and repair function.

The baseline vehicle inventory and workload estimates are not projected to change by more than 10 percent over the course of this performance period.

A. Management

The service provider shall manage the total work effort associated with vehicle maintenance and repair, and all other services required herein to ensure fully adequate and timely completion of these services. Included in this function are a full range of management duties including, but not limited to, planning, scheduling, report preparation, establishing and maintaining records, warranty enforcement, resolution of customer complaints, and quality control. The service provider shall provide an adequate staff of personnel with the necessary management expertise to ensure the performance of the work in accordance with sound and efficient management practices.

B. Work to Be Performed

Scheduled Maintenance
Vehicles shall be maintained in accordance with manufacturer's recommended maintenance schedules.

Body and Accident Repair
Accidents and other damages to fleet vehicles may occur during the course of normal operations. The service provider shall perform full-service body repairs and painting which is reimbursable by the using department.

Minor/Major Repairs
The service provider shall perform minor and major repairs as required. Minor repairs are those repairs with a dollar value less than $1000 for parts and labor. Major repairs are those repairs with a dollar value greater than $1000 for parts and labor.

Field Service/Breakdown Service
The service provider shall provide call-in road service and towing service in support of transient equipment and the equipment listed in Attachment 1 within a 100-mile radius of the activity. Data on the number of service calls historically received, both during and after normal working hours, is provided in Attachment 2. Service calls shall be responded to 24 hours per day, 365 days per year. Wrecker service will be provided for calls within a 25 mile radius within 1 hour of receipt of request. Each additional increase in this distance of 25 miles increases the allowable response time by 30 minutes.

Weight Testing of Cranes
Inspection, testing, certification, and load testing shall be performed in accordance with the manufacturer's regulations and manuals for all equipment in this contract. Equipment shall be inspected, load tested, and certified at least once annually to certify that the overall structural, mechanical, and electrical components of the equipment have been maintained in a safe, serviceable condition and are functioning properly.

Special Equipment Installation
Service provider shall perform initial installation of radios in all sedans, and custom fit police vehicles with lights, sirens, radios, and other special equipment.

Transient Equipment Repairs
The service provider shall provide reimbursable repair services for several small commands and Navy recruiters within a 125-mile radius. Services include scheduled maintenance and repairs, and breakdown service.

III. REPORTING REQUIREMENTS

(Note: For purposes of this example, it is assumed that a waiver has been obtained for the requirement that the Base Engineering Support Technical (BEST) system be used. It is also assumed that each offeror will propose its own automated vehicle maintenance management system.)

The service provider shall maintain/compile information regarding vehicle maintenance and repair history, monthly workload, vehicle availability and maintenance, and repair schedules. The service provider shall notify the command of vehicles that are due in for scheduled maintenance and repairs. The service provider shall conduct an annual customer satisfaction survey and report results to the command. The service provider shall also conduct an annual vehicle condition assessment. Section V, below (Quality Control), identifies additional reporting requirements.

IV. PERFORMANCE MEASURES

Availability of Vehicles

The vehicle availability rate will be maintained at 82.5 percent. Available means that the vehicle is operable and available for customer use. Certain vehicles and equipment will take priority in workload scheduling. Such vehicles will be designated by NSA and include emergency vehicles, fire trucks, police vehicles, and cranes. The service provider shall ensure that 1,175 of 1,424 vehicles will be available for use at all times (82.5 percent of fleet).

Customer Satisfaction

The standard of performance for customer satisfaction depends on the baseline survey conducted by either the government, if the government wins the competition, or by the contractor if the contractor wins. In the first year of the performance period, the successful bidder shall maintain or improve the customer satisfaction levels over the baseline figures. In subsequent years, the successful offeror shall meet or exceed industry standards for customer satisfaction

Condition of Vehicles

Vehicles will be maintained in acceptable operating condition, normal fair wear and tear accepted. Fair wear and tear means the reasonable amount of deterioration that occurs during the normal use and operation of a particular vehicle. The service provider shall follow manufacturer's recommendation for scheduled maintenance.

V. QUALITY CONTROL

This section discusses those elements of performance that define the quality control process expected of the service provider.

Availability of Vehicles

- Report: The service provider shall report on the status of contract performance including information on vehicle availability. Daily reports will include maintenance and repair information considered outside normal fair wear and tear.

- Quality Control/Quality Assurance: Validate report periodically.

  - Service provider QC: The service provider shall establish a procedure that, when followed, will produce the acceptable levels of availability (82.5% availability). The Service provider shall implement a procedure that provides for continual process improvement.

  - Government QA: The Quality Assurance Evaluator (QAE) shall conduct periodic reviews based on an acceptable level of quality and shall ensure that the service provider's system provides a service that meets the performance standards (82.5% availability).

Customer satisfaction

- Report: The service provider will provide customer satisfaction survey results including a baseline survey conducted immediately after award and annually thereafter.

- Quality Control/Quality Assurance: Validate report annually.

  - Service Provider QC: The service provider shall establish procedures for ensuring that customer satisfaction meets minimum contract requirements. The service provider shall conduct an annual survey and ensure that survey results are within the allowable margin of error (plus or minus 5 percent). (At or above baseline for first year and at or above industry standards thereafter.)

  - Government QA: The QAE shall conduct periodic reviews of the service provider's QC process and will review annual survey results. QAE will verify and accept the survey results.

Condition of Vehicles

- Report: Upon award of a contract, the service provider shall conduct a baseline assessment and report on the condition of all the vehicles in the fleet. Thereafter, the service provider shall provide an annual report of the condition of the vehicles

in the fleet.

- Quality Control/Quality Assurance: Validate report annually.

  - Service Provider QC: The service provider shall establish procedures for assessing condition of vehicles in the fleet and perform an annual survey of the condition of all vehicles.

  - Government QA: The Quality Assurance Evaluator (QAE) will conduct periodic reviews of the service provider's QC process and will review and verify the annual condition reports.

Qualification of Personnel

The service provider shall demonstrate that personnel assigned to this project have the requisite knowledge and skills to meet the minimum performance standards. Evidence may include education, certification, training, and experience. At a minimum, the service provider's personnel must have standard industry certifications appropriate to the tasks required by this contract.

Attachment 1: Government Furnished Equipment

TYPE	INVENTORY	AVG MILES/YEAR	AGGREGATE VEHICLE MILEAGE
Sedan	91	4,750	432,250
Sedan/Police	105	21,000	2,205,000
1/2 T p/u	644	6,100	3,928,400
3/4 T p/u	329	6,300	2,072,700
3/4 T p/u 4X4	40	9,350	374,000
2 T stake	176	4,500	792,000
1500g tanker	21	7,500	157,500
Wrecker	12	14,000	168,000
Fire truck	6	2,100	12,600
Total	1,424		10,142,450

Attachment 2: Historical Workload Data

(Note: All data in this table is simulated)

Automobile and Truck Maintenance/Repair	Historical Number of Occurrences	
Function	**1995**	**1996**
Major Repair	552	450
Transient Equipment Repairs	252	348
General Repair		
- Repairs generated from PM inspections	3,600	3,552
- Repairs generated from PM maintenance	3,540	3,480
- Repairs generated from field service	390	372
- Repairs generated from service calls	114	132
- Repairs generated from new vehicle service	12	18
Accident Repair (including labor/materials)		
- Greater than $5,000	12	6
- $2001 - $5,000	60	48
- $500 - $2,000	72	36
- Under $500	18	24
Service Calls		
- During regular hours	1,200	1,170
- After regular hours	150	114
- Road service	210	192
- Tow truck service	114	96
New Vehicle Service	48	72
Specific Maint. & Repair Requirements		
- Body and fender repairs (including associated painting and marking)	186	144
- Corrosion prevention	372	354
- Battery maintenance	480	432
- Tire replacement	1,440	1,200
- Tire repairs	222	264
- Glass replacement	372	528
- Glass repairs	204	126
- Key services	198	144
- Transfer/installation of special equipment	72	42
- Painting and marking (not associated with body and fender work)	30	24
- Special inspections (tests and calibrations)	138	192

Weight Handling Equipment Three Bridge Cranes	Historical Number of Occurrences	
Function	**1995**	**1996**
Major Repair	12	7
Minor Repair	150	91
Preventive Maintenance	72	84
Scheduled Inspections and Tests	72	84

Attachment 3: Government Furnished Equipment

Type	Quantity	Average Age
Wrecker	12	5 yrs
Peerless Air Compressor	1	2 yrs
Hydraulic Lifts	4	5 yrs.
All Diagnostic Equipment	4	8 yrs

Attachment 4: Sample Government Furnished Supplies List

The government furnished supplies will be provided to the contractor on a one time basis. If the contractor wins the competition the government supplies listed below will be turned over to the contractor, however, the contractor will be required to replenish supplies. If the MEO wins the competition, the government will continue to purchase these supplies.

Materials	Stock Number	Units	Unit Price
Socket Wrenches	786xl	75	$100.00
Clutch Assembly	818-0101-52	2	$500.00
Brake Fluid (Gallon)	8989898	14	$3.80
Rear Shock Absorber	92-88H	50	$35.00
Joint, Front, Universal	3455	2	$750.00

Attachment 5: Government Furnished Facilities

NSA transportation works in a converted 1940s vintage warehouse that has been partitioned to provide 12 work bays, a parts area, a battery shop, tire mounting area, and office complex including a customer lounge and driver-ready room. The shops are equipped with hydraulic lifts, compressed air, and overhead lubrication services (in three bays). There is a paint booth that is presently being examined by the county air pollution district for compliance. The warehouse is located on the west side of the base and covers 5,000 square feet. The government will be responsible for the O&M costs for the warehouse should the contractor choose to use this facility.

Simulated Quality Assurance Surveillance Plan (QASP)
(provided for illustrative purposes only)

I. PURPOSE

Quality Assurance (QA) is a program undertaken by the Naval Support Activity to provide a level of assurance concerning the quality of Transportation Maintenance and Repair (TMR) services. Therefore, the Naval Support Activity must develop and implement a system that will ensure that the quantity and quality of the goods and services received comply with the requirements of the PWS, regardless of whether the provider is the government or a private contractor.

The purpose of the Quality Assurance Surveillance Plan (QASP) is to describe the methods used to measure performance and to identify the reports required and the resources to be employed. The QASP provides a means for evaluating whether the service provider is meeting the performance standards set out in the PWS. The results of the evaluation, reflected in the reports generated by implementing the QASP, become the basis for determining the service provider's compensation.

II. METHODS

The service provider is the owner of the quality control process and will institute procedures, that, if followed, will produce the desired outcomes. The service provider is responsible for developing, implementing, and modifying the quality control process to ensure that performance standards are met. The QAE will conduct an initial review of the service provider's quality control process to ensure its adequacy. Subsequent review of the quality control process will occur if the service provider does not meet performance standards.

Assessment of the service provider's performance will be based on vehicle availability levels, vehicle condition, and the level of customer satisfaction. The QAE will vary the level of surveillance depending on the service provider's conformance to quality levels. The QAE will use statistically valid samples to ensure that the service provider's process is accomplishing the desired performance standards of the contract.

The government recognizes that accepting a service provider's quality control process and relying on the service provider's procedure is a radical departure from traditional practice. The government's intention is to minimize the level of government involvement and allow the service provider to responsibly perform to, or exceed, the contract standards. The government's recent experience supports the notion that responsible service providers can produce at acceptable levels of quality without extensive surveillance. If the service provider's performance is not satisfactory, and it appears that the service provider's quality control process has not produced the desired result, the QAE has the option to increase quality assurance surveillance in

order to protect the government's rights.

III. ASSURANCE OF PERFORMANCE MEASURES

The QAE will ensure that the service rovider is following the quality control process described in the service provider's proposal by spot checking vehicle availability, customer satisfaction, and vehicle condition. In performing these activities, the QAE may conclude that recurring problems are indicative of systemic weaknesses in the service provider's quality control process. If so, the government will direct the service provider to correct the deficiencies in the quality control process.

Service Provider's Records

The QAE will review the service provider's records to ensure that all the reporting requirements of the PWS are being met. The QAE will also spot check these records for accuracy and completeness. The QAE will verify that the customer satisfaction survey is conducted in accordance with statistically valid methods.

Availability of Vehicles

The QAE will conduct spot checks to confirm that actual vehicle availability is consistent with the service provider's reported availability levels. The QAE will confirm that vehicle availability is being maintained at or above 82.5 percent. If the reported level is different from the actual level and/or the level is below 82.5 percent, the service provider will be directed to take remedial action.

Customer Satisfaction

The QAE will conduct spot check reviews of customer complaints and will review the service provider's resolution of those complaints. The QAE may interview individual customers to determine if the service provider satisfactorily reconciled their complaints. The QAE will review the annual customer satisfaction survey with the successful offeror. At the beginning of the performance period, the QAE will verify that the survey was conducted properly and that the baseline of customer satisfaction data was properly developed. In each year of the performance period, the QAE will make sure that the customer satisfaction level is maintained at or above the baseline in the first year and at or above industry standards in subsequent years.

Vehicle Condition

The QAE will spot check vehicles to confirm that actual vehicle condition is consistent with the service provider's reported vehicle condition. The QAE will also spot check the service provider's records and fleet vehicles to ensure that the service provider is adhering to manufacturers' recommended maintenance schedules. If the reported vehicle condition is different from the actual vehicle condition, or if the scheduled

maintenance has not been accomplished, the service provider will be directed to take remedial action.

It should be recognized that the focus is to shift the Quality Assurance thinking from individual inspections to determine at the outset if the service provider's process, if followed strictly, will produce a deliverable that meets the quality requirements of adhering to the performance specification. There must be a strict requirement that confidence in the service provider's system be based on reasonable assumptions and data, and that the burden is on the service provider to demonstrate that procedures are in place which, if followed, will indeed meet the acceptable level of quality.

If evidence exists at any time during the period of performance that the service provider's process fails to meet this strict test, or if the service provider fails to follow the system in place, the QAE will immediately increase the level of surveillance. As a result, it may be necessary to revert to individual product inspection, prior to acceptance of the service provider's work.

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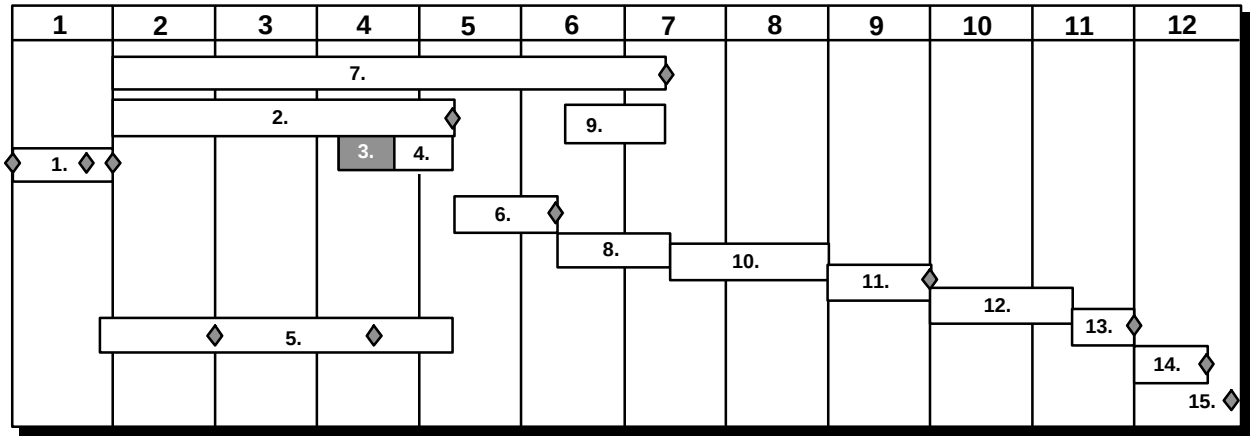
STEP 3: REVIEW AND REVISE PWS AND QASP

3.1 OVERVIEW



◊ **Major Milestone Event**

The goal of Step 3 is to perform a review of the PWS and QASP within the command in preparation for review by a higher authority (in Step 4). The purpose of this review is to ensure that all the important issues that were raised during Steps 1 and 2 have been adequately reflected in the PWS and QASP. Such issues may include determining whether business-related matters have been adequately addressed; whether boundaries of the commercial activity have been adequately defined; whether the PWS is performance based and focused on desired outcomes rather than process based; and whether surge requirements are adequately addressed.

During this step, effective communication and coordination among the key and advisory players listed below will ensure that all of these important issues are adequately addressed in the PWS and QASP. Automated document control tools can aid this coordination effort. Additionally, careful coordination within the command will facilitate the higher level approval of the PWS and QASP that takes place in Step 4.

3.2 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**. Ensures quality of PWS and QASP by reviewing at the command level. Approves PWS and QASP for higher level of review.
- **Functional Manager**. Reviews draft documents of CA team and provides feedback in a timely manner.
- **CA Team Leader/CA Team**. Collects feedback from Commanding Officer, senior management, functional manager, and other reviewers and incorporates comments as appropriate. Reviews documents for quality and accuracy.
- **Contracting Officer**. Reviews draft documents created by the CA team for contractibility and provides feedback in a timely manner.

Advisory Players: The following personnel provide advice and counsel as required:

- Legal Counsel

- Safety Representative
- Security Representative
- Environmental Representative
- Human Resources Officer (HRO)
- Comptroller

3.3 CHECKLISTS FOR KEY PLAYERS

- **Commanding Officer**

1. Receive final version of PWS/QASP from staff
2. Review PWS/QASP
3. Provide comments

- **Functional Managers**

1. Review PWS/QASP before Commanding Officer's review
2. Finalize input and provide to CA team

- **CA Team Leader**

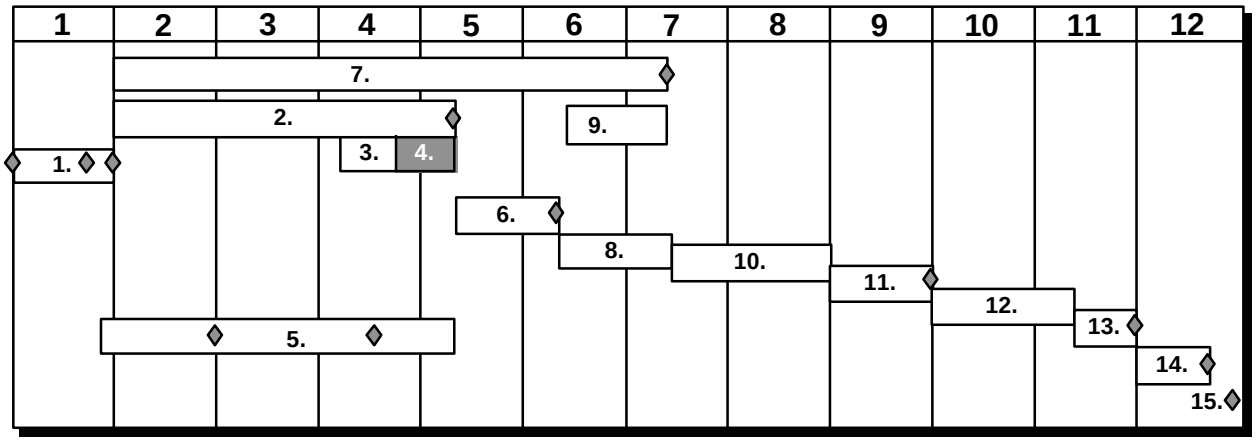
1. Distribute PWS/QASP to senior management, functional management, contracting officer and other appropriate staff for review
2. Incorporate comments as appropriate
3. Perform final quality check before sending documents to Commanding Officer

- **Contracting Officer**

1. Review PWS/QASP for contractibility
2. Provide timely feedback to CA team

STEP 4: OBTAIN HIGHER LEVEL APPROVAL OF PWS AND QASP

4.1 OVERVIEW



◊ **Major Milestone Event**

During this step, the next higher level of authority provides final approval to the draft PWS and QASP. Although this higher level review and approval takes place outside the immediate organization that is conducting the A-76 study, the Commanding Officer can facilitate this review and approval by coordinating with the higher level authority while the PWS and QASP are being developed (Step 2) and reviewed internally (Step 3). The goal of this coordination is to keep the higher level authority informed of the status of the PWS and QASP development and to convey the higher level authority's viewpoints to the CA team. Higher level authority approval for the PWS and QASP is solicited through a letter that includes these two documents as enclosures.

4.2 ROLES AND RESPONSIBILITIES

KEY PLAYERS

- **Commanding Officer**.

  Approves PWS and QASP and obtains approval from the next higher level of authority. Responds to input from higher level and makes appropriate changes.

- **Higher Level Approval Authority**. Reviews, comments on, and approves PWS and QASP.

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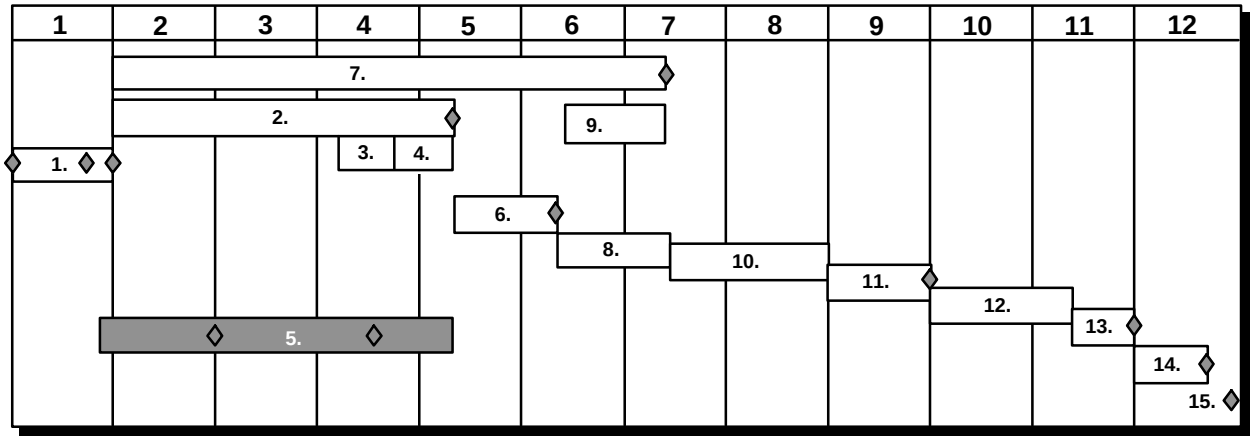
STEP 5: CONDUCT PRESOLICITATION ACTIONS

5.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of Step 5 is to complete those actions necessary to lay the groundwork for the preparation of the solicitation. All activities are focused on supporting development of a quality solicitation. This step has two components. In the first, the CA team gathers data by performing informal market research; the second consists of the traditional presolicitation activities.

Market Research

One method for carrying out the informal market research is to conduct discussions with potential offerors and industry experts. During these discussions, the government can learn from industry experts how the function under study is actually performed and contracted for in the private sector. This process is intended to determine what new techniques, successful endeavors, and emerging trends exist and which of these processes or procedures can be included in the PWS and the Management Plan. Another method of market research is to conduct literature and Internet searches. The purpose of the informal market research is to develop a detailed description of the function under study, including the means and methods of measuring performance. The objective of this data gathering is to prepare for the presolicitation meeting and ensuing solicitation.

The information learned can then be used in Step 2 and Step 7. In Step 2, this information can be applied to the development of the performance standards, the PWS itself, the QASP, and the other aspects of the solicitation. During the development of the Management Plan (Step 7), the information learned from private industry during Step 5 may be useful in developing new operating procedures that will improve the quality and efficiency with which the commercial activities are performed.

Presolicitation Announcement

Following the completion of the informal market research, the more formal actions of the solicitation are performed. These formal actions begin with the publishing of an announcement in the *Commerce Business Daily* notifying private industry that the government is seeking to identify vendors who have the capability and interest in performing services that are the subject of the procurement. The CA team leader coordinates with the contracting officer and the contracting officer publishes the announcement. Once this formal component of the solicitation process begins, the constraints on the procurement process contained in the Federal Acquisition Regulations (FAR) apply.

CO Tip: The *Commerce Business Daily* announcements are major milestones.

The CA team leader continues to coordinate with the contracting officer in preparation for the presolicitation meeting. Part of this coordination effort entails preparing a letter inviting prospective offerors to the presolicitation meeting. Next, the CA team leader prepares the briefing for the presolicitation meeting. The briefing will include a discussion of all pertinent information related to the activity under study (see Template 5.4.1). During this meeting, private industry will be provided an opportunity to comment on the proposed solicitation. Industry comments may be provided verbally during the meeting or in writing afterwards. Attendees should be advised that presolicitation information they provide is for government use and may or may not be used in the ensuing solicitation. The CA team will then analyze industry inputs for incorporation into the relevant portions of the solicitation.

Solicitation Announcement

A second *Commerce Business Daily* announcement is made in this step to announce the solicitation (Step 6). This second amendment provides an opportunity for all interested private firms to let the Contracting Officer know they may be interested in proposing on the work and to place their firm on the bidders list.

5.2 ROLES AND RESPONSIBILITIES

Key Players

- **CA Team/Team Leader**

  Conducts preliminary data gathering and market research of private industry performance standards (benchmarking) and contracting practices. Uses this preliminary data in preparing for presolicitation meeting. Organizes and conducts presolicitation meeting to gather industry input. Leads analysis of industry input for incorporation into the solicitation

- **Contracting Officer**. Provides support to CA team leader regarding guidelines for industry interactions and contacts.

Advisory Players

- **Legal Counsel**. Ensures compliance with FAR requirements concerning the identification and notification of prospective offerors about the impending solicitation.
- **Union Representative**. May participate in presolicitation meeting to provide feedback to affected employees.

