

## **Section B Services, Ordering and Prices**

### **B.1 Background**

Strategic Sourcing was mandated by the Office of Management and Budget's (OMB's) Office of Federal Procurement Policy, and implemented by OMB's memorandum entitled "Implementing Strategic Sourcing," dated May 20, 2005. The Federal Strategic Sourcing Initiative (FSSI) was established in 2006 by the Chief Acquisition Officers Council (CAOC) in collaboration with the Office of Federal Procurement Policy (OFPP) as a means for agencies to work together to improve the federal government acquisition value chain.

Strategic Sourcing, chartered under the purview of the Federal Government's Chief Acquisition Officers Council (CAOC), is governed by the Category Management Leadership Council (CMLC, formerly known as Strategic Sourcing Leadership Council, SSLC). The Office of Federal Procurement Policy (OFPP) oversees the CMLC. Many agencies actively participate in Strategic Sourcing through the Community of Practice (COP) and through Commodity Councils that provide user input to various Strategic Sourcing procurement activities.

At its core, the Strategic Sourcing program strives to implement a commodity management approach to federal procurement. The U.S. General Services Administration (GSA) is embarking on a Federal Strategic Sourcing Initiative (FSSI) for **Building Maintenance and Operations set aside for Small Business** (herein **BMO SB**) services. BMO SB is one of several commodity groups that is seeking a more effective government-wide acquisition approach.

A strategic sourcing effort typically involves the following activities:

- Analyze spend data;
- Analyze the market;
- Develop a strategy;
- Seek and negotiate with suppliers;
- Select and award to successful suppliers;
- Implement strategy; and
- Monitor performance

The U.S. General Services Administration (GSA), continuing the initiative begun by the Office of Federal Procurement Policy (OFPP) in 2005 through its Chief Acquisition Officers Council (CAOC) to provide for strategic sourcing on a government-wide basis, seeks to establish a small business set aside Multiple-Award IDIQ for services relating to Building Maintenance and Operations (BMO SB). BMO SB services were identified as a high-spend area in a U.S. Government Accountability Office report on strategic sourcing, dated April 2013. BMO SB is designed to address agencies' need for a comprehensive range of service requirements that covers services relating to building maintenance with the flexibility for various contract types and pricing at the task order level.

The BMO SB scope identifies 17 services required to maintain federal buildings. The scope was developed as part of a collaborative effort involving 18 different federal agencies as well as input from private industry. The services categories are listed below (see Section C for a full description of services definitions and groupings):

Service Categories Included in BMO SB	
HVAC Maintenance	Architectural and Framework Building Maintenance Services
Plumbing and Pipefitting	Commissioning Services
Elevator Maintenance	Elevator Inspection Services
Electrical Maintenance	Janitorial
Fire Alarm System Maintenance and Repair	Landscaping/Grounds Maintenance
Fire Suppression System Preventative Maintenance and Repair	Cemetery Maintenance
Roofing Services	Pest Control
Building Management Services	Waste Management and Recycling Services
Other Facilities Related Services	

### B.1.1 Authority

The Administrator of the U.S. General Services Administration (GSA) is specifically authorized to purchase supplies and non-personal services on behalf of other agencies under the Federal Property and Administrative Services Act (40 U.S.C. 501).

The authority for the award and administration of BMO SB and the delegation of authority for the award and administration of task orders under BMO SB are defined in Section G.

Hereafter, the “BMO SB Contracting Officer” will be referred to as the “BMO SB CO” and the “Ordering Contracting Officer” at the task order level will be referred to as the “OCO”.

### B.1.2 Contract Type

BMO SB is a family of Multiple Award, Indefinite-Delivery, Indefinite-Quantity (MA-IDIQ) contracts for Government-wide service based requirements which is available for use by all Federal agencies and other entities as listed in the GSA Order, ADM 4800.2H, Eligibility to Use GSA Sources of Supply and Services, as amended.

BMO SB allows for various contract types at the task order level (e.g, Fixed-Price (all types), Time-and-Materials, and Labor-Hour). Task orders may also combine more than one contract type (e.g. FFP/Labor-Hour etc.). Additionally, task orders may include incentives, performance based measures, multi-year and/or option periods.

