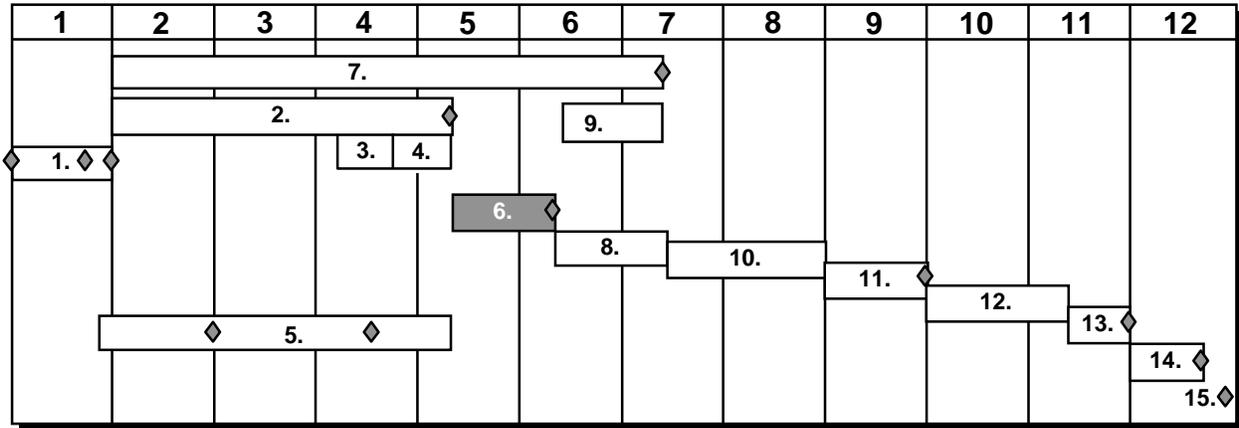


## STEP 6: PREPARE AND ISSUE SOLICITATION

### 6.1 OVERVIEW



◇ Major Milestone Event

The purpose of this step is to develop and issue a solicitation (request for proposal) to which commercial vendors can respond with formal offers. The heart of the document is the PWS, which identifies the performance expectations of the government for the commercial activity under review. During this step, the contracting officer, in conjunction with the CA team leader, determines which type of contract to use for the solicitation.

**CO Tip: The issuance of the solicitation is a major milestone.**

The contracting officer reviews the PWS for sufficiency and incorporates it, along with other required contract clauses, into the solicitation. The FAR requires that the Right of First Refusal of Employment clause be included in the solicitation. This clause ensures that federal employees whose positions are eliminated if an activity is outsourced will be given priority for employment with the winning contractor. The contracting officer will announce the solicitation in accordance with the FAR requirements. The contracting officer and

the CA team should work together in developing the criteria by which the contractor offers will be evaluated.

Successful execution of this step depends on:

- A high-quality, contractible PWS
- Effective collaboration of the contracting officer and CA team
- Early agreement on source selection and evaluation criteria
- Timely processing of the solicitation by the contracting office

**CO Tip: As the contract requirements are established and the PWS is developed in Step 2, the contracting officer should begin considering the appropriate contract type for the solicitation.**

### 6.2 DESCRIPTION OF KEY TASKS

Following are seven key tasks in developing and issuing a solicitation.

#### 6.2.1 Determine Appropriate Contract Type

Determining contract type is a contracting officer decision that should be coordinated

with the functional manager and the CA team leader. See Appendix C for a brief discussion of various contract alternatives.

### **6.2.2 Create the Source Selection Plan**

The source selection plan (SSP), which defines the criteria by which offers will be evaluated, is developed before creating Section L (Instructions to Offerors) and Section M (Evaluation Criteria) of the solicitation. This ensures that offerors are aware of how proposals will be evaluated and what information must be included in the proposals. It also ensures that the evaluation criteria does not change between the time the solicitation is issued and the time offers are evaluated. The source selection plan is used to evaluate both the government's offer—the Management Plan—and contractor offers. This is further addressed in Step 10, Evaluation of Proposals.

### **6.2.3 Establish Incentive and Award Fees for Contractor Performance**

On a fixed price contract, by reducing its cost of performance—while maintaining required performance levels—a contractor can increase its profit. The contracting officer may consider using award fees to provide additional incentives for the contractor to improve its performance and reduce costs. It is important to note that it may be quite difficult to cost out the award fee portions of a contractor proposal and provide for an equitable cost comparison with the government's proposal on the cost comparison form. Any decision to use an award or incentive fee should carefully consider how it will be costed in order to preserve equity and avoid disputes.

**CO Tip: The Commanding Officer should consult with the contracting officer on the incentive options available for different contract types.**

### **6.2.4 Establish Incentives and Awards for MEO Performance**

It also may be possible to create incentives for the MEO to perform at a cost below that projected in the IHCE if the MEO is selected to perform the commercial activity as a result of the cost comparison process. For example, if the MEO performs at a cost below that projected in the IHCE, some portion of the difference could be made available to the organization (e.g., in the form of employee bonuses or for purchases of equipment that may enable additional cost savings to be achieved). It should be noted that the incentive for the MEO should be designed to encourage performance at a cost below that projected in the IHCE rather than encouraging levels of performance beyond that required by the PWS at the IHCE price.

Both the contractor and the government have constraints that tend to prevent “gaming” of their proposals. If the government inflates its proposal price with the intention of earning incentives for performing at a cost below that projected in the IHCE, the organization runs the risk of having the contractor being selected as a result of the cost comparison. If the contractor inflates the price of its offer with the intention of increasing its profit, it risks losing the competition to the MEO.

### **6.2.5 Develop Evaluation Criteria**

Developing evaluation criteria is an iterative process performed by the contracting officer and the CA team leader. The contracting

officer should seek the CA team's views on the important performance elements to be included in the evaluation criteria.

### **6.2.6 Develop an Independent Government Estimate**

The purpose of the independent government estimate (IGE) is to establish the anticipated cost of contractor performance of the commercial activity. The CA team develops this estimate based on data gathered during Step 2 and from industry sources or other trade organizations that may provide information during Step 5. The IGE is required by acquisition regulations and is one benchmark used by the contracting officer to determine if an offeror's proposed price is fair and reasonable and reflects an understanding of the PWS requirements. The IGE is also the document that forms the basis for commitment of funds by the comptroller—a commitment that is required before the solicitation can be issued.

### **6.2.7 Prepare and Issue the Solicitation**

The contracting officer assembles all the elements of the solicitation, arranges for publication, and disseminates the solicitation to the bidders list.

## **6.3 CHECKLISTS FOR KEY PLAYERS**

Existing procurement checklists are available from the Contracting Officer and should be utilized as required.

## **6.4 TEMPLATES**

Existing procurement templates are available from the Contracting Officer and should be utilized as required.

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