5.3 CHECKLISTS FOR KEY PLAYERS

- CA Team Leader

1. Coordinates *Commerce Business Daily* announcements with contracting officer
2. Conducts preliminary data gathering
3. Prepares briefing for presolicitation meeting
4. Conducts presolicitation meeting
5. Records and analyzes results of presolicitation meeting
6. Incorporates appropriate industry inputs into solicitation

- Contracting Officer

1. Discusses ground rules for industry contacts with CA team
2. Issues *Commerce Business Daily* announcements
3. Compiles list of sources responding to *Commerce Business Daily* announcements
4. Sends letter inviting industry sources to presolicitation meeting
5. Participates in presolicitation meeting in advisory role

5.4 TASK TEMPLATES

The objective of presolicitation briefing is to describe to potential offerors the function under consideration.

Template 5.4.1: Presolicitation Briefing

The briefing should include a discussion of the following:

- Objective of the briefing—to solicit industry opinion concerning how this function is performed in the private sector and what are some measures of performance for this function used in the private sector.
- CA team
- Scope of the effort—a description of the function to be studied. If necessary, a flow diagram of the process that will clearly show the start and stop points.
- Profile of the fleet
- Workload summary
- Performance measures
- Unique features and/or requirements
- Solicitation methodology
- Industry comments.

The CA team leader should be prepared to collect and record information provided by the participants. The CA team leader should focus on capturing the alternative methods and means used by industry to perform this function and to measure performance for this function. The objective is to capture industry facts and views. Under most circumstances, the CA team leader is the senior manager at this briefing. However, studies involving sizable or critical functions may require Commanding Officer participation.

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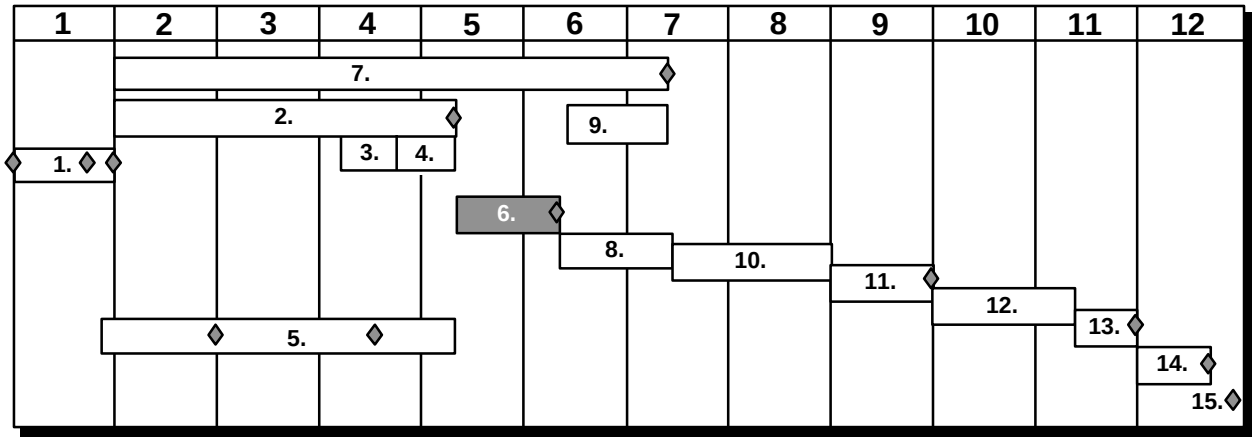
STEP 6: PREPARE AND ISSUE SOLICITATION

6.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of this step is to develop and issue a solicitation (request for proposal) to which commercial vendors can respond with formal offers. The heart of the document is the PWS, which identifies the performance expectations of the government for the commercial activity under review. During this step, the contracting officer, in conjunction with the CA team leader, determines which type of contract to use for the solicitation.

CO Tip: The issuance of the solicitation is a major milestone.

The contracting officer reviews the PWS for sufficiency and incorporates it, along with other required contract clauses, into the solicitation. The FAR requires that the Right of First Refusal of Employment clause be included in the solicitation. This clause ensures that federal employees whose positions are eliminated if an activity is outsourced will be given priority for employment with the winning contractor. The contracting officer will announce the solicitation in accordance with the FAR requirements. The contracting officer and the CA team should work together in developing the criteria by which the contractor offers will be evaluated.

Successful execution of this step depends on:

- A high-quality, contractible PWS
- Effective collaboration of the contracting officer and CA team
- Early agreement on source selection and evaluation criteria
- Timely processing of the solicitation by the contracting office

CO Tip: As the contract requirements are established and the PWS is developed in Step 2, the contracting officer should begin considering the appropriate contract type for the solicitation.

6.2 DESCRIPTION OF KEY TASKS

Following are seven key tasks in developing and issuing a solicitation.

6.2.1 Determine Appropriate Contract Type

Determining contract type is a contracting officer decision that should be coordinated with the functional manager and the CA

team leader. See Appendix C for a brief discussion of various contract alternatives.

6.2.2 Create the Source Selection Plan

The source selection plan (SSP), which defines the criteria by which offers will be evaluated, is developed before creating Section L (Instructions to Offerors) and Section M (Evaluation Criteria) of the solicitation. This ensures that offerors are aware of how proposals will be evaluated and what information must be included in the proposals. It also ensures that the evaluation criteria does not change between the time the solicitation is issued and the time offers are evaluated. The source selection plan is used to evaluate both the government's offer—the Management Plan—and contractor offers. This is further addressed in Step 10, Evaluation of Proposals.

6.2.3 Establish Incentive and Award Fees for Contractor Performance

On a fixed price contract, by reducing its cost of performance—while maintaining required performance levels—a contractor can increase its profit. The contracting officer may consider using award fees to provide additional incentives for the contractor to improve its performance and reduce costs. It is important to note that it may be quite difficult to cost out the award fee portions of a contractor proposal and provide for an equitable cost comparison with the government's proposal on the cost comparison form. Any decision to use an award or incentive fee should carefully consider how it will be costed in order to preserve equity and avoid disputes.

CO Tip: The Commanding Officer should consult with the contracting officer on the incentive options available for different contract types.

6.2.4 Establish Incentives and Awards for MEO Performance

It also may be possible to create incentives for the MEO to perform at a cost below that projected in the IHCE if the MEO is selected to perform the commercial activity as a result of the cost comparison process. For example, if the MEO performs at a cost below that projected in the IHCE, some portion of the difference could be made available to the organization (e.g., in the form of employee bonuses or for purchases of equipment that may enable additional cost savings to be achieved). It should be noted that the incentive for the MEO should be designed to encourage performance at a cost below that projected in the IHCE rather than encouraging levels of performance beyond that required by the PWS at the IHCE price.

Both the contractor and the government have constraints that tend to prevent "gaming" of their proposals. If the government inflates its proposal price with the intention of earning incentives for performing at a cost below that projected in the IHCE, the organization runs the risk of having the contractor being selected as a result of the cost comparison. If the contractor inflates the price of its offer with the intention of increasing its profit, it risks losing the competition to the MEO.

6.2.5 Develop Evaluation Criteria

Developing evaluation criteria is an iterative process performed by the contracting officer and the CA team leader. The contracting

officer should seek the CA team's views on the important performance elements to be included in the evaluation criteria.

6.2.6 Develop an Independent Government Estimate

The purpose of the independent government estimate (IGE) is to establish the anticipated cost of contractor performance of the commercial activity. The CA team develops this estimate based on data gathered during Step 2 and from industry sources or other trade organizations that may provide information during Step 5. The IGE is required by acquisition regulations and is one benchmark used by the contracting officer to determine if an offeror's proposed price is fair and reasonable and reflects an understanding of the PWS requirements. The IGE is also the document that forms the basis for commitment of funds by the comptroller—a commitment that is required before the solicitation can be issued.

6.2.7 Prepare and Issue the Solicitation

The contracting officer assembles all the elements of the solicitation, arranges for publication, and disseminates the solicitation to the bidders list.

6.3 CHECKLISTS FOR KEY PLAYERS

Existing procurement checklists are available from the Contracting Officer and should be utilized as required.

6.4 TEMPLATES

Existing procurement templates are available from the Contracting Officer and should be utilized as required.

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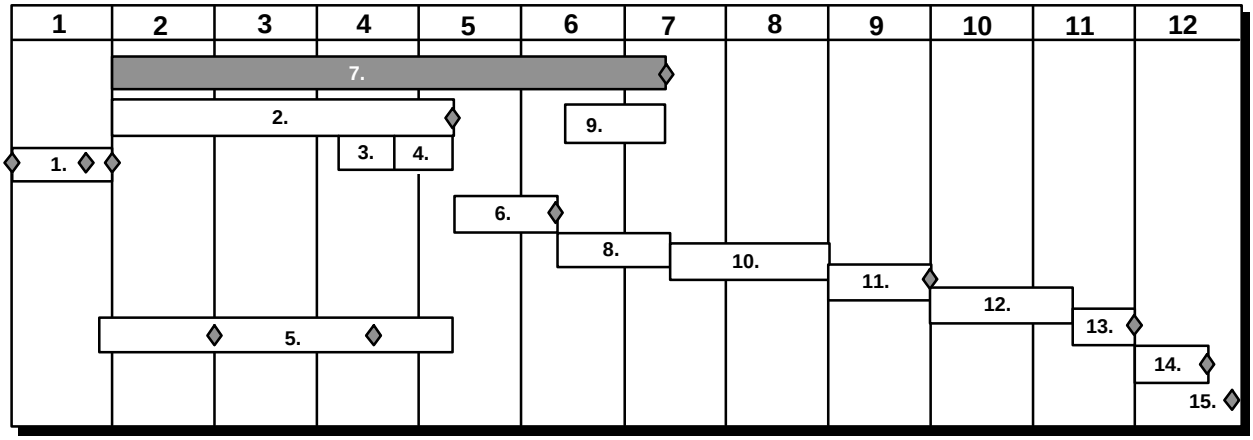
STEP 7: DEVELOP THE MANAGEMENT PLAN

7.1 OVERVIEW



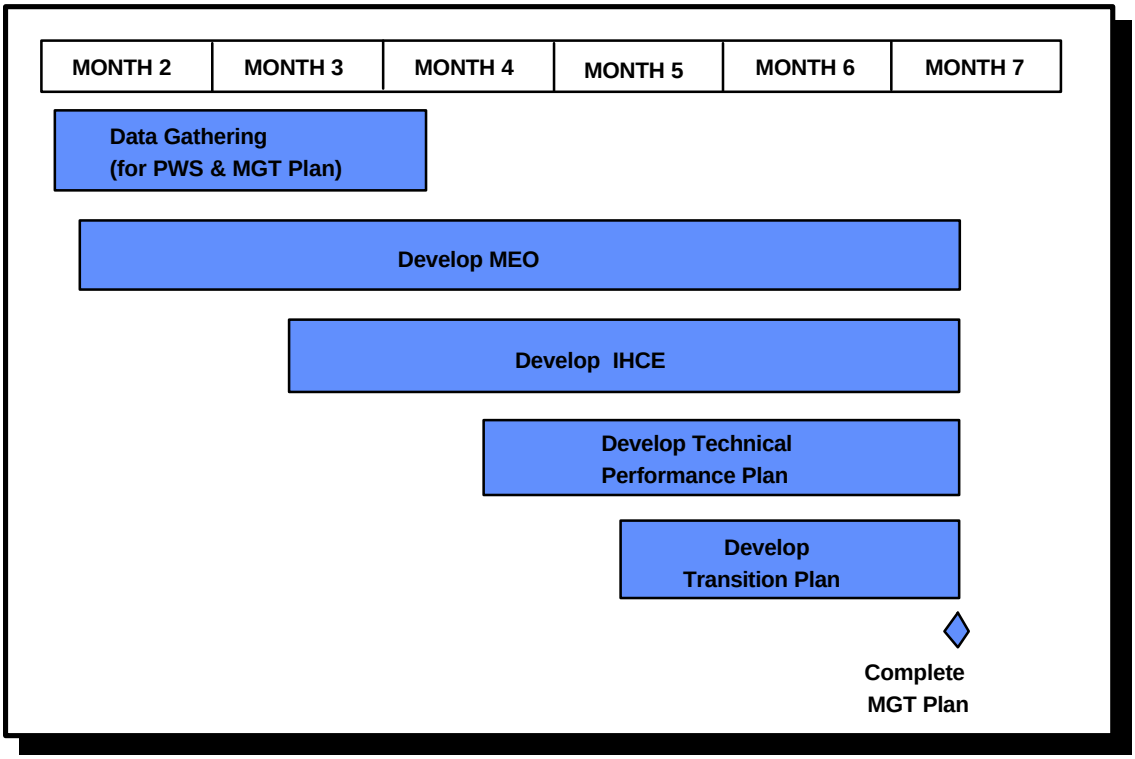
◊ **Major Milestone Event**

The purpose of Step 7 is to develop a Management Plan that consists of the Most Efficient Organization (MEO) document, an In-House Cost Estimate (IHCE), a Technical Performance Plan (TPP), and a Transition Plan (TP). The Management Plan is the in-house organization's "offer" that will be compared to the best value offer submitted by private industry. Step 7 should take approximately 23 weeks to complete.

The development of the Management Plan is an iterative process. The goal in creating the MEO is to develop the best possible organization to perform the work defined in the PWS. The IHCE will be based on the MEO's performance of the PWS and provides the basis for the government's cost for competition. The Technical Performance Plan is the government's proposal for meeting the performance requirements of the PWS and must be based on the MEO. The Transition Plan describes the organization's plan to move from the current organizational structure to the MEO while maintaining performance levels. All of these tasks are interrelated, developed concurrently and, therefore, can begin at any time in Step 7.

The Management Plan must reflect the scope of work defined in the Performance Work Statement (PWS) developed in Step 2 and support the performance requirements included in that document. In developing the Management Plan, the activity under study may consider any prior business case analysis, business process reengineering, or organizational analysis efforts that have been conducted. The completion of the Management Plan concludes the primary involvement of the CA team.

7.2 DESCRIPTION OF KEY TASKS



7.2.1 Gather and Analyze Data

Much of the data required to develop the Management Plan is the same information collected during Step 2 for development of the PWS.

CO Tip: This guide discusses industry staffing standards, work sampling techniques and measures of productivity. This discussion is intended to provide examples and is not an exhaustive discussion of analysis techniques. Each activity should use analysis techniques that are appropriate for the function under study and that are appropriate for developing the MEO.

7.2.1.1 Data Gathering Interviews

Interviewing employees in the activity that is the subject of the CA study can be an effective data gathering technique. During interviews, the CA team should identify any non-routine tasks performed by employees of the activity to ensure that these tasks are included in the workload analysis. The CA team should also identify any future new or additional workload requirements that the activity is planning to undertake. This includes consideration of additional requirements that must be met if the service provider is a contractor selected as a result of the cost comparison. As in the Performance Work Statement, the Management Plan must include activities required to comply with requirements imposed by statute or regulation in the performance of the function under study. Template 7.5.2 presents a Sample Interview Guide.

CO Tip: The CA team should consider applying for waivers, where applicable, of any regulations related to the function under review if it will enable the activity to be performed more efficiently.

Exhibit 7-1 lists data elements that may be used for both the development of the PWS in Step 2 and the development of the Management Plan in Step 7.

Exhibit 7-1
Data Elements

PEOPLE	PROPERTY/EQUIPMENT/ SUPPLIES	FACILITIES DATA
• Organization Chart • Current Staffing • Position Descriptions • Position/Grade • Attendance Records • Special Exempt Data • Training Records • Union/Collective Bargaining Unit • Awards Data	• Maintenance Manuals • Inventory Of Equipment • Inventory Of Material • Survey Of Plant Equipment • Cost Data For Replacement/Upgrade Equipment • Materials Consumed Or Used	• Plant Layout • Installed Equipment • Map Of Installation • Building Maintenance Records • Utility Usage Data • Environmental Impact Studies

OPERATION UNDER STUDY	COMMAND	PRIOR STUDIES
• Operating Procedures - Workflow • Training Manuals • Climate/Weather • Definition Of Workload Measures • Workload Data At The Lowest Functional Level • Measures Of Productivity • Historical Workload • Quality Measurements • Existing Contracts	• All Command Notices And Instructions • Applicable Laws And Regulations For The Function Being Considered	• Business Case Analysis • Prior A-76 Studies • Business Process Reengineering

7.2.1.2 Estimating Workload Requirements

The CA team may find it necessary to estimate workload requirements. Workload estimating techniques that may be used include reviews of historical data and work sampling. The review of historical data begins with determining the data required and identifying appropriate sources of information. Copies of previous reports or studies that specify the volume of work,

resource requirements, productivity rates, performance requirements and standards, or performance times should be obtained. This information can be used by the CA team to define work requirements over a period of time.

In performing work sampling, the laws of probability are applied to forecast the amount of time that will be spent on various tasks. This is accomplished by making random observations of the work conducted over a period of time. This is generally done using random sampling to reduce the level of bias that may be introduced into the work through sampling observations. Observations of current work can be used to determine the proportion of time dedicated to productive versus nonproductive tasks.

7.2.1.3 Analyzing Current Organizational Structure and Processes

During this stage, the CA team documents the organization as it exists at the start of the study. This should include a description of the organizational structure (both formal and informal), the mission and functions, staffing plans, facilities, and equipment. In developing the staffing plan for the existing organization, the CA team must identify all staff assigned to the function. This includes all full-time and part-time government employees, military personnel, and any contractor employees currently participating in the function under study. In addition, all military personnel, both full time and part time, who will participate in the function as part of the Most Efficient Organization must be included in the Management Plan. The cost of labor provided by military personnel is based on the composite rate for uniformed personnel established by DoD or other applicable comptroller.

7.2.2 Develop the Most Efficient Organization

In developing the Management Plan, the CA team must describe the optimum organization, known as the Most Efficient Organization (MEO), to perform the work specified in the PWS. Any improvements in operations, reductions in staffing, improvements in facility layout or equipment utilization, or any other ideas designed to improve performance are documented in the MEO.

Many techniques are available to the CA team in developing the MEO. The CA team should focus on innovative and creative approaches to performing the function; however, the MEO must be an organization that can be implemented by the government. In developing the MEO, the CA team may use business process reengineering principles, activity-based costing, business case analysis techniques, or organizational analysis. Because of the time constraints imposed by the A-76 time-line, the CA team may use some of the foregoing techniques in conjunction with simulation models. Creating a simulation of the MEO may help the CA team visualize the impact of changes recommended in the MEO. Template 7.5.1 provides a sample outline of an MEO document and a sample MEO appears at the end of Step 7. Template 7.5.3 presents a format for the MEO Staffing Recommendations.

The following are examples of information that may be used to develop the MEO:

- Organizational chart—new organizational structure required to support the MEO
- New work breakdown structure
- New workflow design

- New position descriptions and grade structures
- New performance measures
- New facilities layout and productivity enhancing equipment
- Recommended revisions or amendments to existing contracts
- Estimates of materials and supplies needed during the performance period.

7.2.2.1 Mock Reduction In Force

After the MEO is developed, the Human Resources Officer (HRO) may conduct a mock reduction in force (RIF). The purpose of the mock RIF is to help with the transition plan under both scenarios. The mock RIF assists in estimating the costs of relocation and training affected personnel and minimizing adverse impacts on employees by planning for how to place or assist them. If the Government loses the bid, the information will be useful in planning for the reductions of the entire in-house organization. If the Government wins the bid and has to implement the MEO, the information can be utilized in implementing the reductions of the affected personnel.

CO Tip: The mock RIF creates highly sensitive information that should be restricted to a very limited distribution.

7.2.3 Develop the In-House Cost Estimate

The IHCE is the part of the Management Plan that details the cost of the MEO's performance of the requirements in the PWS. The IHCE can be prepared based on the following factors:

- Personnel Costs
- Material and Supply Costs
- Other Specifically Attributable costs
  - Depreciation
  - Cost of Capital
  - Rent
  - Maintenance and Repair
  - Utilities
  - Insurance
  - Travel
  - MEO subcontracts
  - Other Costs
- Overhead Costs
- Additional Costs.

Template 7.5.4 provides an example of an In-House Cost Estimate using the Cost Comparison Form (CCF) format. A sample IHCE based on the simulation appears at the end of Step 7.

The A-76 *Supplemental Handbook* states that an activity will not be converted to contract on the basis of a cost comparison unless a minimum cost differential is met. The minimum cost differential is the lesser of 10 percent of in-house personnel related costs (Line 1 on the CCF) or $10 million over the period of performance.

The Air Force Management Engineering Agency has developed the OMB Circular A-76 Cost Comparison System called COMPARE which is an automated system for developing the In-House Cost Estimate. This system is available through the OSO and may be used to prepare the IHCE.

7.2.4 Develop the Technical Performance Plan

The Technical Performance Plan (TPP) describes how the MEO will perform the work requirements of the PWS. The TPP must be responsive to the requirements of the PWS. The TPP specifies how the performance requirements will be met, measures of performance, staffing by functional area, staffing utilization, facilities

utilization, and it describes how changes in the workload will be addressed in the new organization. An outline of a Technical Performance Plan is provided in Template 7.5.5. A sample Technical Performance Plan is included at the end of Step 7.

7.2.5 Develop the Transition Plan

The Transition Plan describes how the current organization will make the changes necessary to implement the MEO. The Transition Plan should account for two possible outcomes: the transition to the MEO, if the government wins, and the plan to transition to contract performance, if the contractor wins. An outline of a Transition Plan is provided in Section 7.5.6. A sample Transition Plan is included at the end of Step 7.

7.2.6 Prepare for Independent Review of the Management Plan

The completed PWS, QASP and Management Plan, along with supporting documentation, are forwarded to the Independent Review Officer (IRO). The IRO acts as an independent authority to certify (refer to Step 9) that data contained in the Management Plan reasonably establishes the government's ability to perform the PWS within the resources provided by the MEO, and that all costs entered on the CCF are fully justified and calculated in accordance with the procedures described in Part II of the A-76 *Supplemental Handbook*. The IRO provides this certification in writing on the CCF. Typically, the IRO is outside the Command under study at least one or two levels above.

To prepare for the independent review, the CA team should complete the Pre-Independent Review Checklist shown in Template 7.5.7 and prepare a letter scheduling the independent review.

7.2.7 Develop MEO Quality Control Procedures

When services are performed by the MEO as a result of a cost comparison, a formal review and inspection of the MEO should be conducted. Typically, this review should be conducted following the end of the first full year of performance. The Post-MEO Performance Review confirms that the MEO has been implemented in accordance with the Transition Plan, establishes the MEO's ability to perform services of the PWS, and confirms that actual costs are within the estimates contained in the in-house cost estimate. Adjustments may be made for formal mission or scope of work changes. The A-76 *Supplemental Handbook* states that Post-MEO Performance Reviews will be conducted on not less than 20 percent of the functions performed by the government as a result of the cost comparison. As a result of the Post-MEO Performance Review, if it is determined that the government has failed to implement the MEO as provided in the Transition Plan or that the MEO is not meeting the minimum performance standards, the contracting officer will award a contract to the best-value contractor who participated in the cost comparison. If award to the best-value contractor is not feasible, the contracting officer will immediately resolicit to conduct a revised and updated cost comparison.

Quality control and quality assurance are two components used to monitor the quality of the work performed by the MEO throughout the performance period and to prepare for the Post-MEO Performance Review. The MEO develops and implements a quality control process to ensure that quality

standards are met. Government Quality Assurance Evaluators (QAE) develop quality assurance procedures to ensure that the MEO is following its quality control process and meeting the requirements of the QASP.

Template 7.5.8 provides a list of issues to be considered in developing the MEO quality control process and in preparing for the Post-MEO Performance Review. A sample description of an MEO quality control process is included at the end of Step 7.

7.3 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**

  The Commanding Officer should remain involved in the tasks that occur in this step and participate in resolving any critical issues that might arise. The Commanding Officer should continue to motivate staff and provide guidance and leadership in the development of the Management Plan. The Commanding Officer ensures that this step is completed as scheduled in Step 1. Finally, the Commanding Officer needs to be sensitive to the anxiety of personnel being studied and address their concerns to the extent possible.

CO Tip: The Commanding Officer also has final approval authority for the Management Plan, which consists of the MEO document, In-House Cost Estimate, Technical Performance Plan, and Transition Plan. This includes certifying the MEO before the IRO's review.

- **Senior Management**

  Senior managers should keep informed about the impact of the A-76 study on the function and support the CA team's development of the Management Plan to the extent required. This may include providing information about activities and providing people to support the A-76 study. Senior management may also assist the CA team in developing new operating procedures that cross organizational boundaries.

- **Functional Manager**

  Functional managers should support the CA team's development of the Management Plan as needed. This support may include making personnel available for interviews as requested by the CA team. Functional managers should ensure that data collected by the CA team presents an accurate and complete description of the function under study. If the CA team encounters problems collecting data, the functional managers should help resolve these problems. Ultimately, the functional manager is the largest stakeholder in this process and must be actively involved in the key business decisions that will affect performance regardless of whether the function ultimately is performed by the MEO or by a contractor.

- **CA Team Leader/CA Team**

  The CA team Leader is responsible for developing the Management Plan on schedule and delivering it to the contracting officer. He or she should provide periodic updates to the Commanding Officer on the status of the A-76 study. Serious impediments to the timely completion of the Management Plan should be discussed with the Commanding Officer along with recommendations for resolving these problems. Careful coordination with persons who provide data in support of the Management Plan development will also contribute to the timely completion of the plan. Also, discussions with peers of CA team members who have

conducted similar CA Studies may facilitate the development of the Management Plan.

- **Comptroller**

  The comptroller provides required cost data to the CA team. The comptroller begins planning for the reallocation of funds that may be required depending on whether the MEO or a contractor performs the function as a result of the cost comparison process.

