

Contracting Approaches to Enhance VHA Facility Operations and Maintenance (O&M) Services

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Bottom-Line Up-Front (BLUF)

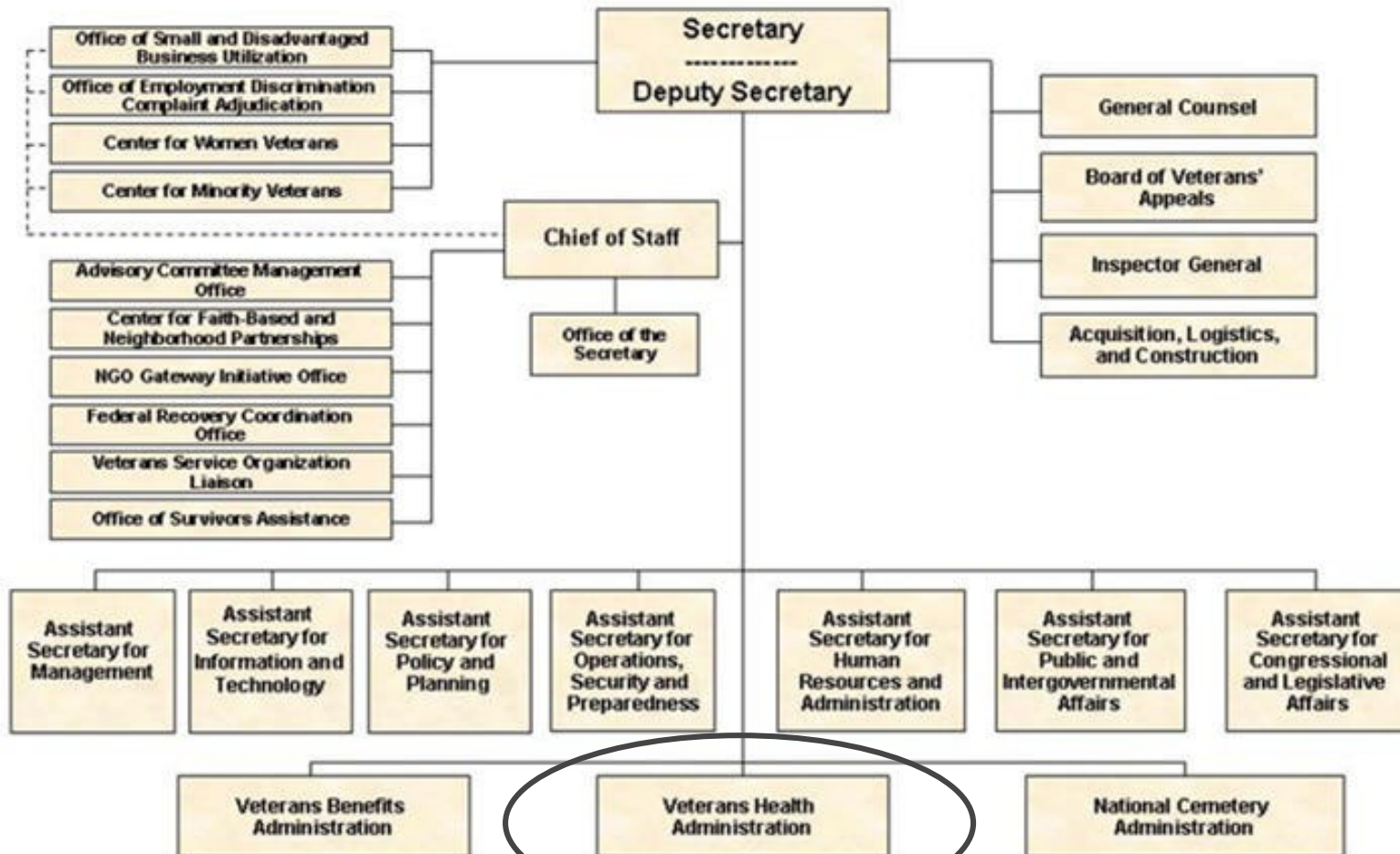
Background and Conclusions

1. VHA currently does not outsource total facility O&M services.
2. VHA currently does outsource smaller O&M services, i.e., landscaping, custodial.
3. VHS currently does outsource major new engineering, construction, and minor repair, upgrades.