### **B.1.3 Minimum Contract Guarantee and Maximum Contract Ceiling**

- (a) Minimum. The minimum contract guarantee amount is \$2,500 in aggregate task order value per contract for the full term of the contract. The exercise of the option period does not re-establish the minimum guarantee amount.
- (b) Maximum. The maximum contract ceiling value of all contracts resulting from this multiple award procurement is established at \$27 Billion.
- (c) The Government has no obligation to issue task orders to the Contractor beyond the minimum guarantee amount specified in paragraph (a) above.
- (d) The minimum guarantee amount is fully satisfied through a single or combination of awarded task orders reaching the amount identified in paragraph (a) above.
- (e) Should the contract expire or be unilaterally terminated for convenience by the Government without the contractor receiving the minimum guarantee amount, the contractor may present a claim to the contracting officer for an amount not to exceed the minimum guarantee amount. The minimum guarantee amount is not applicable if the contract is terminated for cause or is bilaterally cancelled by the parties. The contractor has one year after contract termination or expiration to submit their claim to the contracting officer or waives entitlement.

See clauses 52.216-19 Order Limitations and 52.216-22 Indefinite Quantity.

### **B.1.4 Contract Access Fee (CAF)**

GSA operating costs associated with the management and administration of BMO SB are recovered through a CAF. The CAF is a percentage of the total task order amount invoiced and the CAF percentage is set at the discretion of GSA. GSA maintains the unilateral right to change the percentage at any time. See Section G.3.1 Contract Access Fee for more details regarding CAF.

### **B.2 Task Order Pricing**

BMO SB provides all Federal agencies the flexibility to determine fair and reasonable pricing tailored to the ordering agency's requirement dependent upon level of competition, risk, uncertainties, complexity, urgency, and contract type. The OCO has the authority and responsibility for the determination of cost or price reasonableness for their agency's task order requirements. Adequate price competition at the task order level, in response to an individual requirement, establishes the most accurate, fair, and reasonable pricing for that requirement.

The OCO must identify the applicable contract type for all CLINs in each BMO SB task order. Agencies should use their own policies for higher risk contracts (e.g. T&M) to identify fair and reasonable pricing.

## **B.2.1 Labor Categories and Standard Occupational Classifications**

BMO SB provides standardized labor categories (See Attachment J.4 Standardized Labor Categories and Definitions) that correspond to the Office of Management and Budget's (OMB) Standard Occupational Classification (SOC) <http://www.bls.gov/soc/> for which the Bureau of Labor Statistics (BLS) maintains compensation data.

In accordance with Section J, all of the BMO SB labor categories are either an individual labor category that is mapped to a single SOC and functional description or a labor category group that is mapped to multiple SOC Numbers and functional descriptions. The BMO SB labor category groups were established based upon BLS published data regarding similar direct labor compensation within a grouping of multiple SOC numbers and functional descriptions.

The Contractor shall become proficient in the use of the BLS SOC system in preparation for submitting Price Proposals under task order solicitations. OCOs will be trained by GSA in the use of the SOC direct labor pricing estimates for their task order requirements.

For each SOC, the BLS provides a National 50<sup>th</sup> Percentile estimate, a National 75<sup>th</sup> Percentile estimate, and a National 90<sup>th</sup> Percentile estimate. Also identified are the states where each occupation is paid the highest. While not identified on the BLS website, the BLS provides a 50<sup>th</sup> Percentile estimate, a 75<sup>th</sup> Percentile estimate, and a 90<sup>th</sup> Percentile estimate for each SOC in each state, metropolitan, and non-metropolitan area in the United States. This information will be incorporated into a reporting tool to be provided to OCOs and Contractors on the official GSA BMO SB webpage (webpage address will be provided after award).

Except for ODC labor as defined under Section B.3., when responding to a request for proposal under task order solicitations, regardless of contract type, the Contractor shall identify both Prime and Subcontractor labor using the BMO SB Labor Categories and corresponding SOC Number that applies. The Contractor may deviate from the Level I, II, III, and IV, definitions in Section J., as long as the Contractor clearly identifies the deviation and qualification requirements in their proposals.

## **B.2.2 Fixed Price Task Orders**

Fixed price is defined under Federal Acquisition Regulation (FAR) Subpart 16.2, Fixed-Price Contracts, and other applicable agency-specific regulatory supplements. The OCO must determine fair and reasonable pricing for all fixed price task orders.