- **Human Resources Officer**

  The Human Resources Officer (HRO) provides the CA team with position descriptions for affected employees in the current organization and proposed position descriptions for the MEO. The HRO conducts the mock RIF and provides information to the CA team in support of developing the Management Plan.

- **Union(s)**

  Union(s) may assist the A-76 study by informing union members affected by the study about the A-76 study process, their rights to appeal the outcome of the cost comparison process and their possible rights of future employment with a contractor if a contractor is selected to perform the function as a result of the cost comparison process.

- **Outsourcing Support Office**

  The OSO is available to provide advice, assistance and support to the Commanding Officer and the CA team to the extent required. Outside assistance may serve as the CA team, or supplement the team as may be necessary given the Commanding Officer's existing resources and available expertise.

Advisory Players

- **One Level Up Review**

  The reviewing authority one level above the activity involved in the A-76 study should provide overall guidance and direction to the Commanding Officer. In addition, they should provide oversight to the process of developing the MEO.

- **Legal Counsel**

  Legal counsel provides advice to the Commanding Officer and CA team on how to conduct the A-76 study in accordance with applicable statutes and regulations.

7.4 CHECKLISTS FOR KEY PLAYERS

- **Commanding Officer**

1. Ensure that the Management Plan is developed on schedule
2. Meet with CA team to monitor progress and resolve appropriate issues
3. Periodically report progress of A-76 study to the command sponsor
4. Meet with senior management and affected employees to share information
5. Facilitate data gathering and ensure cooperation of employees with CA team
6. Review and comment on draft deliverables
7. Approve final deliverables of Step 7.

- **Senior Managers**

1. Meet with Commanding Officer and functional managers as required
2. Communicate with liaison and command sponsors
3. Assist CA team in developing the Management Plan as required.

- **Functional Managers**

1. Meet with Commanding Officer and other senior managers as required
2. Meet with subordinates to provide information on A-76 study status
3. Assign subordinates as required to support the A-76 study
4. Safeguard future employment rights of affected employees who may be interested in working for a contractor if a contract is eventually awarded
5. Communicate with liaison and command sponsors
6. Assist CA team in developing the Management Plan as required.

- **Human Resources Officer**

1. Conduct mock RIF
2. Provide position descriptions for current organization and MEO.

- **Comptroller**

Provide cost data and budgetary support to CA team as required.

- **CA Team Leader**

1. Prepare Management Plan and supporting documentation.
2. Adjust assumptions as required.
3. Meet with Commanding Officer to provide progress reports and to resolve any key issues.
4. Meet with functional manager to receive input in support of Management Plan development.
5. Meet with CA team to discuss A-76 study progress and resolve key issues.
6. Ensure continued focus of CA team on satisfying data collection requirements.
7. Collect data.
8. Analyze data.
9. Estimate workload and performance for contract period.
10. Develop MEO.
11. Develop In-House Cost Estimate.
12. Develop Technical Performance Plan.
13. Develop Transition Plan.
14. Complete the independent review preparation checklist.
15. Prepare a letter scheduling the independent review.
16. Ensure that any waivers requested or granted are brought to the attention of the Contracting Officer.

7.5 TASK TEMPLATES

This subsection provides the Commanding Officer, CA team, and team leader with templates to guide them in developing the Management Plan. The team should tailor these templates as required to ensure the development of the best possible Management Plan. The following templates are included in this section:

7.5.1 Most Efficient Organization Outline
7.5.2 Interview Guide
7.5.3 MEO Staffing Recommendations
7.5.4 In-House Cost Estimate (Cost Comparison Form)
7.5.5 Technical Performance Plan Outline
7.5.6 Transition Plan Outline
7.5.7 Pre-Independent Review Checklist
7.5.8 Post-MEO QA Plan

7.5.1 Most Efficient Organization Outline

The primary deliverable in Step 7 is the development of the Most Efficient Organization. This document describes the new organization and represents the government's best effort at creating the most efficient and cost effective organization possible to perform the work specified in the PWS. The more cost competitive the MEO is, the better the chances are for the in-house organization to win the competition with the

private sector. An outline of what the MEO document should like is provided below.

Template 7.5.1: Most Efficient Organization Outline

Executive Summary
- Objective
- Approach
- Assumptions

I. Introduction
- Purpose of the study
- Description of the function under review—specify the boundaries of the study
- Description of the methodology/approach

II. Current Operations
- Organization Mission Statement
- Organization and Staffing — describe the specific tasks that are being performed, how many FTEs are authorized to perform the task, and how many are actually required to perform the task
- Operating procedures
- Workload data
- Equipment analysis
- Facility analysis
- Materials analysis

III. Analysis of Current Operations
- Analysis of mission and recommendations for changes
- Organization — discuss the current organization and its ability to perform the mission and identify areas for improvement
- Operating procedures
- Workload analysis — discuss the current workload and areas of known future requirements
- Staffing analysis
- Evaluation of position classifications and grades
- Residual organization

IV. Recommendations
- A. Define the methodology and assumptions used to develop the Most Efficient Organization
- B. Describe recommendations that can be implemented to improve the organization's operational efficiency
- C. Discuss whether levels of responsibility are allocated properly in the organization

D. Identify technology, training, restructuring issues, materials, and equipment considerations that would improve the command's ability to perform the work defined in the Performance Work Statement
E. Provide supporting rationale for all recommendations

V. Developing the MEO

Analysis of Resource Impact — quantify the impact of the Management Plan recommendations on the current organization.
Funding — quantify personnel savings, new equipment costs, total savings to the government from implementing the MEO
Personnel — quantify the difference between the current organization and the Most Efficient Organization (see Staffing Recommendations in Template 7.5.3)
Equipment and Facilities — quantify costs and anticipated savings associated with recommendations

VI. Define the In-House Quality Control Process
Define the method by which the government will ensure quality
Discuss any variations from the QASP (e.g., what steps in the QASP will be eliminated or added if the result of competition is in-house performance)
Identify specific tasks the government must implement to ensure internal quality assurance

Post-MEO Performance Review

7.5.2 SAMPLE INTERVIEW GUIDE

Before the data gathering stage can begin, the CA team must meet and agree to a particular interview guide format. This will help ensure consistency in interviewing. The CA team should establish a timeline for collecting workload data, which includes time to conduct interviews, gather available data, and analyze workload data. Given that workload data may not always be readily available or may not be available in the required format, the CA team should agree to an approach for estimating workload data when necessary. The method for estimating data should be described and an audit trail should be provided in the Management Plan.

NOTE: Much of the data gathering and analysis should be done in conjunction with any data gathering occurring during Step 2, development of the PWS. The workload data gathered for the PWS will be used in the Management Plan.

Template 7.5.2: Sample Interview Guide

Name of Interviewer _____ Name of Interviewee _____

Date of Interview _____

Organization of Interviewee _____

Job Classification of Interviewee _____

How long have you been in this position? _____

Who is your immediate supervisor? _____

Do you supervise any employees? _____ How Many? _____

Describe the nature of your work_____

_____

What are the inputs to this activity? (i.e., activity starts with a work request)

_____

Describe the work process and procedures _____

How does the process end? (i.e , completed work request forwarded to manager)

_____

How much or many of these activities do you do each day, week, month, year?_____

_____

Is there any seasonal variation to the work? _____

_____

What government regulations dictate why certain functions are performed? Can any of these functions be eliminated? _____

For the tasks that work well, why do you think they work? What could be done to to improve those areas that don't work well? _____

The focus of questions during this stage should highlight areas of the organization that can be improved upon in the development of the MEO. _____

7.5.3 MEO Staffing Recommendations

This template presents a format for the recommended staffing plan of the Most Efficient Organization. It is a proposed format for documenting the current personnel costs and comparing those costs to the personnel costs in the proposed Most Efficient Organization.

Template 7.5.3: Staffing Recommendations

POSITION TITLE	GRADE	AUTHORIZED FTE'S	ASSIGNED FTE'S	PROPOSED FTE'S
Transportation Director	WS-14	0.5	0.5	0.5
Secretary	GS-5	1	1	1
Head Administration Branch	GS-11	1	1	0
		AUTHORIZED FTE'S	ASSIGNED	PROPOSED

POSITION TITLE	GRADE		FTE'S	FTE'S
Records Clerk	GS-5	1	1	1
PM Scheduler	GS-7	1	1	1
Service Writer	GS-9	1	1	1
Service Writer	GS-7	1	1	1
Head Maintenance Branch	WS-13	1	1	1
Parts Expediter	WG-9	1	1	0
Inventory/Supply Spec.	WG-7	0	0	1
Mechanic	WG-10	11	10	4
Mechanic	WG-9	6	5	3
Mechanic	WG-7	3	3	4
Mechanic	WG-5	1	1	3
Head Body & Paint Branch	WS-12	1	1	0
Body Specialists	WG-9	5	4	3
Painter	WG-9	1	1	1
TOTAL		**36.5**	**33.5**	**25.5**

7.5.4 In-House Cost Estimate Form

Template 7.5.4 represents page one of the two page generic cost comparison form (see Step 14 for the full cost comparison form). It illustrates the In-House Performance, the Contractor or ISSA Performance and the Decision sections of the cost comparison. It is designed to cover the performance period of the contract. In this template, the first three years of the performance period are covered along with a column for additional performance periods and a column for total cost. Depending on the actual period of performance, there may be a column for each of five or more years of performance and a column for total costs.

Template 7.5.4: Cost Comparison Form In-House Vs. Contract Or ISSA Performance

	Performance Periods				
	1st	**2nd**	**3rd**	**Add'l**	**Total**
IN-HOUSE PERFORMANCE					
1. Personnel					
2. Material and Supply					
3. Other Specifically Attributable					
4. Overhead					
5. Additional					
6. Total In-House Cost	_____	_____	_____	_____	_____

Template 7.5.4 (cont'd)

CONTRACT OR ISSA PERFORMANCE					
7. Contract/ISSA Price					
8. Contract Administration					
9. Additional					
10. One Time Conversion					
11. Gain on Assets	( )	( )	( )	( )	( )
12. Federal Income Taxes	( )	( )	( )	( )	( )
13. Total Contract or ISSA	_____	_____	_____	_____	_____

DECISION	
14. Minimum Conversion Differential	
15. Adjusted Cost of In-House Performance	_____
16. Adjusted Total Cost of Contract or ISSA Performance	_____
17. Decision - Line 16 minus Line 15	_____
18. Cost Comparison Decision: Accomplish Work:	_____
In-House	_____
Contract or ISSA	_____

The following tables show how data for the preceding Cost Comparison Form are calculated. This first table is included in order to illustrate how personnel costs (Line 1) are derived. It is important to note that this illustration is simplified and does not include all of the details that are necessary and normally included such as: geographic pay; applicable entitlements; fringe benefits; temporary employee treatment of fringe benefits versus social security; or an explanation of the method used to escalate pay in the out-years. Methods of calculating these costs and details about them are not included in this guide but may be found in other handbooks, regulations, instructions and procedures associated with the A-76 process (see the A-76 *Supplemental Handbook*).

Line 1: Personnel Costs (Based on the MEO Staffing Plan)

A	B	C	D	E	F	G	H	I
Position Title	Grade	FTEs**	Annual Wage (C * Wage Rate)	Other Entitle-ments	Basic Pay (D+E)	Fringe Benefits*** (F*32.45%)	Other Pay	Personnel Costs (F + G + H)
Director	WS-14	0.5	$24,825		$24,825	$8,056		$32,880
Secretary	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Records Clerk	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Scheduler	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Service Writer	GS-9	1.0	$34,121		$34,121	$11,072		$45,193
Service Writer	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Head Maint. Branch	WS-13	1.0	$47,486		$47,486	$15,409	$200	$63,096
Inventory/Supply Specialist	WG-7	1.0	$29,390		$29,390	$9,537	$200	$39,128
Mechanic	WL-10	2.0	$72,426		$72,426	$23,502	$400	$96,328
Mechanic	WG-10	2.0	$65,811		$65,811	$21,356	$1,070	$88,237
Mechanic	WG-9	3.0	$95,285		$95,285	$30,920	$400	$126,605
Mechanic	WG-7	4.0	$117,562		$117,562	$38,149	$1,813	$157,523
Mechanic	WG-5	3.0	$80,808		$80,808	$26,222	$2,790	$109,820
Body Specialist	WG-9	3.0	$95,285		$95,285	$30,920	$400	$126,605
Painter	WG-9	1.0	$31,762	$5000	$36,762	$11,929	$200	$48,891
TOTALS		25.5	$795,580	$5,000	$800,580	$259,788	$7,473	$1,067,842

** or hours for intermittent employees
*** or 7.65% for intermittent employees

Line 1 personnel costs include the cost of personnel staffing identified in the Most Efficient Organization. In accordance with the A-76 *Supplemental Handbook*, the cost of military personnel must be included in the IHCE and is calculated using the composite rate for uniformed personnel established by the DoD or the Navy Comptroller.

Material and supply costs are calculated for each period of contract performance. Material costs are calculated only if the materials are used by the activity and will not be provided to the contractor or ISSA service provider by the government. In the following example, it has been determined that the NSA Cattle Crossing will use the special paint that is in the current inventory.

Line 2: Material and Supply Costs

ITEM	ID #	QUANTITY	UNIT PRICE**	SOURCE OF SUPPLY	MATERIAL MARKUP FACTOR***	ADJUSTED UNIT PRICE (D*E*G)	ANNUAL MATERIAL COST (C*H)
Special Paint	Bldg. 16	1	$4,278	GSA	25%	5,347	5,347
Total		1	$4,278		25%	5,347	5,347

** for out years, this figure would include an adjustment for inflation

*** According to the A-76 *Supplemental Handbook*, no material mark up is required if the Navy certifies that all costs of acquiring, managing, storing, transporting and overhead are included in the pricing structure. For the purposes of this illustration, a material mark up factor has been included in order to provide an example of a circumstance where the Navy would not furnish a particular material item and costs would need to be included.

Line 3: Other Specifically Attributable Costs

Other specifically attributable costs will be used to document any costs other than personnel and materiel costs that are specifically attributable to a function for each year of the period of performance.

CATEGORY	FIRST	SECOND	THIRD	TOTAL
Depreciation				
Rent	$75,000	$78,000	$80,000	$233,000
Maintenance & Repair				
Utilities	$27,000	$25,000	$25,000	$77,000
Insurance				
Travel				
Other Costs				
Total	**$102,000**	**$103,000**	**$105,000**	**$310,000**

Line 4: Overhead
Overhead costs include two major categories of costs: operations overhead and general and administrative overhead. Operations overhead is defined as those costs that are not 100 percent attributable to the function under study, but they are costs that are generally associated with the recurring management of the activity. The general and administrative overhead costs include items such as salaries, equipment, space related to headquarters management, accounting, data processing, and other support services provided in support of this activity. Line 4 is calculated by multiplying the Line 1 personnel costs by 12 percent. If the personnel costs include the cost of military personnel, the overhead cost should be 12 percent of the civilian personnel costs only.

Line 5: Additional Costs
This line is used to identify any costs not specifically attributed to lines 1 to 4 of the IHCE. Additional costs may include the cost of capital for new equipment, the costs of any support contracts included in the MEO (e.g., if the MEO includes a new support contract in order to be more efficient), and the cost of contract administration for any MEO related support contracts (although these contract administration costs would be included in Line 1, Personnel Costs).

7.5.5 Technical Performance Plan

This template presents a suggested format for the technical performance plan (TPP). The TPP describes the government's approach to implementing the technical aspects of the PWS using the MEO. The CA team can use this format in developing the TPP to perform the work specified in the Performance Work Statement.

Template 7.5.5: Technical Performance Plan -- Outline

A.	**Introduction**
B.	**Understanding of the Scope of Work**

C. ach

1. **Approach**
2. **MEO Staffing and Organization**
3. **Training**
4. **Equipment and Facilities**

D.

E. Past Experience/Statement of Qualifications

7.5.6 Transition Plan

The Transition Plan should cover two contingencies: activities performed by the transition team if the government wins the bid, and activities performed by the transition team should the contract be awarded to an outside vendor. For the first contingency, the Transition Plan should discuss those specific steps taken by the command to implement the MEO as described in the Management Plan. This includes plans to acquire new resources, establish new position descriptions, reclassify positions, or implement new operating procedures. If the contract is awarded to an outside vendor, the Transition Plan should include plans for helping government employees transfer to new jobs, disposition of government equipment and materials not used by the contractor, and plans for coordination with the contractor for a smooth transition from government to contractor operations.

Template 7.5.6: Transition Plan Outline

I. Introduction — Specify the time-frame the Transition Plan will address, who (organization and point of contact) is responsible for implementing the plan, affected organizations, and list assumptions and references used in developing the plan. Note that all sections in this outline, except Section V.B., deal solely with the government's transition to the MEO, while Section V.B addresses a transition to contractor operations.

Summary of Process Changes — discuss changes in process and procedure between the current organization and proposed MEO.

Summary of Staffing Changes—discuss changes in staffing and organization between the current organization and proposed MEO. Include discussion of training in the new organization.

Planning for Implementing the Most Efficient Organization — describe all the planning which must occur before the award decision is made.

Post-Award Decision Activities — implementation of planning process depending on who wins the award.

A. Government Wins
B. Contract Awarded to an Outside Vendor

VI. **Indicators of Successful Transition to the MEO —** describe the performance indicators that will define the successful implementation of the Transition Plan

7.5.7 Pre-Independent Review Checklist

The A-76 *Supplemental Handbook* requires that the government's cost estimate be certified by the command's independent review officer (IRO) to ensure that the estimate complies with the guidelines specified in the Circular. The Management Plan including the MEO, IHCE, TPP and TP must be forwarded to the IRO for review. The IRO acts as an independent authority to certify that the Management Plan reasonably establishes the government's ability to perform the PWS with the resources defined in the MEO. The IRO also ensures that the government's cost estimate has been calculated in compliance with the A-76 *Supplemental Handbook*.

The following checklist should be completed before forwarding the Management Plan to the IRO. A list of personnel involved in the development of the Management Plan and Cost Estimate should be made available to the IRO. The IRO can upon these personnel for clarification of any information in the documents being reviewed. This list could also include the names and telephone numbers of individuals who participated in advisory roles during the study (e.g., individuals from legal, procurement, and personnel).

Template 7.5.7 Independent Review Checklist

1. Has the Management Plan been completed and approved by the Commanding Officer?
2. Has the Management Plan been developed to address the same scope of work as defined in the PWS?
3. Identify the authorized spaces for the function and the positions identified in the MEO.
4. Verify that the cost comparison was developed using the same scope of work, period of performance, and performance standards established in the PWS.
5. Is all documentation available to support the development of the Management Plan workload data and development of the MEO?
6. Is all documentation available to support the in-house cost estimate?

7.5.8 Post-MEO Performance Review

A Post-MEO Performance Review is required for 20 percent of the cases by the A-76 Circular when performance of a function is to remain in-house as a result of the cost comparison. The Post-MEO Performance Review should be performed as a formal review to analyze the government's performance one year after implementation of the MEO.

The Post-MEO QA Plan should be based on the Quality Assurance Surveillance Plan developed in Step 2, Develop the Performance Work Statement and Quality Assurance Surveillance Plan. This will provide the details of the government's quality assurance plan when it is implementing the MEO. Use the checklist below to prepare for a Post-MEO Performance Review.

Template 7.5.8: Post-MEO Performance Review

1. Confirm that the MEO has been implemented in accordance with the Transition Plan
2. Confirm that the activity is performing the services listed in the Performance Work Statement
3. Validate that the actual costs are within the estimates established in the IHCE.
4. If adjustments to the MEO or cost estimate have been made, ensure that the proper waivers or modifications to the scope of work have been obtained by the activity.
5. Measure implementation of the MEO: Has the organization implemented the personnel structure described in the Management Plan? Do the numbers of FTEs, the grade structure, and contract support match items listed in the Transition Plan and MEO?
6. Measure the performance of the MEO in terms of workload, responsiveness, quality of the service/product.
7. Review actual costs versus costs projected in the IHCE for all line items (personnel, materials and supplies, other specifically attributable costs) to determine conformance with the cost estimate.

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Simulated Management Plan
(provided for illustrative purposes

The following sample interview guide, MEO, In-House and during the course of a simulation to test this guidebook. These examples are for

SAMPLE INTERVIEW GUIDE:

S. Canada
: J. Mechanic
10/16/96
Transportation Maintenance and Repair
WS-13, Head Maintenance Branch
20 years
21
Maintain and repair all 1,424 vehicles on NSA

Process starts with a work order from the administration branch, and a vehicle

the problem with the vehicle. A copy of the ticket is given to the scheduler and

before receiving a service order and a schedule from the Administration Branch.

time.

a. The Maintenance Branch is responsible for both scheduled and unscheduled

1. wiper blade and air filters, change oil, winterize, perform tune-ups based on

2. both vehicle breakdowns and vehicle

the cause of failure. Remove part and give it to the parts expediter who gets

service ticket, the additional parts and trouble are noted on the service order.

mile radius, requires sending out a tow truck and a couple of employees to tow vehicle back to the repair shop.

c. Responsible for the maintenance of the fire and police vehicles. Includes installing radios and custom fitting all police vehicles on the base. Any maintenance on the police or fire vehicles is a high priority. All appropriate resources are assigned to fixing those vehicles until the work is complete.

d. Supplies: Common parts are located in the vehicle repair shop. Parts that are not in the shop are obtained from Base Supply. If Base Supply does not have the part in stock, it purchases the part from a local distributor.

e. Vehicles that have been in accidents: The service writer tries to determine if repairs other than body work and paint are required. We coordinate with the body shop to repair these vehicles; however, they affect schedules and planning in the maintenance shop.

f. A local contractor disposes of oil, tires, and batteries. All disposal has to be done in accordance with OSHA standards.

g. Process ends when the road test is satisfactorily completed, the paperwork is completed, and vehicle is made available to the customer.

Special Requirements:

a. The three bridge cranes require special weight testing. Travel to the bridge crane site is required to make repairs. More than one person is required to work on cranes because of the heights. This work needs to be planned and scheduled ahead of time.

b. Maintenance of the fire trucks must adhere to all safety, fire, and environmental standards. In Administration Branch, the Records Clerk must maintain the appropriate forms indicating that the maintenance has been performed in accordance with the regulations. This has to be done quickly to keep the trucks in service.

Workload:

Obtain copies of any reports that are reported to the command on a monthly and quarterly basis that report on the Vehicle Maintenance Activity.

Are there any seasonal variations to the work performed?

a. The Body Shop performs more body repair work in the winter. The battery shop is busier in the winter recharging or replacing batteries. Snowplows and associated hydraulics need to be serviced in the winter to keep them operating. This work generates overtime hours in the winter.

Government Regulations:

- OSHA guidelines (required by law)
- NAVFAC Standard Navy Maintenance Schedule (get a waiver)
- Other NAVFAC regulations
- Local Regulations—A tanker explosion 10 years ago was the result of using old loading equipment. Base regulations require a 3-hour process to purge the tanker and piping when repairing the tankers. No longer needs to be done since only nonflammable fluids are used.

What processes work well in the organization?

a. Routine maintenance works well because we can plan for the parts and the labor.

What processes don't work well in the organization?

a. Getting the unscheduled maintenance done. Parts that are not in the storeroom are always long lead time items.

b. We are behind in technology. There's no training for my staff, the equipment in the shop is not up to date, and it takes us longer than the standards to repair the vehicles.

c. Problems with the scheduling process: Can't get the customers to bring in vehicles for preventive maintenance. When they do bring the vehicles in to the shop, we have a lot of unscheduled repairs and the PM sometimes gets backed up. Any unscheduled repairs for the police or fire vehicles take precedence over any other maintenance work and disrupt the schedule.

What could be improved:

Problems with the interaction between the Administration Branch and the Body Shops. Procedures would work better if we consolidated those operations under the Maintenance Branch. Also, the scheduler needs to be under my branch in Maintenance.

SAMPLE MOST EFFICIENT ORGANIZATION (MEO)

EXECUTIVE SUMMARY

The objective of the MEO is to develop the most efficient organization for the Transportation Maintenance and Repair Division. The approach is based on the PWS, interviews with staff, analysis of workload, and when required, estimates of workload data and industry best practices. It is assumed the division works 8 a.m. to 5 p.m. Monday through Friday. It is also assumed that the current workload continues and no major changes are planned in the customer base. Based on the best available data and analysis, it was concluded that 26 FTEs, vice the current 37 FTEs, can deliver the services of the MEO. To facilitate the new level of effort in the assigned work, moderate changes in the organization and overlapping of shifts to extend service availability and work assignments are required. In addition, some technical capabilities will be added.

INTRODUCTION

The MEO will portray the division as it needs to be — more efficient, but satisfying all customer requirements. The MEO was developed using the best available data on workload, staffing, work processes and procedures, outputs, as well as the facility and organizational structure. Assumptions and estimates were used where necessary to simplify the analytical problem and to work around unavailable data.

In order to establish an appropriate benchmark for the division's productivity, commonly based standards such as Chilton's and Motors were consulted. These documents were used to benchmark the process.

The scope of the study addressed all vehicles assigned to the NSA. Workload and customer base were straight-lined over the performance period. In other words, work loads were maintained at the same level. The motor pool operations associated with the Transportation Department were excluded from the scope.

The methodology included interviews with selected managers and staff in the division, review of the maintenance and repair records, budgets, and procedures. Where workload data was absent, work sampling was used to develop estimates. Customers were interviewed regarding their experience with the division and the level of satisfaction; however, no formal customer survey was conducted. To gauge and consider new ways of doing business, commercial best practices and standards were consulted from trade sources.

CURRENT OPERATIONS

The division provides vehicle maintenance and repair for the 1,424 vehicles plus 3 bridge cranes owned by the Naval Support Activity (NSA). The Maintenance Branch performs both scheduled and unscheduled maintenance and repair. In addition, the

branch provides emergency repair for any transient vehicles on NSA. The body shop is responsible for painting, body work and other work such as upholstery, windows, and

Exhibit shows the distribution of employees within the Transportation Division. At the time of the study, 36.5 FTEs were authorized and 33.5 FTEs were assigned to

are included.