Recommendations

1. New study group should compare the costs of providing total facility O&M services under different types of contracts vs. through government civil servants.
2. OMB Circular A-76 is a possible tool to conduct competitive comparisons between government civilians vs. contractors.
3. VHA may be able to conduct competitions to outsource facility O&M.
4. Several test case facilities should be established for 2-3 years.
5. VHA could outsource facility O&M at single medical complexes or contracts could be considered for 2+ medical facilities.

DEPARTMENT OF VETERANS AFFAIRS



VHA

Common Facility Abbreviations

- A-76. OMB Circular A-76 that allows for Government vs. private sector competitions
- BASOPS. Base operations support
- BOS. Base operations support
- BOSS. Base operations support services
- BVTOA. Best value trade-off analysis
- CE. Civil engineering (most often used by USAF for public works services)
- CONUS. Continental U.S.
- DPW. Department of Public Works
- FFP. Firm fixed-price
- FM. Facility maintenance
- HBCU. Historically black college or university
- IDIQ. Indefinite delivery, indefinite quantity
- LPTA. Low-priced technically acceptable
- MI. Minority institution
- OCONUS. Overseas Continental U.S.
- OMB. Office of Management and Budget
- O&M. Operation and maintenance
- PW. Public Works
- RFP. Request for proposals
- SBSA. Small business set-asides

Current VHA Facility Acquisitions

Z--Facility Maintenance Services, Veterans Affairs, Veterans Benefits Administration, Facility Maintenance Services, Boise, FFP, NAICS 5612, Total Small Business Set-aside, January 1, 2019

Z--Building 7 Finishes, Maintenance, repair, and alteration of real property, Hampton VAMC, Service-Disabled Veteran-Owned Small Business, Dec 28, 2018

Z--Expand and Renovate Emergency Department, Hampton VAMC, Sources Sought / Service-Disabled Veteran-Owned Small Business Dec 28, 2018

Z--Renovate Multi-Purpose Room Design-Build - Minneapolis VAMC, VA National Energy Business Center, Service-Disabled Veteran-Owned Small Business Dec 21, 2018

Z--BOILER PLANT MAINTENANCE SERVICES BONHAM - BASE: 1/1/19 to 12/31/19,, VA North Texas Health Care System

Take Aways:

- ***No large-scale facility O&M contract opportunities***
- ***Current solicitations for minor repair, upgrades.***

DoD O&M Services Use Different Acquisitions Guidelines

- Nearly all facility O&M contracts use firm fixed-price (FFP) pricing conditions.
- Nearly all facility O&M contracts are “performance-based,” i.e., the customer does NOT specify the frequency of work, but rather the % performance reliability and “up-time.”
- Small business set-asides (SBSA) are common.
- Larger contracts > \$10M/year can be unrestricted, but not necessarily.
- Some contracts use low-priced technically acceptable (LPTA) acquisition guidelines, though LPTA decreasing in usage.
- Alternative to LPTA is best value trade-off analysis (BVTOA) offering agencies to award to other than low price.
- All agencies provide early announcement of request for proposals (RFPs).
- USAF and Army may release draft RFP, but not always. Navy generally does NOT release draft RFP.
- Contract durations: Typically 1-year base + 4 one-year options, though individual commands and/or bases handle differently/

OMB A-76 Process

- Office of Management of Budget (OMB) A-76 Process.
- Enacted in 1950's under Eisenhower Administration.
- Several waves of DoD A-76 process: mid-1990's largest wave.
~20 major DoD facilities outsourced.
- Advantages:
 - Yields at least 10% cost savings.
 - Dozens of sites converted from Government workers (active duty and civil services) and operating successfully.
- Disadvantages:
 - Very time consuming, typically taking 3-4 years to run A-76 competitions.
 - Emotion laden.

