



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240



September 27, 2006

## Memorandum

**To:** Julia Wise  
Office of Federal Procurement Policy

**From:** Debra E. Sonderman, Director /s/  
Office of Acquisition and Property Management and  
Senior Procurement Executive

**Subject:** United States Department of the Interior Performance-Based  
Acquisition (PBA) Management Plan

The Department of the Interior (DOI) is pleased to submit the following report in response to Associate Administrator Robert Burton's July 21, 2006 memorandum entitled, "Use of Performance-Based Acquisitions."

1.) Background\Agency Mission: The mission of the Department of the Interior (DOI) is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to Indian Tribes and our commitments to island communities. DOI is comprised of the following buying bureaus\units:

- Bureau of Land Management (BLM)
- Bureau of Reclamation (BOR)
- Minerals Management Service (MMS)
- U.S. Geological Survey (USGS)
- Office of Surface Mining (OSM)
- National Park Service (NPS)
- U.S. Fish and Wildlife Service (FWS)
- Bureau of Indian Affairs (BIA)
- National Business Center\GovWorks

2.) Management Support: Since 2002, Governmentwide PBA targets/goals have been incorporated in the DOI Strategic Plan and monitored through the Federal Procurement Data System (FPDS).\* Annual PBA goals have also been incorporated in the

\* DOI adopted the Governmentwide PBA goals established for FYs 2002 – 2005 by the Procurement Executives Council and transmitted by the Office of Management and Budget in its March 9, 2001, guidance to agencies regarding performance goals and management initiatives for the FY 2002 budget.

performance plans of the DOI Senior Procurement Executive, the Associate Director, Acquisition and Financial Assistance, Office of Acquisition and Property Management, and cascaded in the plans of certain bureau/office Senior Executives with contracting responsibilities.

3.) **Policy and Guidance:** DOI issued four Departmentwide acquisition policies regarding performance based acquisitions. The 1997 Performance-Based Service Contract (PBSC) reporting policy release was issued to:

- establish a tracking and reporting system to monitor the use of performance-based service contracting methods;
- update the status of actions planned for FY 1997;
- collect data on conversion of actions;
- measure the proportion of performance-based contracting for services above \$500,000;
- track the degree of usage of the various performance contracting methods; and,
- promote use of these methods during contract planning.

A policy release was also issued to distribute the PBSC Checklist originally issued by the Office of Federal Procurement Policy on August 8, 1997. In December, 1998, a new PBSC Reporting policy (1999-1) was issued replacing the 1997 policy release. This new policy:

- reduced the reporting threshold to \$100,000;
- required quarterly reporting;
- required customer satisfaction reports for all actions converted to PBSC;
- established the basis for Departmental PBSC performance measures (number of converted contracts and new PBSC awards vs. new non-PBSC awards);
- advised contracting officials that any internal disputes with program officials regarding new PBSC awards or converting contracts to PBSC should be referred to the bureau budget official for resolution;
- provided a listing of service categories that were "Targets of Opportunity" for PBSC awards.

In January, 2001, the final policy release (2001-1) on PBSC reporting was issued. This policy announced the creation of a new PBSC data element in the FPDS that would replace the quarterly reports with a simplified data collection "yes/no" field for contracting officers to indicate, at the time of award, whether or not a service contract action greater than \$100,000 is performance based. The policy also reminded contracting officials that "PBSC remains an area of special interest and one of the procurement system's performance measures that will be monitored through the Governmentwide Acquisition Performance Measurement program adopted by the PEC. The monitoring will be based on FPDS data." All of the above policies are located at: <http://www.doi.gov/pam/acquisition> under "Policies and Regulations." The DOI acquisition website also contains links to the Seven Steps to Performance-Based Service Acquisition Guide and the Acquisition PBA Community of Practice.

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4.) Acquisition Process: PBAs are planned, awarded, selected, and managed based on the guidance provided in Federal Acquisition Regulation section 37.102 and subpart 37.6. Issuance of Contracting Officer's Representative (COR) letters describing technical support by the COR to the contracting officer throughout the contract administration phase is required (with copies sent to the contractor). Technical support provided by the COR in PBA transactions includes quality assurance surveillance.

5.) Service Categories: PBA methods are primarily used in the following categories:

<u>PSC CODE</u>	<u>DESCRIPTION</u>
V221	Passenger Air Charter Service
X111	Lease/Rental of Office Buildings
F014	Tree Thinning Services
F006	Land Treatment Practices
S201	Custodial Janitorial Services
R409	Program Review/Development Services
D316	Telecommunication Network Mgmt. Services

The service categories where PBA methods are not being used include:

<u>PSC CODE</u>	<u>DESCRIPTION</u>
D399	Other ADP & Telecomm. Svcs.
R408	Program Mgmt./Support Services
R499	Other Professional Services
R799	Other Management Support Svcs.
R414	Systems Engineering Svcs.
R706	Logistics Support Services
V301	Relocation Services
R699	Other Administrative Support Svcs.

DOI does not establish individual targets for service categories. One agency-wide goal is established and implemented annually, in accordance with the DOI Strategic Plan (a five-year plan) and Office of Management and Budget requirements.

6.) FPDS-NG Reporting Requirement: See attached for yearly reports. The PBA goal for FY 2004 of 40% was not achieved in large part due to the fact that the FPDS-NG PBA data element was changed in the middle of the fiscal year from "actions where 40% or more of the requirement was specified as performance-based" to "actions where 80% or more of the requirement was specified as performance based". Despite the mid-year change, DOI was still able to achieve a 30% rate of accomplishment.

The PBA goal for FY 2005 was not achieved in large part due to the fact that the FPDS-NG data element was again changed in the middle of the fiscal year from "actions where 80% or more of the requirement was specified as performance-based" to "actions where 50% or more of the requirement was specified as performance-based". There were many

actions recorded as not achieving the 80% requirement but would have met the 50% PBA requirement if the data element were corrected earlier.

Over the next five years, the projected DOI PBA target achievement level will increase in five percent increments annually.

7.) Training: PBA training is recommended under both the DOI Contracting Officers Warrant/Appointment and Contracting Officer's Representative programs. The DOI acquisition web site provides a listing of possible PBA training sources ([www.doi.gov/pam](http://www.doi.gov/pam)).

8.) Agency PBA Recognition Program: DOI does not have a PBA award program. However, as indicated in the response to Question 2, Management Support, annual PBA accomplishments are recognized through the Senior Executive performance planning/reporting and DOI Strategic Plan reporting processes.

9.) Agency PBA POC:

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Date