Exhibit 7-2

POSITION TITLE	GRADE		ASSIGNED FTES
Transportation Director		0.5	0.5
	GS-5	1.0	
Head Administration Branch	GS-11		1.0
Records Clerk		1.0	1.0
	GS-7	1.0	
Service Writer	GS-9		1.0
Service Writer		1.0	1.0
	WS-13	1.0	
Parts Expediter	WG-9		1.0
Mechanic		11.0	10.0
	WG-9	6.0	
Mechanic	WG-7		3.0
Mechanic		1.0	1.0
	WS-12	1.0	
Body Specialists	WG-9		4.0
Painter		1.0	1.0
		36.5	33.5

The service writer develops a work order based on the customer's comments. There is no diagnostic information provided on the work order by the service writer. The

to perform the tasks. The work order is then routed to the scheduler. The scheduler then develops the schedule of work to be done and routes the work order to the

Scheduled maintenance includes changing tires; rotating tires; checking fluids; replacing wiper blades; changing air filters, oil and oil filters; winterizing; and

last service. Unscheduled repairs include breakdowns and accidents.
The division also tows cars that break down within a 100-mile radius.

The division's work also includes maintaining 6 fire trucks and 105 police vehicles. This includes installing radios and custom fitting all police vehicles on the base. Any maintenance on the police or fire vehicles is a high priority that preempts all other repairs until complete.

The Maintenance Branch repairs engines, electrical systems, and any related electrical equipment. The body specialists have been assigned to perform towing.

The body shop schedule is driven primarily by accidents and periodic repainting. All vehicles are repainted as needed. The body shop coordinates with the Maintenance Branch on any repairs required following accidents. Any body work done to the exterior of the vehicle is done by the body shop.

The Administrative Branch retains all hard copy records, logs all work orders, and initially defines the problem with the vehicle. The branch tracks all work received in the division and provides reports on operations. The branch maintains the maintenance records for all vehicles at NSA. The branch also develops the schedule for all scheduled maintenance and unscheduled work. It also provides reimbursable repair work for small commands, and coordinates with the comptroller to provide completed work orders for billing and accounting.

The branch has a manual vehicle record maintenance system. Scheduling is done on a large white board. (*For purposes of the simulation, the simulation team assumed that the activity did not use the Base Engineering Support Technical (BEST) system or any other automated fleet maintenance system.*)

The front office secretary schedules all directors' meetings, and maintains all time and attendance records for this branch.

The division director ensures effective and efficient operations aimed at satisfying the customer. The director coordinates all activity with the command.

Workload Data

Exhibit 7-3
Historical Workload Data

AUTOMOBILE AND TRUCK MAINTENANCE/REPAIR (ALL DATA IN THIS TABLE IS ESTIMATED)		
FUNCTION	HISTORICAL NUMBER OF	
	1995	1996
	552	450
	252	348
Repairs generated from PM inspections	3 600	3 552
Repairs generated from PM maintenance	,540	,480
	390	372
	114	132
	12	18
-greater than $5,000	12	
-$2001 to $5,000	60	
-$500 to $2,000	72	
-under $500	18	
Service calls		
-during regular hours	,200	,170
	150	114
	210	192
	114	96
	48	72
- body and fender repairs (including associated painting & marking)	186	
-corrosion prevention	372	
-battery maintenance	480	
-tire replacement	1 440	1 200
-tire repairs		264
-glass replacement		528
-glass repairs		126
-key services		144
-transfer/installation of special equipment		42
-painting and marking (not associated with body and fender work)		24
-special inspections (tests and calibrations)		192

Exhibit 7-3 (continued)

WEIGHT HANDLING EQUIPMENT (WHE -- 3 BRIDGE CRANES)		
FUNCTION	OF OCCURRENCES	
	1995	
Major repair	12	
Minor repair	150	
Preventive maintenance	72	
Scheduled inspections and tests	72	

Equipment Analysis

Test equipment is old and cannot perform diagnostics on modern fuel injected vehicles. One of the bays has a dangerous lift that cannot be used. This increases the time

the mechanic to locate and move the cart before starting any job requiring compressed air.

The current procedures require the mechanic to rig the vehicle and then tow the vehicle

outdated and subject to frequent system crashes. As a result, the clerk and scheduler have created and rely heavily on a manual system for creating and tracking work

work order be generated for distribution to the Maintenance Branch, the Body and Paint Branch, and the scheduler. The study team observed several instances where work

locate the tool room manager to unlock the storage area. The parts expediter (WG-9) has the collateral duty of serving as tool room manager. When the manager of the tool

mechanic the keys to the room. While the process for obtaining tools at the start of a task required going to the locked storage room, the emphasis on returning the tools to

track the exact amount of equipment in the facility. Approximately $15,000 in hand tools have been lost over the past 3 years.

Facility Analysis

The shop is a 1940's era warehouse. Batteries are recharged in the battery shop, which is an isolated area with ventilation. The tire rotating area is caged to prevent debris

problems with the electrical configuration. The shop is hard to keep clean and the layout is inefficient.

Materials Analysis

tend to stockpile parts at their workbench due to delays in getting parts from supply.

the past year is included as an attachment.

ANALYSIS OF CURRENT OPERATIONS

mission of the division. The mission is to provide high quality maintenance and repair to

motivated, dedicated individuals who perform tasks to the best of their ability. There is

the division can be more productive and effective.

- Service writers need to be trained to improve the details of the problem on the work
- Scheduler looks at availability of the shop, the workload, and parts inventory
- Currently, no one is looking up the flat rate standards for each task by referring to
- The expediter needs to be a supply technician to better expedite parts.
- The Maintenance and Body Shop Branches both seem over-staffed for the amount
    - Ð The Battery Shop is staffed by one WG-10 and one WG-7 Mechanic.

- The head of the Administration Branch has limited promotion opportunities in the division.

Operating Procedures

Current operating hours are 8 a.m. to 5 p.m., Monday through Friday. There are no provisions for early drop-off or late pickup of vehicles left for maintenance.

Currently, the work orders are distributed by the head of the Maintenance Branch as they arrive in the shop but without consideration for the complexity of the actual repair.

The in-shop supply system is ineffective in that there is no system in place to track current inventory and generate reorders. Also, there is no Basic Purchasing Agreement (BPA) in place to order supplies from a local vendor, such as Pep Boys or Trak Auto, when the parts are not available in a timely manner through Navy Supply System. No automated system is currently connected with the base supply that would expedite identification of requirements.

Off-site towing of vehicles is disruptive to the schedule. This function can be assigned to a lower skilled person. The procedure for sending out an individual to tow a vehicle back to the shop is very random. Generally, whoever is standing around is tasked with going out and towing the vehicle. In several instances, the team observed two mechanics going out to retrieve a vehicle. This process has generated overtime hours because calls for tow usually come in late in the afternoon.

The inability to control the arrival of vehicles for scheduled maintenance hampers the division's ability to schedule work. PM is scheduled in advance based on time since last PM and/or mileage driven. However, the record keeping functions are highly paper intensive and not very accurate. As a result, some false PM notices are generated to customers. Getting the vehicles into the department to PM is difficult because the users do not want to give up the vehicle and do not always believe the PM notice. Letting PM slip has created some additional vehicle maintenance problems. However, to offset slipping of PM, the branch combines scheduled and unscheduled maintenance as follows:

1. Vehicle comes in for scheduled maintenance and in the process the mechanic identifies some unscheduled maintenance needs. The mechanic will perform the maintenance.

2. Vehicle comes in for unscheduled maintenance and the mechanic performs scheduled maintenance.

Only ad hoc PM is conducted on the branch shop equipment and it's based on the PM card that was supplied with the equipment. This creates shop equipment downtime, which disrupts the schedule.

The system of using compressed air carts versus a centralized compressed air system presents some inefficiencies in the maintenance operations. When conducting work sampling, the study team noted that a great deal of time is lost locating and transporting the compressed air carts around the shop. This time is represented as indirectly productive in the work sampling exhibits.

Workload Analysis

For this simulation, the CA team used three workload analysis methods to evaluate the performance of the hypothetical maintenance and repair operation at NSA, Cattle Crossing, Utah. The first method was a form of work sampling, the second method was a type of productivity analysis, and the third applied an industry staffing standard. These three methods, briefly described below, are intended to illustrate the types of analyses that a CA team might conduct. These are only three examples and are not intended to be an all-inclusive approach to determining the MEO staffing plan. In a real A-76 study, the CA team would perform much more comprehensive analyses of the workload and performance of the activity under study.

Work sampling is a method of observing a work environment and recording the productive, indirectly productive, and nonproductive time of the workforce being studied. Exhibit 7-4, Work Sampling Method Body and Paint Branch, represents a work sampling analysis of the Body and Paint Branch. The CA team observed the work of the Body and Paint Branch for 1 month and summarized the hours in each category. The Body and Paint Branch spent 43 percent of its time in productive work. An additional 17 percent of staff time was spent in indirectly productive work, such as equipment setup, tool and parts staging, and cleanup. According to the analysis, 40 percent of the time is spent in nonproductive work. Based on this analysis, the CA team concluded that the staffing of the Body and Paint Branch could be reduced by 40 percent.

Exhibit 7-4
Work Sampling Method—Body and Paint Branch

HOURS OF OPERATION	PRODUCTIVE HOURS	INDIRECTLY PRODUCTIVE HOURS	NON-PRODUCTIVE HOURS
0800-0900	22.4	16.28	51.74
0900-1000	61.2	26.64	31.84
1000-1100	64	20.72	39.8
1100-1200	38.4	19.24	43.78
1300-1400	52	20.72	31.74
1400-1500	68.4	0	33.68
1500-1600	35.2	20.72	55.72
1600-1700	38.4	23.68	59.7
Total	**380**	**148**	**348**
Percentage	**43%**	**17%**	**40%**

Productivity analysis is a method of comparing the actual hours spent performing specific tasks to industrial engineered standards for these same tasks. Industrial engineered standards have been developed for most vehicle maintenance tasks over a period of many years. These “flat rate standards” are tested, revised and distributed regularly in Chilton’s, Motor’s, and other similar publications. Exhibit 7-5, Productivity Analysis Method Maintenance Branch, illustrates this type of analysis for the Maintenance Branch. The CA team evaluated all of the shop repair orders (SRO) (10,134) worked in 1995. (If this universe is too large to evaluate, a statistically valid sample of SROs could be selected). For each SRO in the universe (or sample), each specific task and hours actually spent performing the task are recorded. Then each task is looked up in the flat rate standards. These two factors, actual versus flat rate, are compared. In this analysis, the CA team found that the Maintenance Branch could be reduced by 30 percent if all of the maintenance tasks were performed at the flat rate standards.

Exhibit 7-5
Productivity Analysis Method Maintenance Branch

TYPE	#/HOURS
Total Shop Repair Orders	10,134
Actual Hours to Repair	40,536
Flat Rate Hours to Repair (Chilton's)	28,374
Flat Rate to Actual Hours	12,162
Percent of Change	30%

The purpose of these and other similar analyses is to identify the targets of opportunity for improving productivity, reducing costs and reducing FTEs. It is important for the CA team to perform appropriate analyses and draw reasonable conclusions. Assumptions used in the analyses should be explicit. A detailed audit trail from the authorized staffing to the on-board staffing to the recommended staffing should be clearly identified.

The third method used in the simulation was the industry staffing standards approach. In this method, an industry staffing standard of 2.4 repair hours/1,000 miles of operation was identified. Taking the 10,142,450 miles of operation for the fleet equates to 14 FTEs for maintenance and repair functions. This calculation is derived from the fact that the total miles of operation for the fleet in a year divided by the standard provides the total maintenance hours for the year. ((10,142,450/1000)*2.4=24,342 hours of maintenance). This amount is then divided by the productive hours in a year (24,342/1,776) to identify the 14 FTEs.

Exhibit
Industry Staffing Standards Method—Maintenance Branch

TYPE		AVG MILES/YEAR	AGGREGATE VEHICLE MILEAGE
Sedan	91	4,750	432,250
Sedan/Police	105	21,000	2,205,000
1/2 T p/u	644	6,100	3,928,400
3/4 T p/u	329	6,300	2,072,700
3/4 T p/u 4X4	40	9,350	374,000
2 T stake	176	4,500	792,000
1500g tanker	21	7,500	157,500
Wrecker	12	14,000	168,000
Fire truck	6	2,100	12,600
Total	1,424		10,142,450

Staffing Analysis

The Maintenance Branch is not using industry standards to develop the amount of time required for repairs. Nor is actual time for repairs compared with industry standards. The CA team's productivity analysis, which applied the industry staffing standards, suggests that 30 percent of the FTEs can be reduced based on industry standards.

For the maintenance branch, 79 percent of the mechanics are WG-10/9's. For the Body and Paint Branch, 100 percent of the staff are WG-9's. Both the Maintenance Branch and the Body and Paint Branch are top heavy in grade structure.

The complexity of all of the repairs done in the Maintenance Branch does not necessarily require the skills of 17 WG-10/9 mechanics. The overall skill mix of the

mechanics. These WG-10/9 mechanics may be teamed with less experienced mechanics (WG-7/5). The WG-10/9 mechanics should divide the shop repair orders

battery charge is started every night on each cart and runs overnight. Starting a battery charge does not require a WG-10 mechanic skill level. A lower skilled person

on the work sampling analysis, which showed 40 percent nonproductive time, the staffing in the Body and Paint Branch was reduced to 4 FTEs.

The Administrative Branch is over staffed for the current workload. Installing an

cross-training mechanics in doing service write-ups and scheduling, will eliminate the

Evaluation of Position Classifications and Grades

The wage grade position descriptions (PD's) are based on the Office of Personnel Management (OPM) guidelines, and the positions have been classified by the Human

and PD's have been rewritten as required. The PD's for the body specialist positions have been modified to incorporate the painting function in these tasks. The head of the

RECOMMENDATIONS

efficient and bring it into line with the MEO. Recommended changes are grouped under the headings of staffing and organization, training, equipment and facilities, and

Staffing and Organization

Based on the workload analysis, the assumption that workload will not change, and the

well with 25.5 FTEs vs. the current 36.5 FTEs. Exhibit 7-7 provides a comparison of the two staffing levels, distributed by position.

Exhibit 7-7
Comparison of Staffing Levels

POSITION TITLE	GRADE	AUTHORIZED FTES	FTES	PROPOSED
Transportation Director	WS-14		0.5	0.5
	GS-5	1		1
Head Administration Branch		1	1	
Records Clerk	GS-5		1	1
	GS-7	1		1
Service Writer		1	1	
Service Writer	GS-7		1	1
	WS-13	1		1
Parts Expediter		1	1	
Inventory/Supply Spec.	WG-7		0	1
	WG-10	11		4
Mechanic		6	5	
Mechanic	WG-7		3	4
	WG-5	1		3
Head Body & Paint Branch		1	1	
Body Specialists	WG-9		4	3
	WG-9	1		1
TOTAL			33.5	25.5

staffing plan also allows for the special, more labor-intensive needs of other vehicles and equipment maintained, such as the fire trucks and bridge cranes, as well as the

Body and Paint Branch does not justify a separate branch. The staffing has been adjusted to reflect 40 percent nonproductive time identified in the workload analysis

With fewer maintenance and repair positions, a designated WG-10 lead mechanic will review all SRO's from the service writers and distribute work to more junior mechanics.

provide on-the-job training to the WG-7 and WG-5 employees.

To address supply concerns, the current parts expediter job will be reclassified as an

training, this position will be better equipped to obtain parts and material and promote economical management of these inputs.

similar functions. The branches can be consolidated from three to one because the

functions are closely aligned. As a result, two supervisory positions can be eliminated. The head of the Maintenance Branch will direct maintenance and repair operations of all types, including administrative requirements.

In the branch consolidation, the Administrative Branch positions become part of the Maintenance Branch, eliminating the head of the Administrative Branch slot. Automation of records (see below) will enable this consolidation. To every extent, the Maintenance Branch chief fulfills the role in the MEO of a working leader. This WS-13 position is responsible for the day-to-day operations of the branch.

The three body specialists and the painter will be assigned work by the head of the Maintenance Branch and may work under the supervision of one of the WG-10 mechanics.

In this simulation, the CNO's announcement was for Transportation Maintenance and Repair at Naval Support Activity, Cattle Crossing, Utah. During Step 1, Plan for Commercial Activity Study, the CA team carefully evaluated the business unit definition. One of the most important issues considered was whether Transportation Operations should be included in the business unit definition, the packaging of the function. Some members of the CA team advocated including the operations function in the study even though this function was not announced. This repackaging makes sense for several reasons including a more logical business unit that includes both operations and maintenance, cleaner definition of the Transportation Director (WS-14) and his two Secretaries (GS-5), and a better, more accountable business unit in the event a contractor wins the competition. Other members of the CA team advocated not including the operations function in the business unit definition. For one thing, the operations function was not part of the CNO announcement. Consequently, obtaining the authority to included it in the study could significantly delay the process and jeopardize the 12 month time-line. Another issue was the impact on the affected employees. In other words, why include positions and people (the team's associates) in the study when it is not required? Other considerations included the Supply Department, Accounting, and Human Resource Office and the extent of their support to the Transportation Maintenance and Repair function. While some of the time of these related functions are in support of the function under study, the fence must be drawn somewhere. After discussing these issues with the Commanding Officer, the decision was made to follow the CNO announcement and not include the operations function or these other support functions in the study of Transportation Maintenance and Repair.

The Transportation Director (WS-14) is responsible for administration of the Transportation Maintenance Branch and the Transportation Operations Branch. Approximately 50 percent of the director's time is spent administering each branch. The director also interfaces with the rest of the organizations at the Naval Support Activity, Cattle Crossing, Utah. There are two Secretaries (GS-5) one supporting maintenance and the other supporting operations. Since the business unit was defined to exclude the operations function, 50 percent of the Directors time and 100 percent of

example is used in the simulation to illustrate how to cost out the personnel when the business unit is defined in this way.)

In creating a smaller, more efficient organization, some positions assume additional functions and require training or cross-training.

records management system being purchased (see below).

Mechanics will need to be trained on the use of the new compressor system and

The inventory/supply specialist will need skills upgrading and training on a new inventory management system being purchased.

The scheduler (GS-7) will need training in using the scheduling module of the new automated maintenance system. As an alternate, a mechanic or service writer will be

Equipment and Facilities

The activity will acquire an automated maintenance system with several components,

Chilton's), an inventory system, a preventive maintenance log and scheduler for each vehicle, and a vehicle repair history.

systems.

To ease the physical problems and productivity loss caused by the current compressor

workstation, either from the floor or from overhead pipes.

To enhance mechanic productivity and reduce tool losses, roll-away tool cabinets will

practice promotes accountability and convenience.

Procedures

to diagnose and repair the vehicle. These cross-functional teams will also serve as

training opportunities for less experienced mechanics. For routine repairs and maintenance, individual mechanics will complete the work based on best industrial practices.

Shop repair orders will be put in the work queue in terms of priority to enable the most efficient and responsive view of staff.

One of the problems identified in conducting scheduled maintenance on vehicles was getting drivers to bring their vehicles in for maintenance. Extending the hours of operation of the shop by staggering the arrival and departure times of the mechanics will provide an incentive to the customers to bring vehicles to the Maintenance Branch for scheduled maintenance.

DEVELOPING THE MOST EFFICIENT ORGANIZATION

For the direct workload, the industry staffing standards, productivity analyses, and work sampling methods were used to determine the FTEs required for the core workload. Additional staff were determined to be required for the complexity of the work assigned to the organization, such as the requirements of the major equipment overhauls, police cars, crane maintenance, fire equipment and special police car electronic equipment.

An assumption was made that the workload would remain level over the period of performance.

The three analyses explained above justify 14 mechanic positions. Maintenance requirements were broken into four categories of specialized equipment plus routine maintenance, as shown below. These 14 mechanics will also be responsible for the maintenance of this specialized equipment and maintaining the priority repairs of the safety equipment.

- Fire trucks
- Police vehicles and electronic equipment
- Bridge cranes
- Electronic functions and electric carts
- Routine maintenance and repair of all other vehicles

In staffing the Paint and Body Branch functions, the team used the results of the work sampling observations to establish the 40 percent reduction in staffing. See Exhibit 7-4 above for the results of work sampling.

Consolidating the Administrative Branch into the Maintenance Branch eliminates the need for the head of the Administration Branch.

Analysis of Resource Impact

Exhibit 7-7, Comparison of Current Staffing Levels (above) displays the organization's current staffing structure along with the recommended staffing level for the MEO.

Funding. The Current and MEO Staffing Plans, contained in the In-House Cost Estimate below, show the personnel costs associated with both the current organization and the MEO organization. Implementation of the MEO staffing will result in a 30.14 percent savings in FTEs and a cost savings of $385,349 or 26.52 percent of personnel costs.

Training. Training will be required for the implementation of the MEO. These costs are noted in the In House Cost Estimate, at a total of $167,500

Equipment and Facilities. The equipment purchases recommended will cost the division $104,750. This initial expenditure includes the cost of computer equipment, the centralized air compressor, tool cabinets, and diagnostic equipment.

IN-HOUSE QUALITY CONTROL PROCESS

Two elements ensure quality in the maintenance and repair process. The first element is quality control, which entails the MEO developing and implementing a process that ensures that work is done correctly the first time. The second element is quality assurance, which involves those procedures that will ensure that the MEO is following the established quality control process and that the process works. The quality control element is developed and implemented by the MEO, while the quality assurance element is the responsibility of the Quality Assurance Evaluator (QAE) based on the QASP developed for this activity.

If the government is selected to be the service provider as a result of the cost comparison, it must implement a quality control process. The purpose of this quality control process is to ensure that the work performed by the MEO meets all of the requirements specified in the PWS. The basic approach involves several steps:

- Each mechanic, body specialist, and painter will be certified to perform certain maintenance and repair operations. Each of these positions will require ASE certification.
- Each mechanic or team (depending on how the work is assigned) will take ownership for the repairs required for each vehicle. Consequently, while the repairs for each vehicle are being performed, the mechanic or team will certify that its repairs are completed correctly. This process is similar to the artisan certification process used elsewhere in the Navy.

By using industry standards, the MEO's quality control process will focus on meeting the performance standards stated in the PWS, rather than focus on product

place in the division by spot checking the services provided.

The MEO will use three performance measures, based on the PWS, as a test of the quality control system. These are the availability of vehicles, level of customer

Availability of vehicles. 82.5 percent of vehicles will be available at all times.

vehicles and equipment will take priority in workload scheduling. Such vehicles will be designated by NSA and include emergency vehicles, fire trucks, police vehicles, and

at all times (82.5 percent of fleet).

Customer satisfaction The MEO will conduct a survey on contract award to form a

baseline. In subsequent years, customer satisfaction will be measured against industry standards.

. Vehicles will be maintained in acceptable operating condition, normal fair wear and tear excepted. Fair wear and tear means the reasonable amount

The MEO will follow the manufacturer's recommendations for scheduled maintenance.

MEO Quality Control Procedures

apply. As a result of the post-MEO review, if it is determined that the MEO is not fully implemented, not meeting performance measures identified in the PWS, or not keeping

SAMPLE TECHNICAL PERFORMANCE PLAN

INTRODUCTION

This Technical Performance Plan (proposal) represents the MEO's bid on the vehicle repair and maintenance function at NSA, Cattle Crossing, Utah. The MEO represents the government's new approach to performing the functions outlined below. This new approach emphasizes increased efficiency by adopting industry standards, using performance measures and improved customer satisfaction, and lowering costs of operations.

UNDERSTANDING OF THE SCOPE OF WORK

This work involves providing the managerial, administrative, supervisory, direct, and overhead personnel to accomplish all of the maintenance and repair functions, including paint and body work. These services will be provided for 1,424 vehicles assigned to the NSA, Cattle Crossing, Utah, and transient equipment within a 125-mile radius of the facility. The MEO will provide equipment, repair parts, materials, supplies, and tools to perform the full transportation maintenance and repair function.

Primary indicators of performance will be availability of vehicles (versus vehicle downtime) and customer satisfaction. The standard of performance for vehicle availability is 82.5 percent (17.5 percent vehicle downtime). Vehicle downtime means the time during which a vehicle is out of service while undergoing maintenance or repair, or awaiting parts. The standard of performance for customer satisfaction will be based initially on the results of the baseline survey conducted immediately after award. In subsequent years, customer satisfaction will be measured against industry standards. Additionally, overall vehicle condition will be the third criterion on which performance is measured. Vehicle condition will be maintained according to fair wear and tear standards used in private industry.

Exhibit 7-8 illustrates the inventory on which this Technical Performance Plan (proposal) is based.

Exhibit
Inventory Data

	INVENTORY	AVERAGE MILES/YEAR	MILEAGE
sedan		4,750	432,250
	105	21,000	
1/2 T p/u	644		3,928,400
3/4 T p/u		6,300	2,072,700
	40	9,350	
2 T stake	176		792,000
1500g tanker		7,500	157,500
	12	14,000	
fire truck	6		12,600
Total			10,142,450

TECHNICAL APPROACH

Utah, is offering this proposal, the organization envisions an entirely different approach to performing the function. The MEO, which is the proposed organization to perform

practices. Consideration has been given to changing requirements and reducing staffing along with the potential efficiencies that result from organization realignments.