Types of Contracts Used

- Firm-Fixed Price (FFP) preferred.
- Cost Reimbursable (CR) rarely seen.
- Hybrids (various types). FFP with indefinite-delivery/indefinite quantity (IDIQ) components = minor construction < \$750,000 per work order.
- Time and Material (T&M). Never used for O&M services.

IDIQ Multiple Award Contingency Contracts

- **USAF Air Force Civil Augmentation Program (AFCAP).** Used for some BOS services. Most recently Kirtland AFB, 2018.
- **Navy Global Contingency Services Multiple Award Contract (GCSMAC).** Used for some services. Most recently Guantanamo BOS, 2018.
- **Army Logistics Civil Augmentation Program (LOGCAP).** Used for large-scale overseas contingency contracting. Not for BASOPS CONUS.
- **Enhanced Army Global Logistics Enterprise (EAGLE).** Used for logistics services only, i.e., vehicle maintenance, warehousing, supply.
- Advantages
 - Generally much faster acquisition.
 - Smaller technical proposal.
 - Limited competitive field to IDIQ contract holders.

Common Scopes of Work (SOW)

1. Building O&M (carpentry, electricity, HVAC, plumbing)
2. Computerized maintenance management system (CMMS), help desk
3. Custodial
4. Grounds & landscaping
5. Minor construction
6. Pest control
7. Power generation / distribution
8. Program management
9. Solid waste collection
10. Telecommunication / IT
11. Vehicle maintenance
12. Vehicle operations
13. Wastewater collection and treatment
14. Water production and distribution

Types of Work

- Preventive maintenance (PM)
- Three type of service orders (standard/routine, urgent, emergency)
- Watch-standing (power distribution, steam plants)

Restricted vs. Unrestricted (UN) Contracts

- Different types of small business set-aside (SBSA)..
 1. AbilityOne (National Institute of Occupational Safety and Health (NIOSH))
 2. Minority Institution / Historical Black College or University (MI / HBCU)
 3. HubZone
 4. Service disabled veteran-owned small business (SDVOSB)
 5. Small business (not one of other SB categories)
 6. Veteran-owned small business (VOSB)
 7. Woman-owned small business (WOSB)
- Unrestricted

NAVFAC Standard BOS Template

Established in 1990's. Used on all NAVFAC BOS contracts

Annex Specification Title

01 0100000 General Information

02 0200000 Management and Administration

15 1501000 Facility Management

15 1502000 Facility Investment

15 1503020 Pest Control

15 1503030 Integrated Solid Waste Management (ISWM)

15 1503060 Pavement Clearance

15 1503070 Special Events

16 1601000 Utility Management

16 1602000 Electrical

16 1603000 Natural Gas

16 1604000 Wastewater

16 1605000 Steam

16 1606000 Water

16 1607000 Chiller Plant

17 1700000 Transportation (formally Base Support Vehicles and Equipment)

Two Major Types of DoD Facility O&M Privatization

Utility Privatization

- **Customer:** Defense Logistics Agency (DLA)
- **Services**
 - Electricity
 - Gas
 - Water/Sewer
- **Agencies**
 - Army and USAF. YES
 - NAVFAC. NO
- **Coverage**
 - Contracts started in mid-1990s.
 - Still not 100% complete of Army and Navy
- **Duration.** 50+ years. Full ownership of in-ground, above-ground, water/waste plants

Housing Privatization

- **Customer.** Individual services/commands
- **Services**
 - Developer manages billeting of units by developer
 - Developer collects monthly rents from occupants
- **Agencies.** Army, Navy, USAF
- **Coverage.** Near 100% where base housing provided
- **Duration.**
 - 50+ years. Full ownership of base housing
 - Developers typically NOT performing broader BOS services

Issues to Address

- Determine which /if any existing DoD facility O&M structures could be adopted by VHA
- Determine how / where VHA facility O&M acquisition to be managed
- Determine how / if portions of VHA facility O&M can be privatized
- Determine how / if work could be converted using A-76 process or some other “direct to contract” process
- Establish beta test sites as soon possible and run for 2-3 years

QUESTIONS?