

BEST VALUE SELECTION OF SOURCES

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REGULATORY SUPPORT FOR "BEST VALUE" CONTRACTING

FAR 15.605(c)--"While the lowest price or lowest total cost to the government is properly the deciding factor in many source selections, in certain acquisitions the government may select the source whose proposal offers the greatest value to the government in terms of performance and other factors"

DFARS 215.605(c)--"In competitive acquisitions of services, (i) evaluation and award should be based, to the maximum extent practicable, on best overall value to the government in terms of quality and other factors.

NAPS 5215.605 (c)--"Best value evaluations should be employed whenever possible and especially in weapons systems, federal information processing (FIP) and professional and technical services support acquisitions

WHAT IS "BEST VALUE" SOURCE SELECTION?

It is a means of procurement in which all relevant factors are considered in the source selection decision so that the overall combination that best serves the interest of the government is selected.

METHODS OF SELECTING A SOURCE

- Price only (includes low cost technically acceptable offers)
- Best Value
 - Multiple factor trade-off to include Price/Technical
 - Caution: Too many factors dilute effect
 - **Select only those factors meaningful to procurement

PRICE ONLY

- Noncomplex or routine requirements where work can be fully described
- Generally award can be made quickly with minimum administrative burden
- Low price, responsible offeror wins
- All capability issues are addressed via responsibility determination

CATEGORIES OF PROCUREMENT

- Large/Complex/Sensitive Procurements
- Smaller Dollar Value/Higher Volume
- Service Contracting

BEST VALUE SELECTION OF SOURCES

- Basic Principle: Multiple Factor Trade-Offs
- Can go beyond what contractor proposes
- Usually considers:
 - Performance History
 - **delivery
 - **quality
 - Proposed Technical Performance
 - Life Cycle Costs
- Can include any other relevant consideration:
 - Supportability
 - Risk Assessment
 - Mobilization Base (for dual sources)
 - Security

MECHANICS

LARGE/COMPLEX/SENSITIVE PROCUREMENTS

- Criteria must be relevant, measurable, and firm
- Similar to typical formal source selection procedures (i.e. SSEB's/SSAC's/SSA's)
- May look beyond traditional evaluation criteria
- Must identify in solicitation
- Do not make process too mechanical--maintain SSA discretion to make reasonable trade-offs
- Use necessary resources to do comprehensive evaluation

MECHANICS

SMALL DOLLAR/HIGH VOLUME

- Consider Non-Traditional but Simplified Criteria
- Rely More on Computerized Systems
 - Must be easy for buyer to use
 - Must have minimum impact on PALT
 - Supporting data must be reliable
 - Identify criteria and use in solicitation document

MECHANICS SERVICE CONTRACTING

- Use Tailored Criteria:
 - Performance on Similar Contracts:
 - **cost control
 - **quality of performance
 - **delivery of services both proposed and history
 - Relationship of Proposed Cost to Technical, Performance Risk

"BEST VALUE" SELECTION METHOD SIMILARITIES TO TRADITIONAL METHOD

- Program Manager/Requirements Generator Identifies Criteria
- Selection Official Approves Criteria
- Offerors Provided Criteria
- Proposals Evaluated Against Those Criteria
- Criteria Must:
 - Be measurable (objectively/subjectively)
 - Be relevant to procurement
 - Differentiate

HOW "BEST VALUE" DIFFERS FROM TRADITIONAL METHODOLOGIES

- The Traditional Method is More Limited in Scope
 - Price Only
 - Past Performance Primarily Used as an Indicator of Responsibility
- Best Value Method--Selection Criteria Broader
 - Price/Technical/Management
 - **quality
 - **delivery
 - Risk Management
 - Improvement Strategies
 - Supportability
 - Performance/Cost Trade Offs
 - Other Criteria: Tailored to Specific Procurement

WHY HAVEN'T WE BEEN DOING "BEST VALUE" CONTRACTING ALL ALONG-- --Good Question!

- Confusion between responsibility issues and source selection criteria
 - "Best Value" is relative
 - Responsibility is absolute
- Subjectivity--more difficult
 - Easier to make mistakes
 - Risk of litigation
- Fairness
 - Can system be properly designed?
 - Is supporting information reliable?
 - Is historic data relevant to the product or the procurement?
- More Complex
 - Takes more time
 - High volume/Low dollars not worth it?
 - **use of computers
 - **tailor effort to value/criticality

"BEST VALUE" USER ACTIVITY RESPONSIBILITIES

- Train personnel in philosophy
 - Method is legal
 - Makes sense to use
- Insure local source selection/contracting rules support process
- Identify sources of reliable data
- Design systems to evaluate vendors and use "Best Value" type data

"BEST VALUE" ISSUES/CONCERNS

- Approach is subjective
 - Insure fairness
- Inform offerors in solicitation of relative importance of factors
- Consistent use of rating factors
- Do Not use technique as substitute for responsibility
- Insure reliability of underlying data
- Document your decision
- Too many factors dilute impact

WHAT ABOUT PROTESTS?

GAO B-247229

RMS Industries

- DLA may evaluate an offeror's past performance, consider the firm's demonstrated commitment to customer satisfaction and its timely delivery of quality products at a fair price.
- RFP specified that evaluation of past performance would be a "subjective assessment" of all relevant facts.
- Protestor contended:
 - Fairness/Reasonableness of prices should not be evaluated twice
 - Past performance not relevant: only ability of offeror to furnish product conforming to specifications
 - Considering offeror's reputation permits undue weight to gossip/speculation
- GAO concluded:
 - FAR 15.605(b) does not preclude agencies from considering, in the context of past performance, whether an offeror has consistently demonstrated a commitment to delivery of goods at fair and reasonable prices
 - GAO also found nothing unlawful about considering an offeror's reputation if it is factually based

CONCLUSION

Expanding the use of "BEST VALUE" Source Selections can help the acquisition process. Given the burden imposed by the federal deficit, it is important that we maximize our return on the taxpayers' dollar. This is our opportunity. The tools and authority are available.

Let's use them!!