The automated vehicle maintenance system is critical to the efficient operation of the MEO. It improves the efficiency of maintenance and repair scheduling, management of

improved efficiency results in quicker turnaround time for maintenance and repair, increased vehicle availability and a smaller, more efficient work force.

familiar with the operation, enters the maintenance or repair requirements into the system for appropriate scheduling. This process includes a preliminary search of the

for the maintenance or repair based on flat rate standards. After the service writers make a preliminary determination of the work to be performed and the time required to

the SRO. These SROs originate from the service writers, who enter the SROs into the computer system. The scheduler and the lead mechanics then assign the SROs to the

The WG-9/10 mechanics will complete more complex tasks and as opportunities arise, provide on-the-job training to the WG-7 and WG-5 employees.

After the individual or team assigned to the vehicle diagnoses the problem, the

not available in the shop inventory, the supply specialist will query the Navy Supply System. If not available in the Navy Supply System, or not available within a

single loaner vehicle for short-term customer use will be available for special circumstances. Police and fire vehicles will have the highest priority in scheduling for

For road service, a WG-5/7 mechanic will drive the wrecker to the disabled vehicle and, if possible, perform on-site repairs. The wrecker will be equipped with a limited

disabled vehicle will be towed to the shop.

The main purpose of the paint and body function is to repair collision damage. The

a result, the body specialists and the painters will be cross-trained. Additional efficiencies will be accomplished by using the automated maintenance and repair

body repairers and mechanics.

Two mechanics will be qualified to perform PM, scheduled and unscheduled

mechanics will take to the site an inventory of crane parts based on historical maintenance and repair data.

getting the drivers to bring their vehicles in for maintenance. Extending the hours of operation of the shop by staggering the arrival and departure times of the mechanics

scheduled maintenance.

Based on the analysis of workload, the assumption that workload will not change, and the use of widely accepted commercial staffing standards, the division can perform its

staffing levels, distributed by position.

Exhibit 7-9
Comparison of Staffing Levels

POSITION TITLE	GRADE	AUTHORIZED FTE'S	ASSIGNED FTE'S	PROPOSED FTE'S
Transportation Director	WS-14	0.5	0.5	0.5
Secretary	GS-5	1	1	1
Head Administration Branch	GS-11	1	1	0
Records Clerk	GS-5	1	1	1
PM Scheduler	GS-7	1	1	1
Service Writer	GS-9	1	1	1
Service Writer	GS-7	1	1	1
Head Maintenance. Branch	WS-13	1	1	1
Parts Expediter	WG-9	1	1	0
Inventory/Supply Spec.	WG-7	0	0	1
Mechanic	WG-10	11	10	4
Mechanic	WG-9	6	5	3
Mechanic	WG-7	3	3	4
Mechanic	WG-5	1	1	3
Head Body & Paint Branch	WS-12	1	1	0
Body Specialists	WG-9	5	4	3
Painter	WG-9	1	1	1
TOTAL		36.5	33.5	25.5

The number of mechanics can be reduced to 14 from the current 21 by applying industry staffing standards (2.4 hours per 1,000 miles per vehicle), productivity analysis, and work sampling methodology. This staffing also allows for the special, more labor-intensive needs of other vehicles and equipment maintained, such as the fire trucks and bridge cranes, as well as the need to allow for absences due to leave and training. Similarly, the projected body and paint workload warrants four FTEs versus seven positions.

To address supply concerns, the current parts expediter job will be reclassified as an inventory/supply specialist. With better automation of the inventory function and training, this individual will be better equipped to obtain parts and material and promote efficient management of these inputs.

As a result of increased operational efficiencies, the MEO will consolidate three branches (Administration, Maintenance, and Body and Paint) into one branch—the Maintenance Branch. As part of this consolidation, the head of the Administrative Branch position will become part of the Maintenance Branch, eliminating the Administrative Branch head slot. The Maintenance Branch head (WS-13), in addition to his responsibilities for day-to-day operations of the branch, will also work on the line.

With these changes, there is no need to modify the responsibilities of the director (WS-14) and secretary (GS-5) positions. The transportation director is also responsible for the administration of the Transportation Operations Branch and, therefore, is responsible for all of the interfaces within the command of the maintenance and operations functions.

Training

In creating a smaller, more efficient organization, some positions assume additional functions and require training or cross-training. Such training will include inventory management training, training on the new computer system, training for ASE certification, and cross-training between body work and painting. Additionally, service providers will be trained in the new quality control process.

Training for specific positions includes the following:

- The mechanics will be trained to use the new compressor system and diagnostic tool being acquired.
- The inventory/supply specialist skills will be upgraded, and training will be provided on a new inventory management system being purchased.
- The WG-5 positions will be trained in proper towing procedures.

Equipment and Facilities

The activity will acquire an automated maintenance system with several components, including a job scheduling tool (with a look-up for standard performance times, e.g., Chilton's), an inventory system, a preventive maintenance log and scheduler for each vehicle and a vehicle repair history.

The activity will also acquire a modern diagnostic system for major vehicle systems.

To ease the physical problems and productivity loss caused by the current compressor carts, a central system will be installed. It will deliver compressed air to each workstation, either from the floor or from overhead pipes.

To enhance mechanic productivity and reduce tool losses, roll-away tool cabinets will be purchased. One cabinet with tool set will be assigned to each mechanic. This practice promotes accountability and convenience.

MANAGEMENT APPROACH

The MEO will implement a quality control process to ensure that the work performed by the MEO meets all of the requirements specified in the PWS. The basic approach involves several steps:

Each mechanic, body specialist, and painter will be certified to perform certain

certification.

- Each mechanic or team (depending on how the work is assigned) will take ownership for the repairs required for each vehicle. Consequently, while the repairs

  repairs are being completed correctly. This process is similar to the artisan certification process used elsewhere in the Navy.

By using industry standards, the MEO's quality control process will focus on meeting

inspections. The QAE's quality assurance function will be to evaluate the process in place in the division by spot checking the services provided.

PAST EXPERIENCE/STATEMENT OF QUALIFICATIONS

The maintenance and repair organization at NSA Cattle Crossing, Utah has performed

past has been constrained by outdated and inefficient policies and practices. The mechanics and body repair specialists have the requisite expertise to perform the

automated maintenance and repair system, and a customer satisfaction measure, the MEO will be able perform more efficiently and at lower cost to the NSA than in the past.

SAMPLE TRANSITION PLAN

INTRODUCTION

If the government wins this solicitation, a transition team must begin immediately to implement the MEO. However, reductions in force take place 60 days after the issuance of the RIF notice. The implementation of staffing changes should be done expeditiously because employee morale and productivity will certainly be affected by the RIF action.

To expedite the transition process, a transition team will be created by the Commanding Officer and tasked with implementing the MEO while simultaneously mitigating customer impact.

The CA team leader will become the transition team leader, the head of the Maintenance Branch will provide functional expertise, and the CA team Management Analyst will provide personnel and transition expertise.

Assumption: The individuals subject to RIF have been in the same series and grade for maintenance for their entire career with NSA. We have assumed for the purposes of the simulation that the RIF will apply only to the 36.5 authorized positions in the Transportation Division.

SUMMARY OF PROCESS CHANGES

A number of changes in processes and procedures permit a reduction in staff.

The organization will acquire a computerized maintenance system that will facilitate tracking fleet maintenance and repair. The division will have its own inventory that is tracked by the computer system. The branch will have a second computer system that is connected to the Navy Supply System computer network so that the branch can check the Navy Supply System for parts not in the shop inventory.

The branch layout will be reconfigured to improve efficiency. A central air compressor system will replace the individual air compressor carts. Roll-away tool kits will replace the central tool crib to improve mechanics' access to tools, to increase tool accountability, and to prevent having to continually replace tools. Finally, the branch will acquire modern diagnostic equipment.

SUMMARY OF STAFFING CHANGES

The branch is reorganizing to reflect the most efficient organization. Staffing changes will be accomplished through process improvement, automation, and training. The administrative and paint and body functions have been consolidated in the Maintenance Branch. The number of mechanics has been reduced from 19 to 14 by

applying industry staffing standards (2.4 hours per 1,000 miles per vehicle), work sampling, and productivity analysis.

The consolidation of the Administrative and Paint and Body Branches eliminates the need for supervisory slots for those functions. Two of the WG-10 position descriptions have been changed to make them working leaders. The WG 9/10 mechanics will complete more complex tasks and provide on-the-job training to WG-5/7 mechanics, who will complete the less complex work. The parts expediter has been reclassified as an inventory/supply specialist. The body specialists and painter will be cross trained. All Position Descriptions (PD) need to be updated to match new tasks assigned in the MEO staffing.

The current and proposed organizational staffing is displayed in Exhibit 7-10.

Exhibit 7-10
Current and Proposed Staffing Organization

POSITION TITLE	GRADE	AUTHORIZED FTES	ASSIGNED FTES	PROPOSED FTES
Transportation Director	WS-14	0.5	0.5	0.5
Secretary	GS-5	1	1	1
Head Administration Branch	GS-11	1	1	0
Records Clerk	GS-5	1	1	1
PM Scheduler	GS-7	1	1	1
Service Writer	GS-9	1	1	1
Service Writer	GS-7	1	1	1
Head Maintenance. Branch	WS-13	1	1	1
Parts Expediter	WG-9	1	1	0
Inventory/Supply Spec.	WG-7	0	0	1
Mechanic	WG-10	11	10	4
Mechanic	WG-9	6	5	3
Mechanic	WG-7	3	3	4
Mechanic	WG-5	1	1	3
Head Body & Paint Branch	WS-12	1	1	0
Body Specialists	WG-9	5	4	3
Painter	WG-9	1	1	1
TOTAL		36.5	33.5	25.5

Staff will be trained on the software purchased for the administrative functions, as well as on the new air compressor and the diagnostic equipment. Staff will be cross-trained to perform several functions. For instance, the service writers and inventory specialist will receive training to improve their skill levels. The WG-5 mechanics will receive training in towing. Additionally, all junior mechanics will receive on-the-job training from senior mechanics.

PLANNING FOR IMPLEMENTING THE MOST EFFICIENT ORGANIZATION

Implementation of the MEO begins no later than notification of the award decision. Preliminary planning for the transition may begin when the IRO's review is complete. During the time between the completion of the Management Plan and the announcement of award, the transition team is primarily planning the efforts associated with equipment purchases, personnel actions, and training. During the planning phase, actual acquisition of new equipment will begin, but contracts will not be signed until after the award decision is made. During the same planning period, training opportunities should be identified and training contract acquisition may begin, but awards should not be made until an award decision for the CA study is finally made.

During the planning period, the transition team may review the command strategy for any required changes, define the boundaries for the RIF and identify any special exemptions, obtain RIF authority, notify unions and employees of RIF authority, conduct Mock RIFs, and assess results of the mock RIF to determine "early-out" opportunities.

POST-AWARD DECISION ACTIVITIES

At award decision, the transition team will execute one of two plans, either implementing the government's MEO or assisting in implementing the winning contractor's proposal.

Government Wins

When the decision has been announced and the government's proposal has won, the transition team will assist the HRO in RIF execution. Between the time of RIF issuance and the actual RIF, the transition team will establish a Personnel Transition Center to allow employees to access the Priority Placement List (Stopper List), provide affected employees with HRO assistance with resumes, and establish a job center for local market availability.

Contractor Wins

When the decision has been announced and the contractor's proposal has won, the transition team will assist the HRO in RIF execution. Between the time of RIF issuance and the actual RIF, the transition team will establish a Personnel Transition Center to allow employees to access the Priority Placement List (Stopper List), provide affected employees with HRO assistance with resumes, and establish a job center for local market availability. In addition, the transition team will assist the affected employees and the contractor regarding the right of first refusal and any placement opportunities with the contractor.

The transition team will work closely with the contractor to establish operating procedures for conducting business during this transition period before the contractor is

fully operational. Assistance by the transition team will include transfer of equipment and inventory as well as determining workload and scheduling. The transition team should ensure that all performance standards and productivity are maintained throughout the transition phase.

The transition team will also coordinate the disposition of any government material or equipment not used by winning contractor.

INDICATORS OF SUCCESSFUL TRANSITION TO THE MEO

Should the government win the bid, the following performance indicators will serve as measures of how well the organization transitioned from the current state to the MEO.

1. Has the MEO been implemented on schedule?
2. Was press coverage of the transition process fair and accurate?
3. Was disruption of the workplace kept to a minimum?
4. Is the MEO at or below the IHCE?
5. Customer Feedback: Has the baseline survey been conducted? Has customer satisfaction been maintained or improved?
6. Is vehicle availability at 82.5 percent or higher?
7. Is vehicle condition at an acceptable level?
8. Has the Management Plan been fully complied with?

Exhibit 7-11
COST COMPARISON FORM
IN-HOUSE VS. CONTRACT OR ISSA PERFORMANCE

	Performance Periods					
	1ST	**2ND**	**3RD**	**4TH**	**5TH**	**TOTAL**
IN-HOUSE PERFORMANCE						
1. Personnel	1,067,842*	1,121,234	1,177,296	1,236,161	1,297,969	5,900,501
2. Material and Supply	5,347					5,347
3. Other Specifically Attributable	240,600	18,724	19,116	19,528	19,961	317,929
4. Overhead	128,141	134,548	141,275	148,339	155,756	708,060
5. Additional						
6. Total In-House Cost	1,441,930	1,274,506	1,337,687	1,404,028	1,473,686	6,931,837
CONTRACT OR ISSA PERFORMANCE						
7. Contract/ISSA Price						
8. Contract Administration						
9. Additional						
10. One Time Conversion						
11. Gain on Assets	( )	( )	( )	( )		( )
12. Federal Income Taxes	( )	( )	( )	( )		( )
13. Total Contract or ISSA	_____	_____	_____	_____		_____
DECISION						
14. Minimum Conversion Differential						
15. Adjusted Cost of In-House Performance						_____
16. Adjusted Total Cost of Contract or ISSA Performance						_____
17. Decision - Line 16 minus Line 15						_____
18. Cost Comparison Decision: Accomplish Work:						_____
In-House						_____
Contract or ISSA						_____

* all numbers are U.S. dollars

NOTE: For this example, personnel numbers have been inflated by 5 percent in the second to fourth years. Overhead costs have been calculated at 12 percent of personnel costs.

Line 1 (Cost Comparison Form) Personnel Costs

The following two exhibits represent the current assigned and the MEO staffing plans.

Exhibit 7-12
Current Staffing Plan

A	B	C	D	E	F	G	H	I
Position Title	Grade	FTEs**	Annual Wage (C * Wage Rate)	Other Entitle-ments	Basic Pay (D+E)	Fringe Benefits*** (F*32.45%)	Other Pay	Personnel Costs (F + G + H)
Director	WS-14	0.5	$24,825		$24,825	$8,056		$32,880
Secretary	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Head Admin Branch	GS-11	1.0	$41,282		$41,282	$13,396		$54,678
Records Clerk	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Scheduler	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Service Writer	GS-9	1.0	$34,121		$34,121	$11,072		$45,193
Service Writer	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Head Maint. Branch	WS-13	1.0	$47,486		$47,486	$15,409	$200	$63,096
Parts Expediter	WG-9	1.0	$31,762		$31,762	$10,307	$200	$42,268
Mechanic	WG-10	10.0	$329,056		$329,056	$106,779	$1,070	$436,905
Mechanic	WG-9	5.0	$158,808		$158,808	$51,533	$2,109	$212,450
Mechanic	WG-7	3.0	$88,171		$88,171	$28,612	$600	$117,383
Mechanic	WG-5	1.0	$26,936		$26,936	$8,741	$600	$36,277
Head Body & Pain Branch	WS-12	1.0	$45,573		$45,573	$14,788	$200	$60,561
Body Specialist	WG-9	4.0	$127,046		$127,046	$41,227	$800	$169,073
Painter	WG-9	1.0	$31,762	$5,000	$36,762	$11,929	$200	$48,891
TOTALS		33.5	$1,087,648	$5,000	$1,092,648	$354,564	$5,979	$1,453,191

** or hours for intermittent employees
*** or 7.65% for intermittent employees

Exhibit 7-13
MEO Staffing Plan

A	B	C	D	E	F	G	H	I
Position Title	Grade	FTEs**	Annual Wage (C * Wage Rate)	Other Entitle-ments	Basic Pay (D+E)	Fringe Benefits*** (F*32.45%)	Other Pay	Personnel Costs (F + G + H)
Director	WS-14	0.5	$24,825		$24,825	$8,056		$32,880
Secretary	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Records Clerk	GS-5	1.0	$22,518		$22,518	$7,307		$29,825
Scheduler	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Service Writer	GS-9	1.0	$34,121		$34,121	$11,072		$45,193
Service Writer	GS-7	1.0	$27,892		$27,892	$9,051		$36,943
Head Maint. Branch	WS-13	1.0	$47,486		$47,486	$15,409	$200	$63,096
Inventory/Supply Specialist	WG-7	1.0	$29,390		$29,390	$9,537	$200	$39,128
Mechanic	WL-10	2.0	$72,426		$72,426	$23,502	$400	$96,328
Mechanic	WG-10	2.0	$65,811		$65,811	$21,356	$1,070	$88,237
Mechanic	WG-9	3.0	$95,285		$95,285	$30,920	$400	$126,605
Mechanic	WG-7	4.0	$117,562		$117,562	$38,149	$1,813	$157,523
Mechanic	WG-5	3.0	$80,808		$80,808	$26,222	$2,790	$109,820
Body Specialist	WG-9	3.0	$95,285		$95,285	$30,920	$400	$126,605
Painter	WG-9	1.0	$31,762	$5000	$36,762	$11,929	$200	$48,891
TOTALS		25.5	$795,580	$5,000	$800,580	$259,788	$7,473	$1,067,842

** or hours for intermittent employees
*** or 7.65% for intermittent employees
NOTE: Overtime hours have been distributed to the WG-7 and WG-5 employees to reduce the costs associated with having a WG-9 or 10 employee towing vehicles into the shop. The other pay category also includes an allowance for clothing and safety equipment.

Line 2 (Cost Comparison Form):

Exhibit 7-14
Material and Supply Costs

NOMENCLATURE	ID #	QUANTITY REQUIRED	UNIT PRICE	INFLATION FACTOR	SOURCE OF SUPPLY	MATERIAL MARKUP FACTOR	ADJUSTED UNIT PRICE (D*E*G)	ANNUAL MATERIAL COST (C*H)
Special Paint	Bldg 16	1	$4,278		GSA	25%	$5,347	$5,347
Total		1	$4,278			25%	$5,347	$5,347

** According to the A-76 *Supplemental Handbook*, no material mark up is required if the Navy certifies that all costs of a storing, transporting and overhead are included in the pricing structure. For the purposes of this illustration, a material been included in order to provide an example of a circumstance where the Navy would not furnish a particular material need to be determined.

There is some special paint that will not be provided to the contractor because it can be utilized elsewhere by the Naval Support Activity.

Line 3 (Cost Comparison Form): Other Specifically Attributable Costs

Other specifically attributable costs will be used to document any costs other than personnel and materiel costs that are specifically attributable to a function.

Exhibit 7-15
Other Specifically Attributable Costs

Category	First	Second	Third	Fourth	Fifth	Total
Depreciation						
Rent						
Maintenance & Repair						
Utilities						
Insurance (Casualty .005*Net Book Value)	$875	$875	$875	$875	$875	$4,375
Liability Insurance	$7,475	$7,849	$8,241	$8,653	$9,086	$41,304
Other Costs:						
Upgrading Admin Branch Software& Hardware	$35,000					$35,000
Centralized compressed air upgrade	$49,950					$49,950
Diagnostic Equipment	$12,300					$12,300
Rollaway cabinets with tools	$7,500					$7,500
Training	$127,500	$10,000	$10,000	$10,000	$10,000	$167,500
TOTAL	$240,600	$18,724	$19,116	$19,528	$19,961	$317,929

NOTE: Liability insurance is estimated based on personnel costs in accordance with the A-76 *Supplemental Handbook* (.007 of personnel costs). All equipment costs are incurred in the first year of performance. Training costs are high in the first year as cross-training is conducted and all personnel are trained in new MEO operations. Casualty insurance is based on estimated book value of equipment at $175,000.

Line 4 (Cost Comparison Form): Overhead

Overhead costs include two major categories of costs: operations overhead and general and administrative overhead. Operations overhead is defined as those costs that are not 100 percent attributable to the function under study, but are costs generally associated with the recurring management of the activity. The general and administrative overhead costs include items such as salaries, equipment, and facilities associated with headquarters management, accounting, data processing and other support services provided in support of this activity. Line 4 is calculated by multiplying the Line 1 personnel costs by 12 percent. If the personnel costs include the cost of military personnel, the overhead cost should be 12 percent of the civilian personnel costs only.

Overhead: 12 percent of Total Personnel Costs

Period of Performance

Exhibit 7-16
Overhead

YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
$128,141	$134,548	$141,275	$148,339	$155,756	$708,060

Line 5 (Cost Comparison Form): Additional Costs

This line is used to identify any costs not specifically attributed to Lines 1-4 of the In-House Cost Estimate.

APPENDIX

Note: The following information was provided by the Outsourcing Support Office for the purposes of the simulation of an A-76 cost comparison. The support contractors utilized this simulated data to prepare all of the examples developed for this Guide.

Description of the Simulation Scenario

Transportation Maintenance and Repair Branch
Naval Support Activity, Cattle Crossing, Utah
Civilian Staff: 37 authorized positions, 34 assigned

Description: The transportation maintenance and repair function provides full service automotive and light truck repair for 1,424 vehicles (Exhibit 7-17) owned by Naval Support Activity, plus 3 bridge cranes installed in the industrial area. Also, NSA provides reimbursable repair services for several small commands and the Navy recruiters within a 125-mile radius. Services include routine maintenance, scheduled repairs, and breakdown maintenance on all assigned vehicles. Road service is provided for all NSA assigned vehicles when problems occur within a 100-mile radius. Services also include full service body repair and painting, primarily for accident repair, which is reimbursable by the using department. The Transportation Department also installs radios in all sedans and does custom fitting of police vehicles with lights, sirens, radios, and other special equipment.

Exhibit 7-17
Vehicle Inventory

TYPE	INVENTORY	AVERAGE AGE	AVERAGE MILEAGE/YEAR
sedan	91	7.2	4,750
sedan/police	105	3.1	21,000
1/2 T p/u	644	8.6	6,100
3/4 T p/u *	329	9.1	6,300
3/4 T p/u 4X4*	40	6.2	9,350
2 T stake	176	13.1	4,500
1500g tanker	21	11.8	7,500
wrecker	12	4.9	14,000
fire truck	6	15.0	2,100
Total	**1,424**		

* All 3/4 T p/u vehicles can be equipped for snow removal
Availability: Average availability of all vehicles is 82.5 percent.

NSA is programmed to receive the following new vehicles in the next 3 years (Exhibit 7-18).

Exhibit 7-18
Vehicle Replacements

TYPE	FY98	FY99	FY00
sedan	none	1	none
sedan/police	4	2	none
1/2 T p/u	5	2	3
2 T stake	3	none	2

Exhibit 7-19 illustrates the rate of accident repair from 1994 to 1995.

Exhibit 7-19
Accident Repairs

YEAR	NSA	OTHER	TOTAL
94	126	42	168
95	142	47	189
96	114	38	152

Supply Support

The NSA Supply Department maintains a stock of automotive components, batteries, and tires to support the transportation function. All components required and not in stock are purchased through the Navy Supply System. No support contracts for parts or services are currently in place.

Exhibit 7-20 illustrates component use in dollars.

Exhibit 7-20
Component Use in Dollars

FY	ROUTINE	ACCIDENT	SPECIAL PURCHASES
94	$1,278,000	$444,000	$260,046
95	$1,344,738	$370,734	$149,736
96	$1,594,692	$346,626	$239,406

The Supply Department employs 12 people and supports and more than $1,000,000 annual purchasing and contract volume.

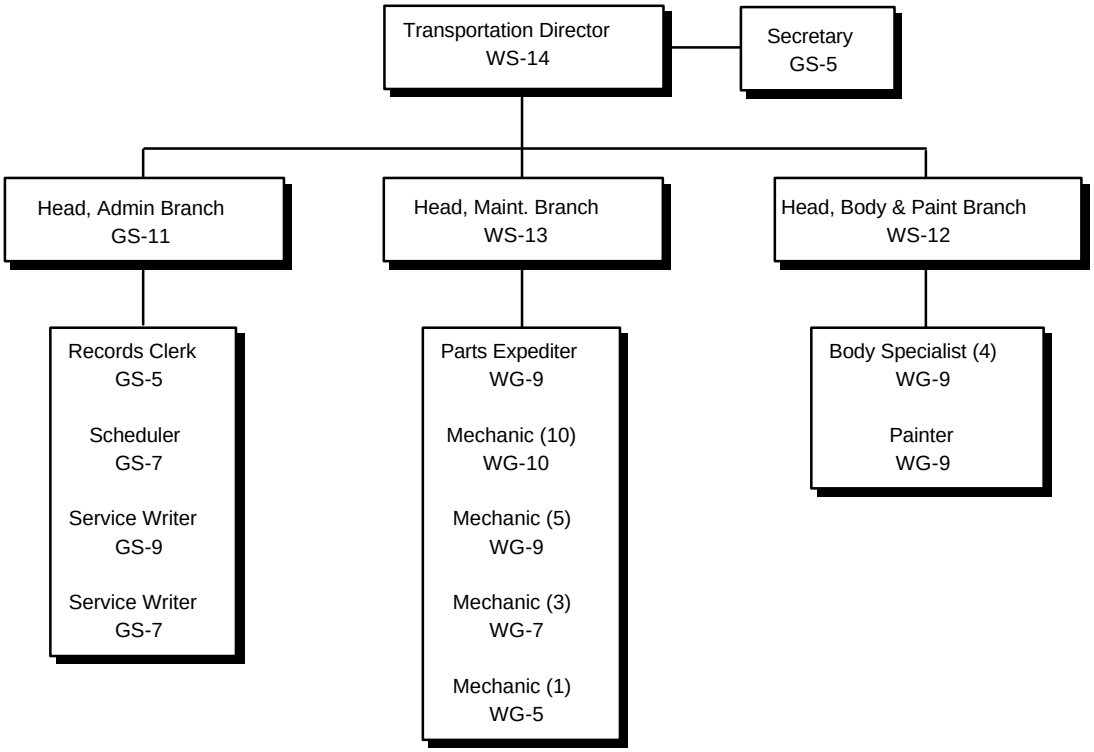
Equipment and Facilities

The NSA transportation function staff works in a converted 1940's vintage warehouse that has been partitioned to provide 12 work bays, a parts area, a battery shop, a tire mounting area, and an office complex including a customer lounge and driver ready room. The shops are equipped with hydraulic lifts, compressed air, and overhead lube services (in three bays). There is a paint booth that is being examined by the county air pollution control district for compliance.