### **B.2.2.1 Non-Exempt Labor Categories**

Offerors will propose labor rates for all applicable Department of Labor (DOL) Bureau Labor Statistics (BLS) Service Occupation Classification (SOC) labor categories. Fully burdened rates shall be comprised of a prevailing wage rate [Service Contract Labor Standards Statute (formerly known as

Service Contract Act), Construction Wage Rate Requirements Statute (formerly known as Davis Bacon Act), Collective Bargaining Agreements, etc. as provided by the OCO], health and welfare rate, and Regional Multiplier. Non-exempt labor categories shall use the prevailing wage rate as the offeror's direct labor/base rate for the locality in which work will be performed at the task order level. Future price adjustments will be to the prevailing wage rates only in accordance with the Fair Labor Standards Clause. The offeror's Regional Multiplier is a ceiling percentage that will not be exceeded, however the Regional Multiplier can be negotiated lower than the ceiling percentage at the task order level. The Regional Multiplier is inclusive of all costs (i.e. overhead, general and administrative, other costs, profit, etc.) an offeror may need to apply to non-exempt labor categories when proposing at the task order level. See Section M, *Evaluation Factors for Award*, of the Solicitation for information on how BMO pricing will be evaluated.

**NOTE:** The health and welfare rate within a wage determination will only be utilized if the contractor is not already providing health and welfare to their employees in the form of another benefit package.

#### **B.2.2.1.1 Unusual Conditions/Circumstances for Non-Exempt Labor Categories**

Based on unusual conditions and/or requirements within a specific Task Order (TO), only the agency OCO is authorized to allow an offeror to exceed the prevailing wage rate (that was established as the direct labor/base rate), before applying the Regional Multiplier. Examples of when an OCO may allow an offeror to exceed the prevailing wage rate include, but are not limited to: severe labor shortages in a given locality, facilities that require a heightened security clearance (i.e. secret, top secret), etc. When such authority is implemented, the OCO shall follow the policies and methods found in FAR Subpart 15.4, Contract Pricing, in making a fair and reasonable pricing determination. The purpose of the aforementioned authority is to allow OCO's to account for unusual conditions and/or requirements that exist within their respective project.

**NOTE:** Prior to deviating from a prevailing wage rate, offerors shall always provide to the OCO and the GSA BMO CO the detailed rationale in all instances if, and when, a direct labor/base rate is exceeded. While this authorization will come from the OCO, the BMO CO will closely monitor such occurrences to look for trends and/or misuse. Abuse of this may result in the contractor being placed in dormant status and/or being off-ramped.

#### **B.2.2.2 Exempt Labor Categories**

Offerors shall propose labor rates for all applicable exempt labor categories (professional). These rates shall be proposed as fully burdened ceiling rates since the base rate does not change with the delivery location for exempt labor categories. See Section M, *Evaluation Factors for Award*, of the Solicitation for information on how BMO pricing will be evaluated.

#### **B.2.3 Incentive Task Orders**

Incentives are defined under FAR Subpart 16.4, Incentive Contracts, and other applicable agency-specific regulatory supplements. If contemplated, agencies will need to make the determination of standards for Incentive contract type task orders.

#### **B.2.4 T&M and L-H Task Orders**

Time and Materials (T&M) and Labor-Hour (L-H) is defined under FAR Subpart 16.6, T&M and L-H Contracts, and other applicable agency-specific regulatory supplements.

The Contractor may provide separate and/or blended loaded hourly labor rates for prime Contractor labor, each Subcontractor, and/or each Division, Subsidiary, or Affiliate in accordance with the provisions set forth in FAR 52.216-29, FAR 52.216-30, or FAR 52.216-31. The OCO must identify which provision is applicable in the task order solicitation and or Contract Line Item (CLIN) and the Contractor must comply with the provision.

T&M and L-H task orders require the BMO SB standardized labor categories and their associated rates to be identified in the task order award document.

Other Direct Costs subcontract labor shall be proposed and awarded as Materials in accordance with [FAR 52.212-4 and 52.212-4 Alternative I \(May 2014\)](#).

##### **B.2.4.1 Ceiling Rates for T&M and L-H Task Orders**

When preparing solicitations for T&M and/or L-H task order Contract Line Item Numbers (CLINs), the OCO must select the following provision in the task order solicitation.

FAR 52.216-31 Time-and-Materials/Labor-Hour Proposal Requirements—Commercial Item Acquisition For organizations within DoD, when selecting FAR 52.216-29, the OCO must also select DFARs 252.216-7002, Alternate A.

