



Contract Development: Asking the right questions for service contracts

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Learning Objectives



- ▶ Definitions
- ▶ Statement of Work (SOW) Development
- ▶ Questions to Ask
- ▶ Parties to be involved
- ▶ Contract Administration



Definitions



- ▶ **Service Contract** – A contract that directly engages the time and effort of a contractor to perform an identifiable task rather than to furnish an end item of supply. (FAR 37.101)
- ▶ **Performance-Based Contracting** - Structuring all aspects of an acquisition around the purpose of the work to be performed as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work
 - ▶ This approach allows the institution to specify the end result of the contracting effort while allowing the contractors to determine the most effective way of achieving that end.
 - ▶ This has been the preferred method of contracting for the Federal government since 1991, but has been used as far back as 1979 with the publication of AFR 400-28, *Base Level Service Contracts*

SOW Development



- ▶ Templates, Examples, Previous SOWs
- ▶ What is a Contract Administration Plan (CAP)?
 - ▶ A loose set of guidelines
 - ▶ Flexible – allow the plan to fit the contract
 - ▶ Plan should be included in the contract
 - ▶ Plan should be agreed upon by Vendor
 - ▶ Plan should increase communication
- ▶ What is a Performance Assessment Plan (PAP)?
 - ▶ Monitor the performance of the contract
 - ▶ Created to administer the CAP

SOW Development



- ▶ Describe the purpose of the contract administration plan and the contract (Requirements)
- ▶ State what you want from the contract:
 - ▶ Service delivered on-time
 - ▶ Quality product/service
 - ▶ Receive correct quantity
 - ▶ Accurate billing
- ▶ Who? What? When? Where? How (only if necessary)?

SOW Development



- ▶ Ambiguity vs. vagueness
 - ▶ Ambiguous: Word, phrase, or provision can be interpreted to mean two or more different things
 - ▶ Vague: Lack of specificity, may be appropriate in certain circumstances – “reasonable” time, etc.
- ▶ Spelling, formatting, grammar, punctuation, and general appearance of document are professional and accurate
- ▶ All exhibits, attachments, appendices, schedules, etc. attached?

SOW Development



- ▶ When properly written, a good SOW can provide:
 - ▶ Value to the contracting authority
 - ▶ Business to a Vendor who specializes in that work
 - ▶ Economic growth
- ▶ When poorly written, these agreements can:
 - ▶ Be a headache every day you go to work
 - ▶ Constant friction between contractor and customer
 - ▶ Frustration for end users with ever changing expectations and poor communication

Performance Based Contracting



- ▶ When the contracting authority specified the “how” in the service agreement, the contractors are not free to innovate or propose a better alternative.
- ▶ If they do not propose in accordance with the “how” in the solicitation, they would be tossed out as being non-responsive. The goal of performance based contracting is to allow the contractors (industry) to be innovative, creative, and original in their approach.
- ▶ By allowing the experts to determine “how”, the institution could be surprised by the result and save time and money. A superior service could be provided by allowing the contractor to do what they do best.
- ▶ Specify “what” the end result should be and be specific about “when”, but when practicable, leave the “how” to the experts.

Performance Based Contracting



- ▶ **Task-based SOW** – Mow lawns once per week (52 mows)
- ▶ **Performance-based SOW** – Maintain grass at 2"-3.5" during growing season (Request proposals)
- ▶ **Task-based SOW** – Schedule oil changes monthly
- ▶ **Performance-based SOW** - The Contractor shall establish and implement an oil analysis program incorporating the manufacturer's recommendations. Documentation shall include periodic oil analysis tests to be performed at least annually, diagnostic standards, and thresholds for oil changes.

Deliverables



Tracking Document

- ▶ What is the party supposed to deliver?
- ▶ Where is that requirement found?
- ▶ What is specific timeframe or due date?
- ▶ Has it been received?

DELIVERABLE	REF	DELIVERABLE DUE	Due Date	Rec'd
Existing Deficiency Inspection/Initial Deficiency List	4.2	Report due not later than ____ days after award of the Contract.		
Startup/Transition Phase including staffing plan, etc. [Be sure to include all items]	5	____ Days prior to Contract start date.		
Phase out transition.	6	On the last performance day of the Contract, Contractor must turn over keys and identification badges or cards.		
List of key personnel and emergency contact information, which may include subcontractor contacts as applicable.	8.1	The Contractor must develop and submit to the CO within ____ days of Contract award.		
Quality Control Program.	8.6	Develop and submit for approval ____ days after Notice of Award.		
Building Operating Plan.	9.2	Develop and submit for approval, ____ days after award		

Service Level Agreement



Tracking Document

- ▶ What Service is being delivered?
- ▶ How will it be measured?
- ▶ What is the standard?

Service	Unit of Measure	Measurement
Core Network	# of Minutes Operational	99.99 percent of the reporting period (24 x 7), the system will be operational
Banner	# of Minutes Operational	99.90 percent of the reporting period (7 x 10), the system will be operational
eCollege	# of Minutes Operational	99.90 percent of the reporting period (24 x 7), the system will be operational

Questions?



Thank You.



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