Current Organization

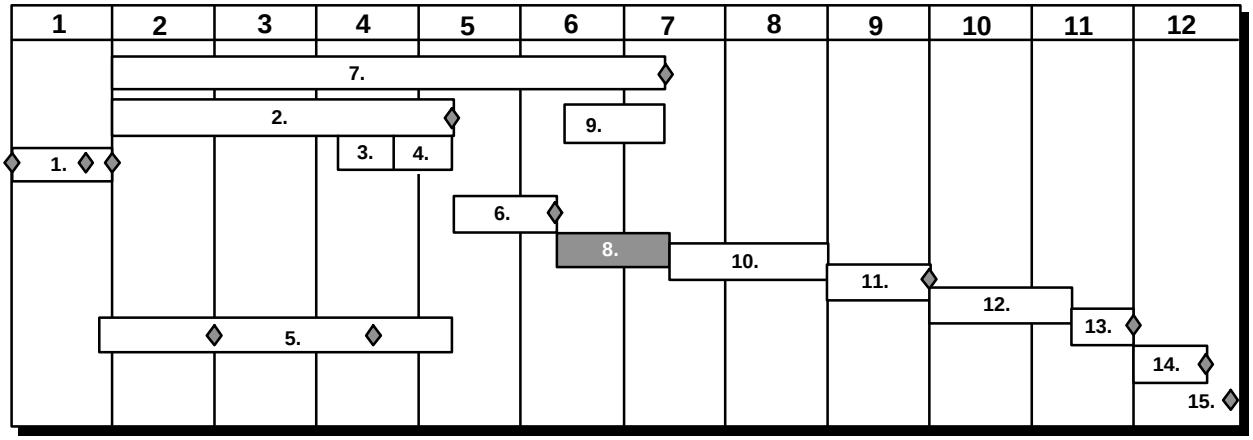
The current organization of the Transportation Maintenance and Repair Division is illustrated in Exhibit 7-21.

Exhibit 7-21
Organization Chart



STEP 8: RESPOND TO SOLICITATION

8.1 OVERVIEW



◊ **Major Milestone Event**

The activities that take place during this step involve the submission of offers (proposals) by private industry for the performance of the commercial activity. This step also entails the government's receipt and initial processing of these offers.

To facilitate the solicitation process for the performance of commercial activities, it is usually beneficial to allow potential offerors to inspect the existing facilities where the commercial activity will be performed prior to the time offerors prepare and submit their offers. It may also be useful for the contracting officer to convene a preproposal conference to respond to offerors' questions. These activities often necessitate allowing offerors a period of 45 days to submit offers from the date the solicitation is issued.

The contracting officer will also respond to any written questions submitted by the commercial offerors about the solicitation. The contracting officer issues any amendments to the solicitation resulting from responses to questions or other changes, such as new Navy contracting instructions. Then, the offerors complete and submit their proposals. The contracting officer receives and safeguards all proposals. *It is important to note that Step 8 must remain open until the IHCE is sealed in Step 7, which occurs after the completion of the independent review in Step 9.*

An important element in the timely completion of Step 8 is the quality of the PWS produced in Step 2. A PWS that provides a clear description of the work to be performed and the performance standards to be met will facilitate the timely submission of contractor offers. In addition to the quality of the PWS, there are other factors that may delay the completion of Step 8. First, if there are significant problems with the solicitation that require the contracting officer to issue amendments, the due date for submission of offers may have to be extended. These problems may include ambiguity or errors in the PWS or other parts of the solicitation. Second, the deadline for submission of offers may also have to be extended if changes to the Management Plan are required. The due date for submission of private industry offers may not occur before the government's

Management Plan (including the Technical Performance Plan) is completed and sealed.

8.2 CHECKLISTS FOR KEY PLAYERS

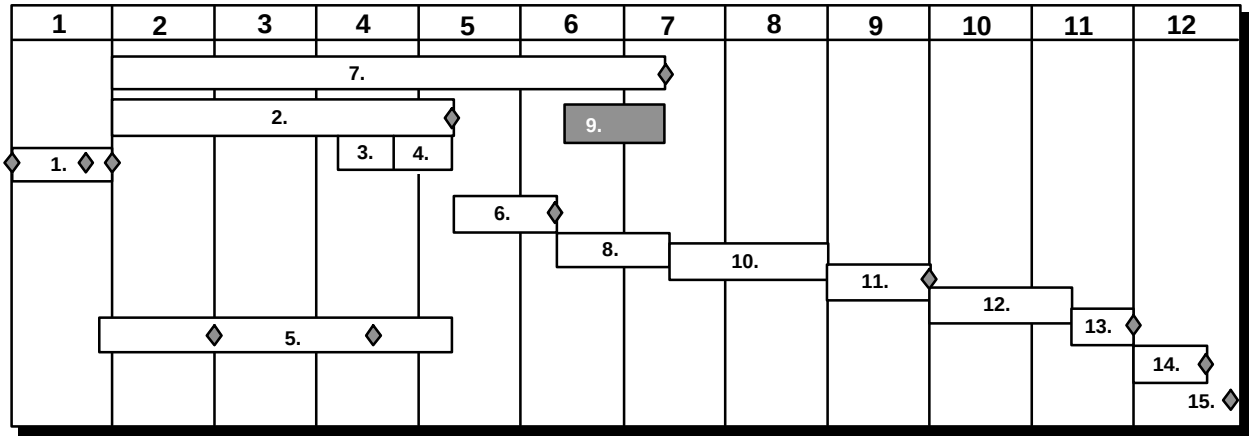
Standard procurement checklists are available from the contracting officer and should be utilized as required.

8.3 TEMPLATES

Standard contract templates are available from the contracting officer and should be utilized as required.

STEP 9: PERFORM INDEPENDENT REVIEW

9.1 OVERVIEW



◊ **Major Milestone Event**

In this step, the independent review officer (IRO) reviews the PWS, QASP, and the Management Plan including the MEO, IHCE, TPP and the TP, along with all supporting documentation. The purpose of the review is to certify that data contained in the Management Plan reasonably establishes the government's ability to perform the PWS within the resources provided by the MEO and to ensure that all costs in the IHCE are fully justified. The request for an independent review should be made as early in the A-76 study process as possible (preferably in Step 1 but no later than Step 7). The CA team leader should coordinate with the IRO to facilitate planning for the independent review which will assist in the timely completion of Step 9.

The IRO should be an individual from an impartial activity organizationally independent of the commercial activity being studied that is qualified to conduct this type of review. The independent review may be performed by contractors, command evaluation, audit staff, or other qualified government personnel. It should be performed in accordance with the requirements of the Department of the Navy *Guide for Reviewing Cost Estimates Prepared Under the Commercial Activity Program*.

Step 9 cannot begin until the PWS is formally approved in Step 4 and the Commanding Officer has certified the Management Plan in Step 7. Step 9 concludes with the IRO returning the approved Management Plan documentation to the CA team leader who seals the Management Plan and forwards it to the contracting officer. The closing date for submission of private industry offers in response to the solicitation (Step 8) may not occur until after the Management Plan is sealed. Similarly, the review of contractor offers that takes place in Step 10 may not begin before the Management Plan is sealed.

9.2 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**. Ensures integrity of the independent review process.

- **CA Team/Team Leader**

  Answers questions from IRO. Provides documentation. Submits certified/sealed MEO, In House Cost Estimate, Technical Performance Plan and Transition Plan to the contracting officer.

- Independent Review Officer

  Ensures that: (1) the government In-House Cost Estimate is in full compliance with the requirements of the A-76 Supplemental Handbook and the Navy *Guide for Reviewing Cost Estimates Prepared Under the Commercial Activity Program*; and (2) the proposed MEO organization is capable of performing the PWS.

-

9.3 CHECKLISTS FOR KEY PLAYERS

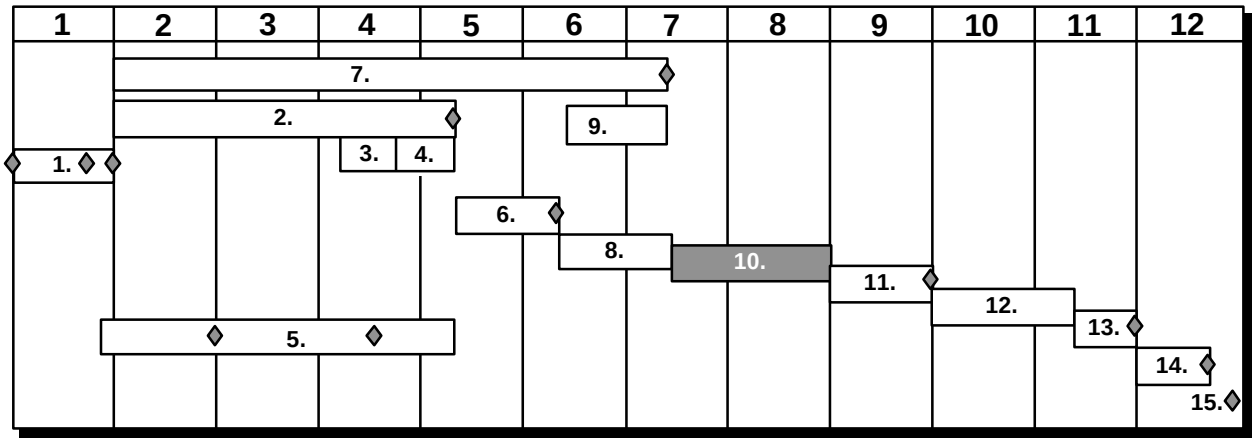
Standard checklists are available from the contracting officer and should be used as required.

9.4 TEMPLATES

Standard contract templates are available from the contracting officer and should be used as required.

STEP 10: EVALUATE PROPOSALS

10.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of this step is to evaluate contractor offers and select the offer that will be compared to the government proposal (this comparison is performed in Step 14). If the contracting officer determines that there are no deficiencies, uncertainties, or suspected mistakes concerning each offeror's proposal, then discussions with offerors are not necessary and the contracting officer selects the best value contractor proposal. *In this case, Steps 11 and 12 are skipped* and the selection of the best value contractor proposal is documented and approved in Step 13. To expedite the procurement process, it is desirable to make the best value contractor selection without discussions or requests for Best and Final Offers (BAFO). However, if the contracting officer determines that discussions are necessary before the best value proposal can be selected, a prenegotiation clearance memorandum is prepared (Step 11) and discussions must be held (Step 12) before making the best value selection.

CO Tip: To expedite the source selection process, the Commanding Officer should limit the number of personnel assigned to the Source Selection Board.

Four parties perform the majority of the effort in evaluating offers. The contracting officer has overall responsibility for managing the acquisition function. A technical evaluation panel—appointed by the Commanding Officer and convened by the contracting officer—conducts an evaluation of the technical proposal. A Source Selection Board (SSB) — appointed by the Commanding Officer—reviews the panel's findings as a quality check. The Source Selection Authority (SSA), who may not be involved in the development of the government IHCE, concurs with the panel's and SSB's recommendation, or, requires reconsideration of other choices. Activities in this step are governed by the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), Navy acquisition instructions and by OMB Circular Number A-76 and the A-76 Supplemental Handbook.

CO Tip: The technical evaluation of proposals has historically been a major bottleneck in the

procurement process. The Commanding Officer should be aware of several issues that might create obstacles. Members of the technical evaluation panel must be assigned full time to this step and relieved of all other duties for the period of their participation on this panel. To minimize interruptions, the panel members should work together at a location away from their normal working spaces. The technical evaluation function can be supported by OSO or contract with private industry.

It should be noted that SSBs and SSAs are generally used for large procurements, but Commanding Officers have the discretion to use them for smaller procurements as well. If appointment of an SSA is determined to be unnecessary for a particular procurement, the contracting officer performs the functions of the SSA. Commanding Officers should ensure that members of one panel (e.g., Source Selection Board or CA team) do not participate on other panels (e.g., technical evaluation panel) for the same procurement.

CO Tip: To facilitate the timely completion of the source selection process, the Commanding Officer should ensure that the contracting officer conducts the preliminary cost evaluation of contractor proposals at the same time the technical evaluation panel assesses technical proposals.

Government employees who review, approve, or have direct knowledge of the final PWS, performance standards, MEO, IHCE, or contract cost estimates are considered procurement officials and are precluded from accepting employment with a contractor for a period of 2 years if a contract is awarded as a result of the cost comparison process. Questions about employment rights should be directed to legal counsel and the HRO.

The evaluation process begins with the contracting officer ensuring that no offeror is listed on the government's debarred or suspended bidders list. The contracting officer may also conduct a check of each offeror's financial status with information provided by DCAA and/or publicly available from other sources. The contracting officer then reviews the technical proposals to ensure that no cost data is included. Next, the contracting officer calls and convenes the technical evaluation panel that evaluates the merit of the technical proposals. The contracting officer discusses the solicitation with the panel and may conduct training tailored to the particular solicitation in preparation for the evaluation of technical proposals. The government's legal counsel may also meet with the panel to discuss the statutory and regulatory requirements for the solicitation. The source selection plan developed in Step 6, and prepared by the CA team in accordance with FAR 15.604(b) should define the technical and past performance requirements related to the source selection process. The source selection plan provides the criteria by which the technical evaluation panel evaluates the technical proposals. Sections L and M of the solicitation describe these criteria.

While the technical evaluation panel is conducting its assessment of the technical proposals, the contracting officer conducts a preliminary check to ensure the accuracy of calculations made in the cost proposals. The contracting officer may request that DCAA perform a rate check or provide other background financial data that substantiates the cost information included in each offeror's cost proposal.

After the panel has completed its evaluation, the SSB convenes and either concurs with the panel's choice or directs reevaluations. The contracting officer arranges for legal

counsel to review all source selection documents to ensure their compliance with statutory and regulatory acquisition requirements.

The contracting officer then groups the offers into a competitive range. Offerors that submitted offers that are determined to be outside this competitive range—based on price or on the technical proposal—may be notified of their elimination from consideration. If discussions with offerors are unnecessary, the contracting officer will select the best value offer and forward it to the SSA for approval. The contracting officer documents this selection in Step 13.

CO Tip: Notification to an offeror that its offer is outside the competitive range is a point in the procurement process where a protest might be lodged. To reduce the chances of a disappointed bidder protest, the contracting officer should personally debrief offerors that have been determined to be outside the competitive range to explain clearly why such offers were excluded from further consideration.

It is essential that the Commanding Officer, members of the SSA and SSB, and any others who are engaged in the procurement process protect the integrity of the source selection process. Maintaining the integrity of the source selection process entails ensuring there is no premature disclosure of acquisition sensitive information to anyone who is not authorized to receive it.

CO Tip: Maintaining the integrity of the process is essential to all concerned and is ultimately the Commanding Officer's responsibility. As part of this responsibility the Commanding Officer must ensure that no personal communication regarding the procurement takes place with offerors during this period.

10.2 ROLES AND RESPONSIBILITIES

KEY PLAYERS

- **Commanding Officer**.

  Monitors schedule for compliance. Appoints the technical evaluation panel, SSB, and SSA (if necessary). If acting as SSA, either approves negotiations or selects best value contractor proposal.

- **Contracting Officer**.

  Monitors and manages entire source selection process for compliance with procurement regulations. Convenes technical evaluation panel. Receives and reviews results of technical evaluation. Selects best value proposal, obtains legal review, and then forwards selection to the SSA for approval.

- **Technical Evaluation Panel**.

  Receives guidance from contracting officer on technical evaluation criteria. Evaluates technical proposals. Produces technical evaluation reports.

- **Source Selection Board**.

  Reviews results of technical evaluation. Submits recommendation to the contracting officer.

- **Source Selection Authority**. Receives SSB recommendation from the contracting officer and makes selection.

ADVISORY PLAYERS

- **Legal Counsel**.

  Reviews all source selection documents for compliance with acquisition statutes and regulations. Provides advice to

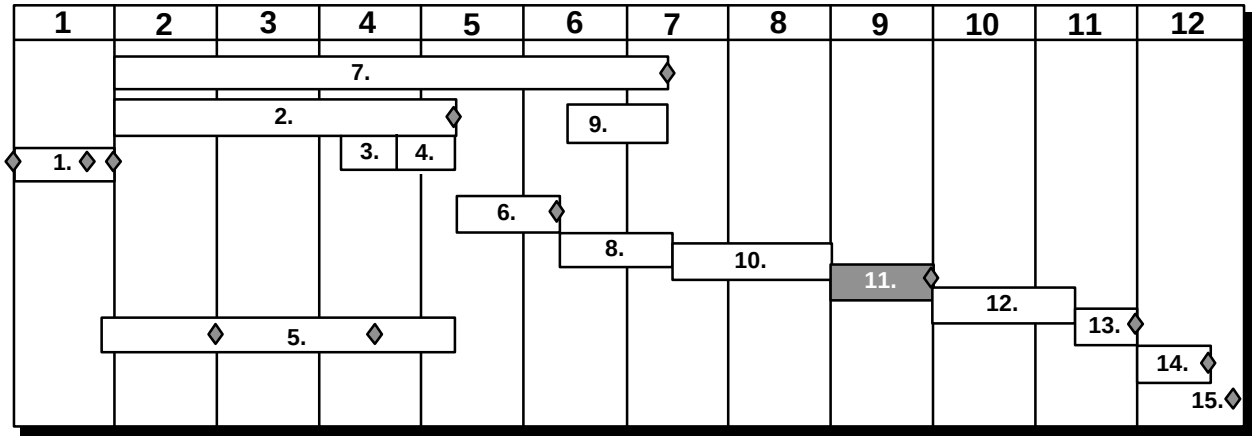
Commanding Officer, contracting officer and SSA.

10.3 CHECKLISTS FOR KEY PLAYERS

Use standard procurement checklists and forms.

STEP 11: OBTAIN PRENEGOTIATION CLEARANCE APPROVAL

11.1 OVERVIEW



◊ **Major Milestone Event**

CO Tip: Obtaining prenegotiation business clearance approval is a major milestone. Early involvement of the higher level review authority in Step 10 will help reduce the time required for the higher level review and approval process in Step 11.

The purpose of the prenegotiation clearance is for the contracting officer to determine the government negotiation objectives with each individual offeror if negotiations are to be held. Technical and cost proposals that are within the competitive range are reviewed to determine what additional information is needed to make the source selection. The contracting officer prepares the prenegotiation clearance memorandum outlining the government's negotiation objectives and forwards it to a higher level authority for review and approval.

CO Tip: The Commanding Officer should limit his or her contact with offerors during this time period. If the Commanding Officer must have contact with an offeror on matters unrelated to the current procurement, the Commanding Officer may not have any discussions with the offeror about the procurement. This restriction applies to all parties involved in the source selection process. Contact with offerors should be controlled by the contracting officer.

11.2 ROLES AND RESPONSIBILITIES

KEY PLAYERS

- **Commanding Officer**

  Ensures that prenegotiation clearance is forwarded to the next senior command level and that clearance is obtained. The Commanding Officer will review the prenegotiation clearance only if he or she is the source selection authority.

- **Contracting Officer**

  Responsible for preparation and submission of the prenegotiation clearance memorandum. Addresses the memorandum to a higher level approval authority. The contracting officer

determines at what level the memorandum must be approved based on the value of the procurement.

- **Higher Level Approval Authority**

  Reviews and approves prenegotiation clearance memorandum.

ADVISORY

- **Legal Counsel**.

  Reviews prenegotiation clearance memorandum for compliance with statutory and regulatory requirements.

11.3 CHECKLISTS FOR KEY PLAYERS

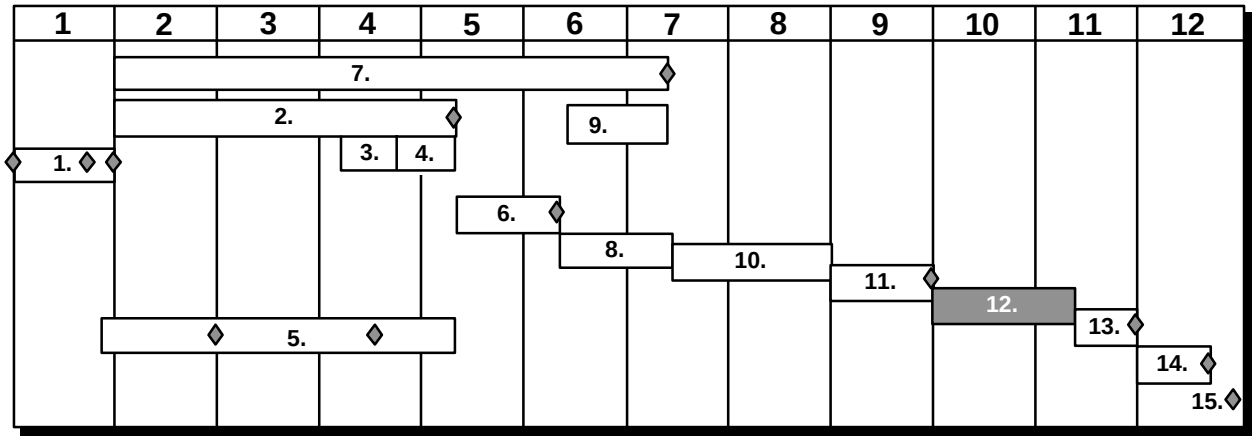
Use standard procurement checklists.

11.4 TASK TEMPLATES

Use standard procurement templates and forms.

STEP 12: CONDUCT DISCUSSIONS WITH OFFERORS

12.1 OVERVIEW



◊ **Major Milestone Event**

As a result of the decision in Step 10 that additional information regarding the offerors' technical and/or cost proposals was necessary, the contracting officer holds discussions in this step with offerors to resolve any deficiencies in their respective technical and/or cost proposals. These discussions may take place orally or in writing. Each offeror is then given the same amount of time to submit a revised proposal. As a result of discussions with offerors the technical evaluation panel must be reconvened to re-evaluate any proposal revisions. The process then proceeds to Step 13, Obtain Final Clearance Approval.

12.2 ROLES AND RESPONSIBILITIES

KEY PLAYERS

- **Contracting Officer**. Conducts discussions with offerors to resolve any deficiencies in their respective technical and/or cost proposals.

ADVISORY PLAYERS

- **Legal Counsel**. Reviews all documents related to this step.

12.3 CHECKLISTS FOR KEY PLAYERS

Standard procurement checklists are available from the Contracting Officer and should be used as required.

12.4 TASK TEMPLATES

Standard procurement templates and forms are available from the Contracting Officer and should be used as required.

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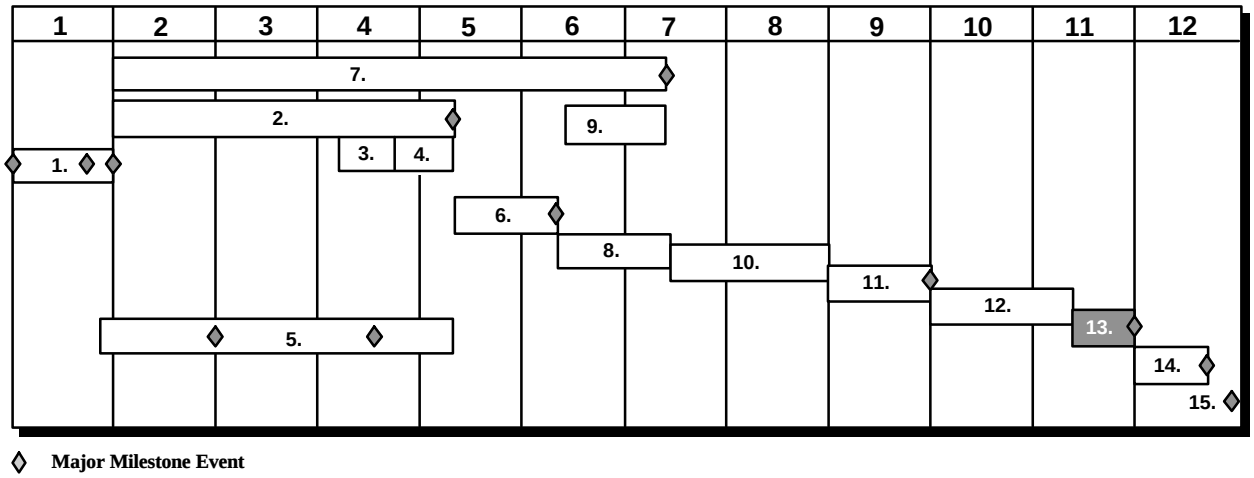
STEP 13: OBTAIN FINAL CLEARANCE APPROVAL FOR SELECTION OF BEST VALUE CONTRACTOR PROPOSAL

13.1 OVERVIEW



CO Tip: Obtaining final clearance approval for selection of the best value contractor proposal is a major milestone.

Step 13 has a twofold purpose: (1) If discussions have been held and BAFOs have been received, the contracting officer makes a preliminary selection and obtains SSA (or higher level) approval; (2) To document the selection of the best value contractor, regardless of whether the selection is made in Step 10 (without discussions) or is made during Step 13 (with discussions).