Rates awarded on the BMO SB IDIQ contract shall serve as the basis for all future year pricing regardless of task order contract type. See Section M.6 of the Solicitation for how offered pricing shall be proposed at the IDIQ level.

The quantity of hours ordered for each labor category will be specified as deliverable hours billable at the rates specified in the contract or as negotiated if lower rates are proposed for the task order. The cumulative extended total of all items ordered will define the order ceiling price. Travel and ODCs may be estimated at the task order level, when applicable and authorized in advance by the OCO. Profit on travel and ODCs is not allowable. The Government will not reimburse the contractor for costs incurred beyond the ceiling price, for hours not delivered, for hours delivered but in excess of quantities ordered for a particular labor category or for travel and ODCs exceeding the ordered amount.

#### **B.3 Other Direct Cost (ODC) Support**

ODC support, integral and necessary as part of a total integrated solution within the scope of BMO SB for which there is not a labor category specified in BMO SB or includes other direct costs such as travel, materials, equipment, subcontractors, etc., to obtain a total service solution, are allowable costs and may be included within an individual task order under BMO SB. The Contractor should propose and identify each other direct costs separately and the OCO should identify each ODC support service or other direct costs by a separate CLIN on the task order award.

The Contractor shall report in the BMO SB Management Module all Other Direct Cost Support (ODC) in accordance with Section G.3.3 Contract Transactional Data.

### **B.3.1 Labor Subject to the Service Contract Labor Standards (formerly known as SCA)**

The BMO SB labor categories are subject to the Service Contract Labor Standards (formerly known as SCA) in accordance with FAR Subpart 22.10 and other applicable agency specific regulatory supplements. The OCO must identify such work in the task order solicitation and make a determination as to whether the Service Contract Labor Standards wage determinations are to be applied or not.

BMO SB does include clauses applicable to any Service Contract Labor Standard work that is within the scope of BMO SB.

### **B.3.2 Labor Subject to the Wage Rate Requirements (Formally known as DBA)**

To the extent that any ODC's for construction, alteration and repair are within the scope of BMO SB and subject to the Wage Rate Requirement in accordance with FAR Subpart 22.4 and other applicable agency specific regulatory supplements, the OCO must identify such work in the task order solicitation and make a determination as to whether the Wage Rate Requirement determinations are to be applied or not.

BMO SB does not include clauses applicable to any construction, alteration, or repair work that is part of a total solution within the scope of BMO SB. Subsequently, the OCO must incorporate the appropriate clauses and provisions in each task order solicitation and subsequent award when the Wage Rate Requirements, Bond Information and Miller Act applies.

### **B.3.3 Travel**

Travel costs may be fixed price or reimbursed at actual cost in accordance with the limitations set forth in FAR 31.205-46, Travel Costs, and other applicable agency-specific regulatory supplements. To the extent authorized in the task order, Contractors may apply indirect costs to travel in accordance with the Contractor's usual accounting practices and consistent with FAR 31.2. Profit shall not be applied to travel costs.

The services required by this contract are expected to be within the geographic boundaries of each Zone (see C.3) and require no travel. However, Contractor personnel may be required to travel to support the requirements of this contract as stated on individual task orders. For those task orders requiring travel, the Contractor shall include estimated travel requirements in the proposal as required by the OCO. Any

reimbursable travel to be allowed must be authorized by the Ordering Contracting Officer (OCO) in advance. No travel reimbursement outside of each Zone will be allowed without advance approval from the OCO.

#### **B.3.4 Materials and Equipment**

Material means property that may be consumed or expended during performance, component parts of a higher assembly, or items that lose their individual identity through incorporation into an end item. Equipment means a tangible item that is functionally complete for its intended purpose, durable, nonexpendable, and needed for performance.

Materials and Equipment should be priced in accordance with the terms of the task order award, contract type, and applicable FAR and agency-specific regulatory supplements. Unless otherwise directed by task order terms and conditions, the Contractor may apply indirect costs to materials and equipment consistent with the Contractor's usual accounting practices.

#### **B.3.5 Subcontracting**

For commercial items, subcontracting shall follow the procedures set forth in FAR Part 12, Acquisition of Commercial Items, and other applicable agency-specific regulatory supplements.

**(End of Section B)**