



U.S. DEPARTMENT OF
ENERGY

OFFICE OF
**ENVIRONMENTAL
MANAGEMENT**

Environmental Management Procurement Update

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Acquisition and Project Management

Waste Management Symposia

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- **Ensure contracts align with taxpayer interests and structure contracts so contractors bear responsibility**
 - Hold contractors accountable for overruns due to negligence
 - Share savings due to better-than-promised performance
- **Improve upfront planning and requirements definitions**
 - Ensure sufficient design and technical readiness before beginning construction activities
- **Consider Firm-Fixed-Price (FFP) contracts first**
 - Identify work that can be awarded FFP in new procurements and when exercising options on current contracts
 - Negotiate cost caps or ceilings on existing contracts
- **Use objective performance based incentives for non-FFP contracts**
- **Use provisional fee, hard cost caps, or cost share approaches to ensure parties bear responsibility for their actions**
- **Document performance to hold contractors accountable; hire contractors who provide good performance**

Comparison of Traditional vs M&O Contracts

| | Management & Operating | Traditional (Cost Type) |
|----------------------------------|-----------------------------------|--|
| FAR Cite | FAR Part 17 | FAR Part 15 |
| Approach | Mission/Budget-Based | Scope/Cost-Based |
| Execution | Annual Work Plan | Full Contract Period Work scope |
| Term | 10-15+ Years | 5-10 Years |
| Oversight | Integrated | Arms Length |
| Scope | Broad | Detailed Work scope |
| Source Selection | No Cost Proposal | Full Cost Proposal |
| Pricing Information | None | Certified Cost/Pricing |
| Fee Incentive | Base Fee (3-8%) | At Risk Fee (6-15%) |
| Contract Modifications | Few (broad scope) | Frequent (specific scope/cost) |
| Accounting System | Integrated with DOE | Separate Certified System |
| Contracting Officers Role | Low: Few Contract Changes | High: Many Contract Changes |
| Workforce | Remains Intact | Based on Proposal |