CO Tip: Accurate and complete documentation of the source selection decision will support the government's decision if appealed.

Whether or not discussions have been held with offerors, the contracting officer prepares the final clearance approval memorandum that documents the selection. The process then proceeds to Step 14, wherein the best value contractor proposal is compared with the government proposal.

CO Tip: Keeping the higher level review authority apprised of the progress of the discussions in Step 12 will help reduce the time required for the final clearance approval.

13.2 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**. Ensures that final clearance approval memorandum is forwarded to the next senior command level for approval.
- **Contracting Officer**

  Selects the best value contractor proposal during this step if discussions have been held. Prepares and submits for approval the final clearance approval memorandum.

Advisory Players

- **Higher Level Approval Authority**. Approves final clearance approval memorandum.
- **Legal Counsel**. Reviews final clearance approval memorandum for compliance

with statutory and regulatory requirements.

13.3 CHECKLISTS FOR KEY PLAYERS

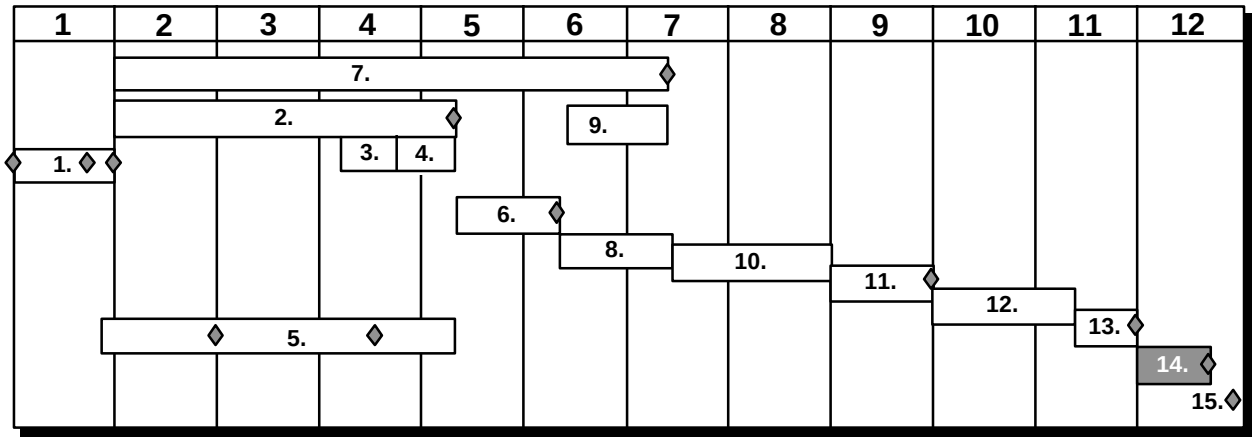
Standard procurement checklists are available from the Contracting Officer and should be utilized as required.

13.4 TASK TEMPLATES

Use standard procurement forms and templates are available from the Contracting Officer and should be utilized as required.

STEP 14: COMPARE GOVERNMENT AND CONTRACTOR PROPOSALS

14.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of this step is to compare the best value contractor proposal with the government proposal prepared by the CA team and make a tentative selection decision. The comparison is managed by the contracting officer and conducted in two stages. The first stage is reviewing the government and contractor technical proposals. The second stage is review of the government and contractor cost proposals.

CO Tip: The comparison of the government proposal and the contractor proposal and the completion of the cost comparison form is a major milestone.

With the selection of the best value contractor offer, the contracting officer submits to the Source Selection Authority (SSA) the government's Technical Performance Plan, which must comply with the technical proposal requirements of the solicitation. The SSA evaluates the Technical Performance Plan and assesses whether the same level of performance and performance quality as the best value contractor proposal will be achieved.

CO Tip: The Source Selection Authority should not review or have access to the In-House Cost Estimate prior his or her evaluation of the Technical Performance Plan.

If the SSA determines that the government's Technical Performance Plan does not offer the same level of performance as the contractor offer, the Technical Performance Plan is returned to the CA team to be revised. The CA team makes all changes necessary to meet the performance standards accepted by the SSA. If necessary, the MEO and the In-House Cost Estimate are recalculated based on this revision and resubmitted to the IRO for acceptance. This will ensure that when the IHCE is compared to the cost of the contractor offer, the cost comparison is based on the same scope of work and performance levels.

CO Tip: The Commanding Officer should be aware that the government's disclosure of information in the contractor's proposal is governed by the FAR.

After the Technical Performance Plan has been accepted by the SSA, the contracting

officer then opens the government and contractor cost proposals and completes the cost comparison form (CCF). A tentative decision is made based on the results of the cost comparison. If the contractor's cost proposal is lower than the government's proposal (taking into consideration the minimum cost differential requirement), the contractor is tentatively selected to perform the commercial activity. The minimum differential is the lesser of 10 percent of the personnel costs in the government IHCE or $10 million over the performance period. The purpose of the minimum cost differential is to avoid the disruption of converting performance of the commercial activity based on a minimal cost savings. If the contractor's cost proposal is not 10 percent lower than the IHCE (or $10 million over the performance period, whichever is lower), then the MEO is selected to perform the commercial activity.

CO Tip: The Commanding Officer's leadership throughout the entire process directly affects the quality of the tentative decision. By taking ownership of the process from Step 1, the Commanding Officer leads the CA team to a tentative decision based on merit and fairness. The CCF and the numbers reflected therein are the basis for the tentative decision.

The contracting officer notifies the Commanding Officer of the tentative decision and makes any other notifications prescribed by service directives before the announcement of the tentative decision in Step 15.

14.2 ROLES AND RESPONSIBILITIES

KEY PLAYERS

- **Source Selection Authority**

  Reviews the Technical Performance Plan to determine if it offers the same level of performance and performance quality as the contractor's offer. If it does not, the Technical Performance Plan is returned to the CA team for revision and the In-House Cost Estimate is revised and resubmitted to the IRO for review.

- **Contracting Officer**

  After the SSA has accepted the Technical Performance Plan, the contracting officer reviews the government and contractor cost proposals and completes the cost comparison form. The contracting officer notifies the Commanding Officer and other appropriate officials of the tentative decision before announcing the decision.

- **CA Team/CA Team Leader**

  If necessary, the CA team revises the Technical Performance Plan and revises the IHCE. The CA team leader forwards the IHCE to the IRO for review and approval.

ADVISORY PLAYERS

- **Legal**

  Provides legal advice to the SSA and contracting officer regarding FAR restrictions on the disclosure of information contained in contractor proposals.

14.3 CHECKLISTS FOR KEY PLAYERS

- **Source Selection Authority**

  1. Reviews Technical Performance Plan.

  2. If necessary, returns Technical Performance Plan to CA team for revision.

- **Contracting Officer**

  1. Completes and signs cost comparison form.

  2. Notifies Commanding Officer and other appropriate officials of the tentative decision.

- **CA Team Leader**

  1. If necessary, revises Technical Performance Plan as required

  2. Revises IHCE to reflect changes in price resulting from revision of Technical Performance Plan

  3. Forwards revised IHCE to the IRO for review and approval

  4. Signs cost comparison form.

- **Independent Review Officer**

  1. Reviews and approves IHCE

  2. Signs cost comparison form.

14.4 TASK TEMPLATES

TEMPLATE 14.4.1: COST COMPARISON FORM IN-HOUSE VS. CONTRACT OR ISSA PERFORMANCE

	1st	2nd	3rd	Add'l	Total
IN-HOUSE PERFORMANCE					
1. Personnel					
2. Material and Supply					
3. Other Specifically Attributable					
4. Overhead					
5. Additional					
6. Total In-House Cost	_____	_____	_____	_____	_____
CONTRACT OR ISSA PERFORMANCE					
7. Contract/ISSA Price					
8. Contract Administration					
9. Additional					
10. One Time Conversion					
11. Gain on Assets	( )	( )	( )	( )	( )
12. Federal Income Taxes	( )	( )	( )	( )	( )
13. Total Contract or ISSA	_____	_____	_____	_____	_____
DECISION					
14. Minimum Conversion Differential					
15. Adjusted Cost of In-house Performance					_____
16. Adjusted Total Cost of Contract or ISSA Performance					_____
17. Decision - Line 16 minus Line 15					_____
18. Cost Comparison Decision: Accomplish Work:					_____
In-house					_____
Contract or ISSA					_____

19. In-House MEO Certified By: _____ Date _____

_____

Office and Title

I certify that, to the best of my knowledge and belief, the in-house organization reflected in this cost comparison is the most efficient and cost effective organization that is fully capable of performing the scope of work and tasks required by the PWS. I further certify that I have obtained from the appropriate authority concurrence that the organizational structure, as proposed, can and will be fully implemented —subject to this cost comparison, in accordance with all applicable federal regulations.

20. In-House Cost Estimate Prepared By: _____ Date _____

21. Independent Reviewer: _____ Date _____

_____

Office and Title

I certify that I have reviewed the Performance Work Statement, Management Plan, In-House Cost Estimates, and supporting documentation available prior to bid opening, and to the best of my knowledge and ability, have determined that: (1) the ability of the in-house MEO to perform the work contained in the Performance Work Statement at the estimated costs included in this cost comparison is reasonably established; (2) that all costs entered on the cost comparison have been prepared in accordance with Circular CA-76 and its Supplement.

22. Cost Comparison Completed By: _____ Date _____

23. Contracting Officer: _____ Date _____

24. Tentative Cost Comparison
Decision Announced By: _____ Date _____

25. Appeal Authority (if applicable): _____ Date _____

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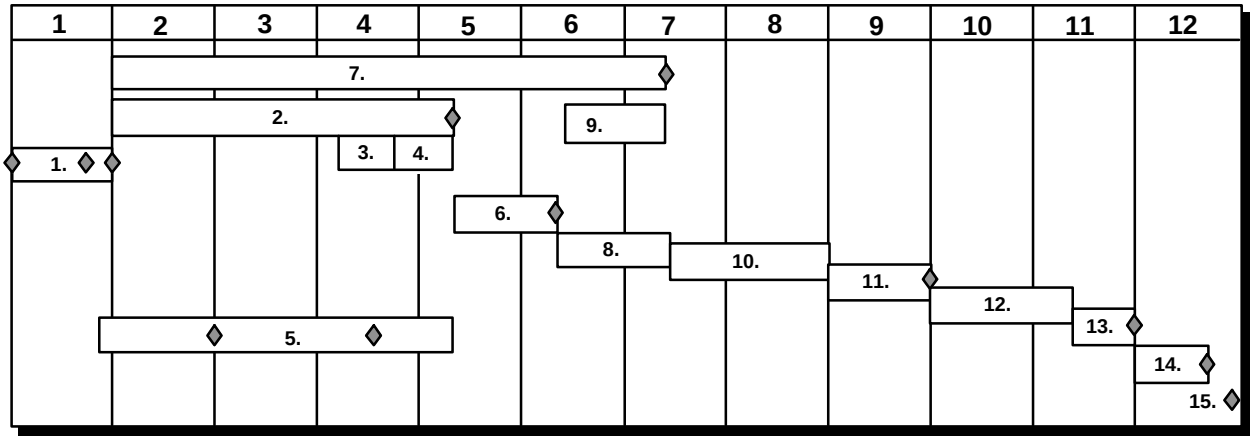
STEP 15: ANNOUNCE TENTATIVE DECISION

15.1 OVERVIEW



◊ **Major Milestone Event**

The purpose of Step 15 is to announce the tentative decision reached in Step 14 as a result of completing the cost comparison form. It is recommended that the contracting officer first meet with the Commanding Officer to discuss and plan the public announcement of the tentative decision. It is recommended that the Commanding Officer, as owner of the process, announce the tentative decision. All supporting documentation must be made publicly available at the time of the announcement of the tentative decision and must include, at a minimum, the in-house and contractor cost estimates, performance standards, the PWS and the Management Plan.

CO Tip: A tentative decision at the 12 month point is a major milestone.

Upon announcement of the tentative decision, the A-76 Administrative Appeals process begins. The A-76 Administrative Appeals process is available to federal employees (or their representatives) and contractors who have submitted formal offers and who may be affected by the tentative decision. It is designed to ensure that all costs entered on the cost comparison form are fair, accurate, and calculated in accordance with Part II of the A-76 Supplemental Handbook. Any appeals must be submitted within 20 calendar days after the public announcement (or within 30 calendar days if the cost comparison is particularly complex), and a final decision should be made by the Administrative Appeal Authority within 30 days of receipt of the appeal. Upon the resolution of appeals, if any, the tentative decision becomes the final decision.

The Commanding Officer must be mindful that the A-76 study process is emotionally charged for both government and industry. Private industry invests considerable resources in preparing offers in response to the solicitation. Federal employees' jobs may be at stake. The process may cause controversy and inevitably one or more parties may be disappointed with the outcome. Fairness to all parties is of utmost importance. The Commanding Officer is the person ultimately responsible for ensuring the fairness of the process.

CO Tip: Documents related to the government's proposal—the Management Plan—are considered procurement sensitive information until the announcement of the tentative decision.

15.2 ROLES AND RESPONSIBILITIES

Key Players

- **Commanding Officer**

  Announces tentative decision.

- **Contracting Officer**

  Notifies Commanding Officer of tentative decision.

Advisory Players

- **Legal Counsel**

  Provides legal advice as required.

APPENDIX A: STREAMLINED A-76 COST COMPARISON PROCESS AND ALTENATIVE STRATEGIES

A.1 OVERVIEW

The OMB Circular Number A-76 *Supplemental Handbook* includes provisions that, in some situations, permit commercial activity studies to occur without conducting a cost comparison or for certain other situations, permit a streamlined cost comparison process. The elimination of the process or use of the streamlined cost comparison process applies to commercial activities for which adequate levels of service quality can be obtained at fair and reasonable prices without conducting the full cost comparison process described in the *Supplemental Handbook*. Generally, requirements for such commercial activities can be clearly defined, and if solicitations are issued, the use of sealed bidding and fixed price contracts is appropriate.

It should be noted that in addition to the requirements of the *Supplemental Handbook*, there are certain other statutory requirements that must be met to use the streamlined cost comparison process (e.g., Section 8015 of the Fiscal Year Appropriations). Legal counsel should be consulted prior to initiating a streamlined cost comparison to ensure compliance with all regulatory and statutory requirements. To use the streamlined cost comparison process, the Commanding Officer must certify that the current organization is the most efficient organization. This certification should be forwarded to the Congress by the CNO. Additionally, (Title 10 USC Sec.2461) requires that Congress be notified if functions involving more than 45 civilians are being considered for conversion to contract. The CNO announcement letter serves as initial notification but additional notification is also required upon reaching a tentative decision (Step 15) to convert the commercial activity to contract performance.

CO Tip: The streamlined cost comparison form for functions involving 46 to 65 civilian employees can be used, but the statutory requirements must be met in the process.

Sections A.2 through A.6 describe situations in which a cost comparison is not required if certain conditions are met. Section A.7 describes the conditions under which a streamlined cost comparison can be performed for commercial activities involving 65 or fewer FTE's. Under Part 1, Chapter 1 of the OMB Supplement to the A-76 Circular waivers are subject to administrative appeals. Federal employees adversely affected by a waiver are afforded the same personnel consideration as if the waiver had not been approved. In no case, shall any commercial activity be modified, reorganized, divided for the purpose of circumventing the requirements of a cost comparison, or other procedures of the OMB Supplement.

A.2 COMMERCIAL ACTIVITIES WITH 10 OR FEWER FTEs

- If the contracting officer determines that

  (1) private sector performance of a commercial activity is unsatisfactory; or
  (2) fair and reasonable prices cannot be obtained otherwise,
  activities with 10 or fewer FTE's may be converted from contract to in-house or ISSA performance without cost comparison.

(See *Supplemental Handbook*, Part I, Chapter 1, Section C, paragraph 6)

- If the contracting officer determines that

  (1) offerors will provide required levels of service quality,

  (2) at fair and reasonable prices,

  commercial activities with 10 or fewer FTE's may be performed in-house, by contract or by ISSA without cost comparison.

(See *Supplemental Handbook*, Part I, Chapter 1, Section D, paragraph 5)

A.3 COMMERCIAL ACTIVITIES WITH 11 OR MORE FTEs

Commercial activities may be converted to contract or Inter-Service Support Agreement (ISSA) performance without cost comparison if the contracting officer determines that:

(1) fair and reasonable prices can be obtained through competitive award; and

(2) all directly affected federal employees serving permanent appointments can be reassigned to other comparable Federal positions for which they are qualified.

(See *Supplemental Handbook*, Part I, Chapter 1, Section D, paragraph 6)

A.4 COMMERCIAL ACTIVITIES PERFORMED BY THE MILITARY

Activities performed by uniformed military service personnel may be converted to contract performance without a cost comparison if the contracting officer determines that fair and

reasonable prices can be obtained from qualified commercial sources. Such direct conversion must be authorized by the official in paragraph 9.a. of Circular A-76.[1]

(See *Supplemental Handbook*, Part I, Chapter 1, Section D, paragraph 7)

A.5 PREFERENTIAL PROCUREMENT PROGRAMS

A commercial activity of any size that is performed by federal employees may be converted to contract performance without cost comparison—even if it results in adverse employee actions—if the contract is awarded to a preferential procurement source at a fair market price. At the agency's discretion, a cost comparison may be conducted.

(See *Supplemental Handbook*, Part I, Chapter 1, Section D, paragraph 8)

A.6 INTERSERVICE SUPPORT PROVIDERS

- An organization or activity that is currently obtaining a commercial support service from another department or agency may, with proper notification, terminate that relationship and convert directly to contract performance without a cost comparison.

(See *Supplemental Handbook*, Part I, Chapter 2, Section B, paragraph 4)

- When an ISSA has competed its entire interservice support workload with private sector offerors/bidders, that ISSA provider may provide new or expanded interservice support work, of the same type, to other agencies, without further review or cost comparison. The ability to offer services without cost comparison will continue until the providing agency has increased its total workload by the lesser of

  (1) the expansion requirements of the Supplement; or

  (2) more than 65 FTEs are added to the in-house capability, at which time another full review or individual costs comparisons are required.

(See *Supplemental Handbook*, Part I, Chapter 2, Section B, paragraph 5)

A.7 STREAMLINED COST COMPARISON FOR COMMERCIAL ACTIVITIES WITH 65 OR FEWER FTE's

[1] An official, designated by the agency head, at the assistant secretary or equivalent level and officials at a comparable level in major component organizations has responsibility for implementation of this Circular and its Supplement within the agency.

Overview

Chapter 5 of the Supplement provides procedures that may be used when the government determines that a simplified cost comparison will serve the equity and fairness purposes of Circular A-76 for the conversion of commercial activities to or from in-house, contract, or ISSA performance. This streamlined process is based on the assumption that the commercial activity under consideration is regularly performed by contract (fixed price) and that existing contracts can be used, with only minor modification, to define the scope of the competition and to avoid the need for the development of a new or original PWS or a formal solicitation.

The use of existing contracts as a model is intended to eliminate the need for the development of a new or original PWS. If certain conditions are met, the use of the streamlined cost comparison methodology may eliminate the need for a formal solicitation. If a solicitation is issued under these streamlined cost comparison procedures, there is a presumption that sealed bid solicitation procedures will be used.

The streamlined cost comparison methodology is limited to activities that meet the following criteria:

(1) possible conversion to or from in-house, contract, or ISSA performance involving 65 or fewer FTE's;

(2) activities based largely on a labor and material cost basis (e.g., custodial, grounds maintenance, refuse, pest control, warehousing, and maintenance services);

(3) activities for which significant capital asset purchases are not required or for which all equipment required will be Government Furnished/Contractor Operated (GOCO); and

(4) commercial activities that are

(a) commonly contracted by the government and/or private sector (if four or more comparable Navy contracts or ISSA agreements of the same general type and scope are not available, the generic cost comparison procedures must be followed), and

(b) the range of existing service contract costs is reasonably grouped.

No commercial activity may be modified, reorganized, divided or changed in any way for the purpose of circumventing the requirements of the Supplement.

Differences Between Generic and Streamlined Cost Comparison Methodologies.

Step 1. Plan for Commercial Activities (CA) Study

The planning step requires the additional consideration of whether the commercial activity meets the requirements for use of the streamlined cost comparison provisions.

Step 2. Develop PWS and QASP

If possible, adapt an existing PWS and QASP to avoid the need for developing a new or original PWS.

Step 3. Review and Revise PWS and QASP

Step 4. Obtain Higher Level Approval of PWS and QASP

Step 5. Conduct Presolicitation Actions

This step is not performed under the streamlined procedure.

Step 6. Prepare and Issue Solicitation

Under the streamlined procedures, the determination to solicit bids is made during Step 15 if the government's Adjusted Total In-House Cost Estimate is greater than the range of Adjusted Total Contract or ISSA cost estimates. Alternatively, the determination of whether a solicitation will be issued is made during Step 10 if four or more comparable agency contracts or ISSA's are not available.

Step 7. Develop the Management Plan

The government bases its in-house costs on the current organization which is assumed to be the MEO, and no management plan is required. Labor, material, overhead, and contract support costs are calculated in accordance with the provisions of the A-76 *Supplemental Handbook*.

Step 8. Receive Responses to Solicitation

Refer to Step 6 comments above.

Step 9. Perform Independent Review

The streamlined procedure requires an independent review to ensure that (1) the In-House Cost Estimate is in full compliance with the Supplement; and (2) the proposed organization is capable of performing the PWS.

Step 10. Evaluate Proposals

After receipt of the certified In-House Cost Estimate, the contracting officer develops a range of contract cost estimates based on not less than four comparable agency service contracts or ISSA's. Adjustments for differences in scope may be necessary. If four or more contracts or ISSA's are not available, the contracting officer may issue a solicitation for bids and the agency may conduct a cost comparison as otherwise provided in the A-76 *Supplemental Handbook*.

Step 11. Obtain Prenegotiation Clearance Approval

This step is not performed under the streamline procedure.

Step 12. Conduct Discussions With Offerors

This step is not performed under the streamline procedure.

Step 13. Obtain Final Clearance Approval

This step is not performed under the streamline procedure.

Step 14. Compare Government and Contractor Proposals

The contracting officer adjusts the range of estimated contract costs in compliance with the requirements of the Supplement's streamlined cost comparison procedures. The contracting officer then compares the Adjusted Total Cost of In-House Performance with the Adjusted Total Cost of Contract or ISSA performance.

Step 15. Select Best Value Offer

- If the government's Adjusted Total In-House Cost Estimate is greater than the range of Adjusted Total Contract or ISSA cost estimates, the contracting officer will announce a tentative decision to contract or enter into an ISSA.

- Upon notification of adversely affected federal employees and publication of the tentative decision in the *Commerce Business Daily*, the A-76 Administrative Appeal process is initiated.

- Administrative Appeal Authority (1) confirms all costs entered on the Streamlined Cost Comparison Form (SCCF); and (2) certifies that the contract and ISSA pricing adjustments made by the contracting officer are reasonable.

- Contracting officer issues a solicitation for contract or ISSA bid.

- Right-of-First-Refusal is offered to federal employees adversely affected by the award and who are not considered procurement officials under the terms of the A-76 *Supplemental Handbook*.

- If the government's Adjusted Total In-House Cost Estimate is below or within the range of Adjusted Total Contract or ISSA cost estimates, the contracting officer will announce a tentative decision that the activity will be performed in-house.

- Upon notification of adversely affected federal employees and publication of the tentative decision in the *Commerce Business Daily*, the A-76 Administrative Appeal process is initiated. No solicitation is issued.

Comparison of Generic and Streamlined Cost Comparison Processes

Step	Generic Cost Comparison	Streamlined (65 or Fewer FTE's)
1	Plan for CA Study	• Verify that CA meets streamlined criteria
2	Develop PWS / QASP	• Adapt existing PWS/QASP
3	Review PWS/QASP	• Same as generic process
4	Obtain Approval	• Same as generic process
5	Conduct Presolicitation Actions	N/A
6	Prepare and Issue Solicitation	• Under streamlined process, this may take place at either Step 10 or Step 15
7	Develop Management Plan	• No management plan • Existing in-house costs and organization assumed to be MEO
8	Receive Contractor/Govt Response to Solicitation	• Refer to Step 6
9	Perform Independent Review	• Same as generic process
10	Evaluate Proposals	• After receipt of In-House Cost Estimate, contracting officer develops range of comparable existing contracts • If existing contracts not available, contracting officer issues solicitation and conducts generic cost comparison
11	Obtain Prenegotiation Clearance Approval	N/A
12	Conduct Discussions with Offerors	N/A
13	Obtain Final Clearance Approval	N/A
14	Compare Contractor Proposal with Government Proposal	• Contracting officer compares adjusted cost of in-house performance with adjusted range of estimated contract costs (includes differential)
15	Select Best Value Offer	• If in-house estimate is greater than the range of estimated contract/ISSA costs, tentative decision to contract announced • If in-house estimate is below or within the range of estimated contract/ISSA costs, tentative decision to retain commercial activity in-house is announced

APPENDIX B: GLOSSARY AND ACRONYMS

A-76 Timeline: The Navy Outsourcing Support Offices 15-Step process, outlined in this Guidebook, for completing a CA Study within a 12-month period.

Acceptable Quality Level (AQL): A performance measure that is typically stated as an allowable variation from the PWS performance indicator.

Action Plan: A description of specific steps, including milestones, timelines, and data collection methodology to be performed during the CA Study.

Amendment: A change (correction, deletion or addition) to any information contained in an IFB or RFP (or previous amendment thereto). The amendment becomes part of the solicitation and any resulting contract.

Best and Final Offer (BAFO): In competitive negotiations, proposals prepared by offerors in the competitive range following completion of discussions and receipt of a written request for BAFOs from the contracting officer.

CA Team Leader: The person chosen by the Commanding Officer to lead the CA team

Commanding Officer (CO)

Commerce Business Daily (CBD)

Commercial activities (CA) study team

Commercial Activity (CA): A commercial activity is the process resulting in a product or service that is or could be obtained from a private sector source. Agency missions may be accomplished through commercial facilities and resources, Government facilities and resources or mixes thereof, depending upon the product, service, type of mission and the equipment required. this Circular and Supplement, to the cost of performance by commercial or ISSA sources.

COMPARE: U.S. Air Force software tool for completing the Cost Comparison Form.

Contract Discrepancy Report (CDR): A written report notifying a contractor that its performance is not in compliance with the standards in the PWS.

Contract Type (FAR 16.101): (1) The name of the compensation arrangement established by the terms and conditions of the contact, such as Firm Fixed Price, Fixed Price Re-determinable, Cost Plus Award Fee, Cost Plus Fixed Fee, or Cost Plus Incentive Fee. (2) The name of the ordering arrangement established by the terms and conditions of an indefinite delivery contract, such as Definite Quantity, Indefinite Quantity, or Requirements.

Contracting (FAR 2.1): The purchasing, renting, leasing, or otherwise obtaining supplies

or services from nonfederal sources.

Contracting Officer (FAR 2.1): An agent of the government with authority to enter into, administer, or terminate contracts and make related determinations and findings.

Cost Accounting Standards (CAS): Standards for the measurement, assignment, and allocation of costs to contracts with the United States. These standards are established by the Cost Accounting Standards Board and incorporated in Part 30 of the FAR and FAR Appendix B.

Cost Analysis (FAR 15.801): The review and evaluation of the separate cost elements and proposed profit of (a) an offeror's or contractor's cost or pricing data and (b) the judgmental factors applied in projecting from the data to the estimated costs in order to form an opinion on the degree to which the proposed costs represent what the cost of the contract should be, assuming reasonable economy and efficiency.

Cost Comparison Form (CCF): The form prescribed by OMB Circular A-76 and related Navy instructions for making adjustments to and comparing In-House Cost Estimates with contractor offers.

Cost Comparison: A process for determining whether it is more economical to acquire the needed products or services from a commercial source or from an existing or proposed in-house CA, following the procedures in OMB Circular A-76 and related Navy instructions.

Cost or Pricing Data (FAR 15.801): All facts as of the date or price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations significantly. Cost or pricing data are factual, not judgmental, and are therefore verifiable. While they do not indicate the accuracy of the prospective contractor's judgment about estimated future costs or projections, they do include the data forming the basis for that judgment. Cost or pricing data are more than historical accounting data, they are all the facts that can be reasonably expected to contribute to the soundness of estimates of future costs and of the validity of determinations of costs already incurred.

Cost Realism Analysis: An analysis of cost proposals form offerors to (1) determine whether proposed costs realistically reflect the effort to accomplish the needed work and (2) estimate the most probable cost of performance if the proposed cost is not realistic.

Cost: The amount of money expended (outlays) in acquiring supplies or services. The total cost of an acquisition includes: The dollar amount paid to the contractor under the terms and conditions of the contract. Any direct costs for acquiring the supplies or services not covered in the contract price. Any cost of ownership not covered in the contract price. The Government's overhead for awarding and administering the contract.

Debriefing: Informing unsuccessful offerors of the basis for the selection decision and contract award. This information includes the government's evaluation of the significant weak or deficient factors in the offeror's proposal.

Directly Affected Parties: Department of Defense employees and their representative organizations and offerors/bidders on the solicitation.

Discussions (FAR 15.601): Any oral or written communication between the government and an offeror (other than communications conducted for the purpose of minor clarification) whether or not initiated by the Government, that (a) involves information essential for determining the acceptability of a proposal, or (b) provides the offeror an opportunity to revise or modify its proposal.

Elements of a Contract: Elements that must be present in a contract if the contract is to be binding. These include: An offer, acceptance, consideration, execution by competent parties, legality of purpose, clear terms and conditions.

Fair Price (see also reasonable price): From the perspective of a buyer, a fair price is a price that is in line with (or below) the fair market value of the contract deliverable (to the extent that fair market value can be approximated through price analysis). "Fair market value" is the price you should expect to pay, given the prices of bona fide sales between informed buyers and informed sellers under like market conditions in competitive markets for deliverables of like type, quality, and quantity. When data on probable performance costs are available, a separate test of "fairness" is whether the proposed price is in line with (or below) the total allowable cost of providing the contract deliverable that would be incurred by a well managed, responsible firm using reasonably efficient and economical methods of performance and a reasonable profit. From the perspective of a seller, a fair price is a price that is realistic in terms of the seller's ability to satisfy the terms and conditions of the contract.

Federal Acquisition Regulation (FAR): Uniform policies and procedures for acquisition by executive agencies. The FAR is jointly prescribed, prepared, issued and maintained by the Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration.

Firm Fixed Price Contract (FAR 16.202-1): A contract that established a price not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.

Fixed Price Contract (FAR 16.201): A contract that establishes a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price may include a ceiling price, a target price (including target cost), or both. Unless otherwise specified in the contract, the ceiling price or target price is subject to adjustment only by operation of contract clauses providing for equitable adjustment or other revision of the contract price under stated circumstances.

Full and Open Competition (FAOC): Acquisitions in which all responsible sources are

permitted to compete (although some sources may be excluded as provided in the FAR)

Full Time Equivalent (FTE)

Functional Manager: The most senior manager responsible for a specific function within the command. In many cases, the functional manager may be a senior manager.

General and Administrative (G&A): Expense (FAR 31.001) Any management, financial, and other expense which in incurred by or allocated to a business unit and which is for the general management and administration of the business unit as a whole. G&A expense does not include those management expenses whose beneficial or causal relationship to cost objectives can be more directly measured by a base other than a cost input base representing the total activity of a business unit during a cost accounting period.

Government Furnished Equipment (GFE)

Government Furnished Property: Property in the possession of, or directly acquired by, the government and subsequently made available to the contractor.

Human Resources Officer (HRO)

In-House Cost Estimate (IHCE): The government's cost estimate for the MEO performance of the requirements in the PWS.

Independent Review Official (IRO)

Indirect Cost (FAR 31.203): Any cost not directly identified with a single, final cost objective, but identified with two or more final cost objectives or an intermediate cost objective.

Indirect Cost Pools(FAR 31.001): Groupings of incurred indirect costs.

Indirect Cost Rate(FAR 42.701): The percentage or dollar factor that expresses the ratio of indirect expense incurred in a given period to direct labor, cost, manufacturing cost, or another appropriate base for the same period.

Interservice Support Agreements (ISSA): Agreement when the provider is another agency of the Government. The commercial activity is provided on a reimbursable basis.

Labor Costs: All remuneration paid currently or accrued, in whatever form and whether paid immediately or deferred, for services rendered by employees to the contractor during the period of contract performance. It includes, but is not limited to, salaries, wages, bonuses (including stock), incentive awards, employee stock options, stock appreciation rights, and stock ownership plans, employee insurance, fringe benefits, incentive pay, location allowances, hardship pay, severance pay, and cost of living differential.

Major Claimant: Commanding Officer's budget sponsor.

Management Plan: A plan that identifies the organizational structure, staffing and operating procedures required to perform the requirements of the PWS. The Management Plan includes the development of the following documents: Most Efficient Organization (MEO), In-House Cost Estimate (IHCE), Technical Performance Plan (TPP) and Transition Plan (TP).

Market Research(FAR 10.001): Collecting and analyzing information about the entire market available to satisfy minimum agency needs to arrive at the most suitable approach to acquiring, distributing, and supporting supplies and services.

Material Costs (FAR 31.205-26): These include the cost of such items as raw materials, parts, sub-assemblies, components, and manufacturing supplies, whether purchased or manufactured by the contractor, and may include such collateral items as inbound transportation and intransit insurance. In computing material costs, consideration shall be given to reasonable overruns, spoilage, or defective work (unless otherwise provided in any contract provision relating to inspecting and correcting defective work).

Method of Procurement: The process employed for soliciting offers, evaluating offers, and awarding a contract. In Federal contracting, contracting officers use one of the following methods for any given acquisition; Small Purchase Sealed Bidding; Negotiation; Two-Step Sealed Bidding.

Mock Reduction-in-Force (RIF): Performed to establish personnel baseline force structure and to support development of the Transition Plan.

Most Efficient Organization (MEO): The MEO refers to the Government's in-house organization to perform a commercial activity. It may include a mix of Federal employees and contract support. It is the basis for all Government costs entered on the Cost Comparison Form. The Most Efficient Organization (MEO) is the product of the Management Plan and is based upon the Performance Work Statement (PWS). The MEO reflects the proposed organization to perform the work specified in the PWS. A formal review and inspection of the Most Efficient Organization (MEO) should be conducted. following the end of the first full year of performance. This post-MEO Performance Reviews confirm that the MEO has been implemented in accordance with the IIHCE and the Management Plan.

Negotiation (FAR 15.102): (1) A bargaining process between two or more parties seeking to reach a mutually satisfactory agreement or settlement on a matter of common concern. (2) A method of procurement prescribed in Part 15 of the FAR that includes the receipt of proposals from offerors permits bargaining and usually affords offerors an opportunity to review their offers before award of a contract.

Offer: A legally binding promise made by one party to another to enter into a contractual agreement if the offer is accepted. In sealed bidding offers made in response to Invitations

For Bid (IFB) are called "bids". In negotiated acquisitions, offers made in response to a Request for Proposals (RFP) are called "proposals."

Office of Management and Budget (OMB)

Other Direct Costs (FAR Table 15-2): Costs other than direct labor, direct materials and indirect costs. Examples include special tooling, travel, computer and consultant services, preservation, packaging and packing, spoilage and rework and Federal excise tax on finished articles.

Outsourcing Support Office (OSO): (See Appendix E.)

Overhead: (See Indirect Cost).

Performance Specification: A purchase description that describes the deliverable in terms of desired operational characteristics. Performance specifications tend to be more restrictive than functional specifications, in terms of limiting alternatives which the Government will consider and defining separate performance standards for each such alternative.

Performance Work Statement (PWS): Describes the work to be performed, including results or outputs. The PWS is the basis for the resulting solicitation and the government's proposal for performing the required work.

Preferential Procurement Program: Mandatory source programs such as Federal Prison Industries (FPI) and other small, minority/disadvantaged businesses, and labor surplus area set-asides and awards made under Section 8(a) of the Small Business Act.

Prenegotiation Review: Meeting between contracting officer, supervisor, and sometimes other Government representatives before negotiating with offerors. Purposes include corroborating price objectives, eliciting management guidance, and obtaining approval to proceed.

Price (FAR 15.801): (1) A monetary amount given, received, or asked for in exchange for supplies or services. (2) Cost plus any fee or profit applicable to the contract type.

Price Analysis (FAR 15.801): The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.

Price Negotiation Memorandum: The document that tells the story of the negotiation It is the document that establishes the reasonableness of the agreement reached with the successful offeror, It is also the permanent record of the decisions that the negotiator made in establishing that the price was fair and reasonable. Called the PNM.

Price Related Factor (FAR 14.201-8): When evaluating offers for award, any factor applied in identifying that offer which would represent the lowest total cost to the Government.

Proposal (FAR 31.001): Any offer or other submission used as a basis for pricing a contract, contract modification, or termination settlement or for securing payments thereunder.

Protest: A written objection by an interested party to a solicitation, proposed award, or award of a contract. Interested parties include actual or prospective offerors whose direct economic interest would be affected by the award of a contract or the failure to award a contract.

Public Affairs Officer (PAO)

Quality Assurance (QA): Functions, including inspection, performed to determine whether a contractor has fulfilled the contract obligations pertaining to quality and quantity.

Quality Assurance Evaluator (QAE): An individual responsible for evaluating the performance of work performed under a PWS.

Quality Assurance Surveillance Plan (QASP): Describes procedures the government will use to ensure that the actual performance of a successful contractor's proposal meets the requirements of the Performance Work Statement. The QASP also forms the basis for the Post-Most Efficient Organization Review, which is an evaluation of performance of commercial activities that are retained in-house.

Quality Control (QC): The process the contractor or MEO uses to ensure that their performance meets the quality standards specified in the PWS.

Quality: The extent to which the contract's deliverable satisfies the actual minimum needs of the end users.

Reasonable Price: (See also Fair Price) A price that a prudent and competent buyer would be willing to pay for the contract deliverable, given adequate data on (1) market conditions; (2) alternatives for meeting the requirements; (3) the evaluated price of each alternative for meeting the requirements; and (4) non-price evaluation factors (in "best value" competitions).

Request for Information (RFI)

Request for Proposals (RFP): The solicitation in negotiated acquisitions

Responsible Offeror (FAR 9.101): An offeror that meets the general and any special standards established under FAR 9.104. To be determined responsible under the general standards, a prospective contractor must:

- Have adequate financial resources to perform the contract, or the ability to obtain them;
- Be able to comply with the required or proposed delivery or performance schedule, taking into consideration all existing commercial and government business commitments;
- Have a satisfactory performance record;
- Have a satisfactory record of integrity and business ethics;

- Have the necessary organization, experience, accounting and operational controls, and technical skills, or the ability to obtain them (including, as appropriate, such elements as production control procedures, property control systems, and quality assurance measures applicable to materials to be produced or services to be performed by the prospective contractor and subcontractors);
- Have the necessary production, construction, and technical equipment and facilities, or the ability to obtain them; and
- Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

Senior Manager: Generally, managers at the level directly below the Commanding Officer and Executive Officer.

Service Contract (FAR 37.101): A contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply.

Should-Cost Analysis: Estimating what the cost of a contract should be, assuming reasonable economy and efficiency.

Should-Pay Price: The price that, in the contracting officer's best judgment, the Government should reasonably expect to pay for a deliverable based on the offers, historical prices (if any), commercial prices (if any), yardsticks (if any), and Government estimates (if any).

Solicitation: A document requesting or inviting offerors to submit offers. Solicitations basically consist of (a) a draft contract and (b) provisions on a preparing and submitting offers.

Source Selection (FAR 15.612): The process of soliciting and evaluating offers for award. Formal source selections usually involve the

- Establishment of a group (e.g., a Source Selection Board) to evaluate proposals.
- Naming of a Source Selection Authority, who might be the Commanding Officer, the requiring activity manager, or a higher level agency official, depending on the size and importance of the acquisition
- Preparation of a written source selection plan.

Source Selection Authority (SSA)

Source Selection Board (SSB)

Specification (FAR 10.001): A description of the technical requirements for a materiel, product or service that includes the criteria for determining whether the requirements are met.

Statement of Work (SOW): The complete description of work to be performed under the contact, encompassing all specifications and standards established or referenced in the

contract. The SOW constitutes Part C of the Uniform Contract Format. SOW differs from PWSs in that they are not performance oriented while PWSs are performance oriented.

Technical Leveling And Transfusion: Negotiation tactics prohibited under FAR 15.610. Technical leveling means helping an offeror to bring its proposal up to the level of other proposals through successive rounds of discussion, such as by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal. Technical transfusion means disclosing technical information supplied by one offeror (or otherwise pertaining to that offer) to other, competing offerors.

Termination for Convenience: Generally, the exercise of the Government's commercial right to completely or partially terminate a contract for the convenience of the Government.

Termination for Default: Generally, the exercise of the Governments contractual right to completely or partially terminate a contract because of the contractor's actual or anticipated failure to perform its contractual obligations.

Terms and Conditions: All language in a solicitation and contract, including amendments, attachments, and referenced clauses and provisions.

Timeliness: Delivery of requisitioned supplies to the end user in the quantity and at the time necessary for the end user's purposes, or performance or services at the time necessary for the end user's purposes.

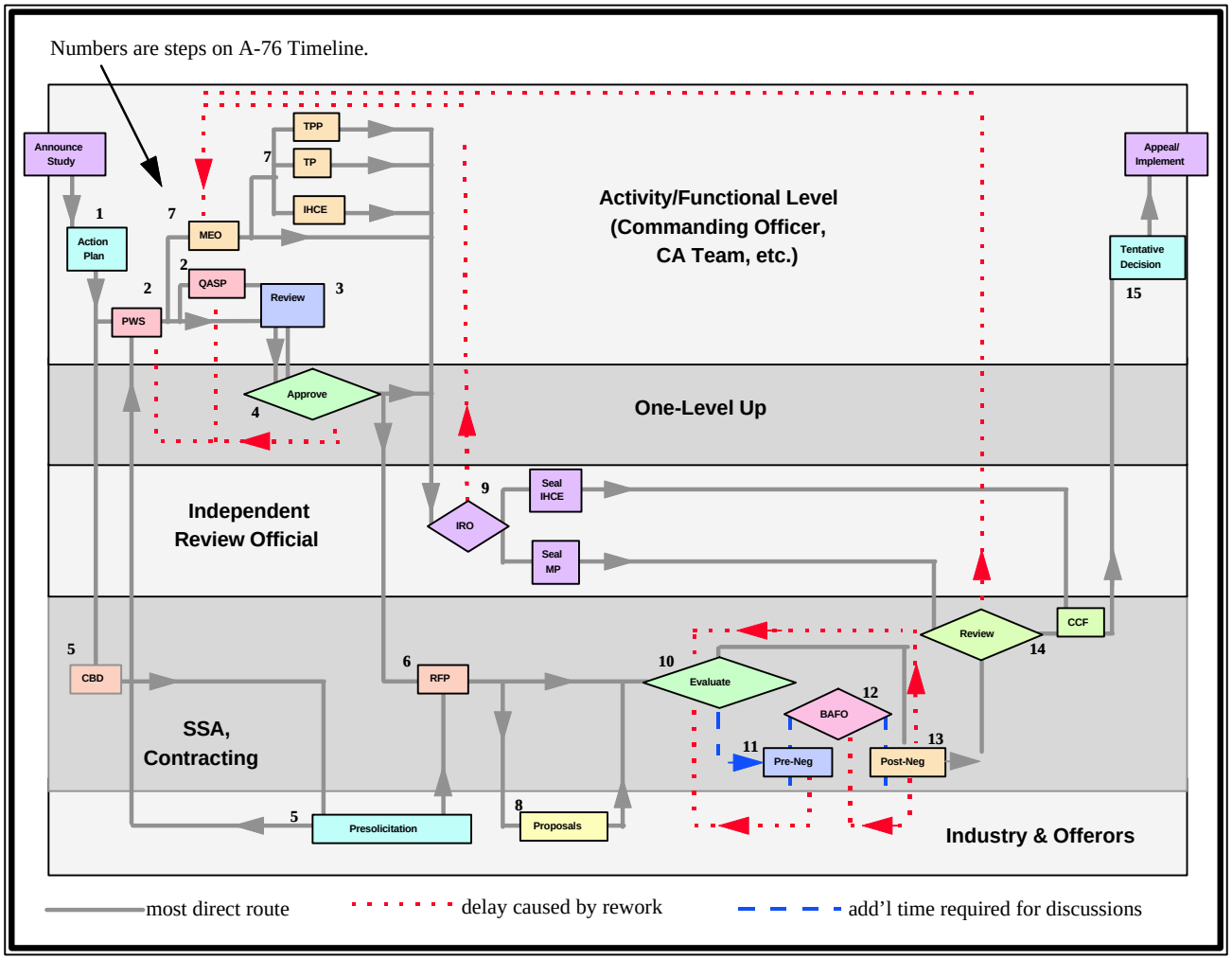
Transition Plan: Details the government's plan to implement the MEO.

APPENDIX C: CONTRACT TYPES AND FEATURES CHART

	Firm Fixed Price (FFP)	Fixed Price Award Fee (FPAF)	Indefinite Delivery (ID)	Fixed Price Econ Price Adjustment (FPEPA)
Used When	• Requirement well defined • Contractors are experienced • Market Conditions are stable • Financial risks are insignificant	Acceptance criteria are inherently judgmental with a corresponding risk that the end item will not be fully satisfied. Judgmental standards can be fairly applied by an award panel. The potential fee is large enough to: • Provide a meaningful incentive • justify the administrative burdens of an FPAF	At the time of award delivery requirements are not certain. Use: • Definite quantity • If required quantity is known & funded at time of award • If the minimum is known and funded at award • Requirements (if no commitment on quantity is possible at award)	The market price at risk are severable and significant. The risk inherent from industry wide contingencies are beyond the contractors control. The dollars at risk outweigh the administrative burdens of an FPEPA.
Elements	Firm Fixed Price for each line item or one or more groupings of line items	• A firm fixed price • Standards for evaluating performance • Procedures for calculating a fee based on performance against the standard	• Per unit price • Performance period • Ordering activities and delivery points	Fixed Price ceiling on upward adjustment and a formula for adjusting the price up or down based ion: • actual prices • Actual cost of labor or materials • Labor or materials indices
Typical Application	Commercial supplies or services	Installation support services	Long term contracts for commercial supplies and support services.	Long term contracts for commercial supplies during a period of high

	Firm Fixed Price (FFP)	Fixed Price Award Fee (FPAF)	Indefinite Delivery (ID)	Fixed Price Econ Price Adjustment (FPEPA)
				inflation must be justified
Principal Limitation	Generally not appropriate for R&D	Must be negotiated	Per unit price may only be firm fixed price or catalog/ market based. Under a Req. Contract must procure only from that contractor for this covered deliverable.	Must be justified.

APPENDIX D: CRITICAL PATH



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APPENDIX E: NAVY OUTSOURCING SUPPORT OFFICE

1. OVERVIEW

The Navy has embarked on an aggressive A-76 competition/outsourcing initiative which is expected to save $1.4 billion by FY 2004. This savings wedge has already been taken as part of the DoN FY98-03 program. To achieve these savings, at least 80,000 full time equivalent positions (50,000 civilian and 30,000 military) will be studied. NAVFAC and NAVSUP have jointly established a Navy-wide Outsourcing Support Office (OSO) with existing resources to provide specialized OMB Circular A-76 competition and outsourcing expertise to field activities. This "virtual office" has a small core staff of NAVFAC and NAVSUP acquisition and functional experts located at NAVFAC HQ. In addition, most NAVFAC EFA/EFD and NAVSUP FISC organizations have a designated local outsourcing support coordinator (OSC) for regional Navy activities.

As part of the overall Navy outsourcing competition strategy, the OSO was established to assist field activities after major claimants select functions to be reviewed in the A-76 study process. This assistance consists of collecting and developing generic performance work statements and standard acquisition and source selection templates; administering contracts to provide on-site technical support; and developing a reproducible 12-month timeline—beginning with the announcement of the A-76 study and ending with the announcement of the tentative decision—during which the studies will take place.

2. MISSION STATEMENT

The OSO mission is to assist customers (claimants, Commanding Officers, program managers, contracting officers and others) with the identification and use of competitive opportunities and other alternatives to reduce infrastructure costs and obtain the best public or private source for a particular product or service.

3. WHAT THE OUTSOURCING SUPPORT OFFICE IS

The OSO is an in-house Navy technical consultant for activities undertaking A-76 studies. OSO provides a dedicated communications link to others working the same process. It is an additional resource of people and information and some direct support for activities. It is a clearinghouse for outsourcing information and a support network for the outsourcing competition process. Together with the regional outsourcing support coordinator, the OSO can provide process assistance and guidance where very little currently exists. New problems and solutions will occur resulting in a growing knowledge base which will be organized and then tapped for future use by anyone involved in the process. This synergism can be a very valuable resource and tool for those tasked to conduct A-76 studies.

4. WHAT THE OUTSOURCING SUPPORT OFFICE IS NOT

The OSO is not a part of the OPNAV policy structure although close liaison is maintained with the Navy's Outsourcing advocate, N47. It is not in the chain of command of activities undertaking A-76 competition studies. The office does not have a role in the selection of functions or activities to be studied. Nor is the office a Navy oversight inspection group for A-76 competitions or the outsourcing program. The office also is not a contracting organization with special contracting authorities. The current contracting authority of NAVFAC and NAVSUP are being used by the Navy to conduct these actions. Finally, the use of the tools, processes, templates, and procedures developed by the OSO is not mandatory for activities. However, these tools are within current directives and are designed to facilitate the process and result in a fairer and quicker study completion.

5. SERVICES PROVIDED

The central function of the OSO is to provide assistance to all activities in the development of outsourcing strategy development, function packaging assistance, benchmarking, private industry experience reviews, preliminary Performance Work Statements, Quality Assurance Plans, Source Selection Plans, Most Efficient Organizations, and in-house cost estimates, acquisition tools & templates, study assistance and information support. Much of this support is provided and coordinated through the Outsourcing Support Field Offices. The OSO provides training and support to the OSC's within these offices as well as developing and supporting a 12-month A-76 timeline within current authorities and guidance. This guidebook for conducting A-76 studies is one of the first products of the OSO.

6. OUTSOURCING SUPPORT FIELD OFFICES

Ten regional outsourcing support field offices have been established at major Navy concentration areas to support activities. These locations are:

Navy Outsourcing Support Field Offices

- Charleston, SC
- Great Lakes, IL
- Jacksonville, FL
- Norfolk, VA
- Pearl Harbor, HI
- Philadelphia, PA
- San Diego, CA
- San Francisco, CA
- Seattle, WA
- Washington, DC

These small field offices have been linked electronically with groupware and share a common lessons learned/reference library of process information. These offices are staffed with one or two OSC's. The OSC is the *single point of contact* to support activities conducting A-76 studies. They serve as an ombudsman, process facilitators, and problem solvers at the local level and are the main support contact for the local

activities. They are local consultants for the outsourcing process with a direct link to the OSO. They assist with the formulation of an on-site integrated process team (IPT) for the Commanding Officer of the activity to successfully complete the A-76 study within the 12-month timeline.

7. HOW TO CONTACT US

The OSO can be reached at:

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