

# DERP Forum

**Strengthening Relationships with our Regulatory Partners**

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**St. Louis, Missouri**

**May 8-9, 2019**

# **Acquisition Strategies for Optimization**

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#DERPForum

# Acquisition Strategies for Optimization

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- Why Optimize?
  - Most \$; least risk
    - RAO/LTM accounts for 60% of total Army CTC
    - RAO/LTM phases = less unknowns = less risk
- Optimization via Performance Based Contracting
  - Known requirements; known contractors
    - Best Value Contracts (LPTA and Trade-Off ) account for ~93% of new DOD contracts >\$1M\*
    - LPTA use on the rise\*
      - Requirements are known
      - Leverage our contractor partners for innovative approaches via competition and objective based contracts
      - **Annual contract requirement for optimization analysis and update to exit strategy**

\* GAO Audit 14-584

# Acquisition Strategies for Optimization

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## – Optimization Process via Acquisition

- Optimization is an iterative process that requires consistent re-evaluation of objectives/metrics; each new RAO/LTM contract should build on the previous contract
- Pre-Award: Government must do the leg-work to analyze performance metrics and scope contracts properly upfront
- Pre-Award: PBC should be structured to incentivize further optimization while also considering “buy-down” options
- Execution: Once awarded PBC’s provide the flexibility and incentive to optimize
- Execution: Oversight of clearly defined objectives/metrics is critical
- Execution: Iterative process of annually refining exit strategy
- Contract Close-Out: Compile lessons learned to inform follow-on efforts

# Acquisition Strategies for Optimization

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- Government Oversight and Engagement is Key to PBCs
  - Key questions that must be considered in annual optimization analysis:
    - Remedial Action Objectives still sufficient?
    - Is progress being made toward Remedial Action Objectives?
    - What can we do to achieve objectives more quickly and/or cheaper?
  - Must ask whether we are collecting the correct data to inform decisions and to answer the questions above
  - Must be willing to challenge the status quo by making informed and technically sound changes to our RAO/LTM activities
  - Must be willing to take on some level of risk in order to realize impacts on life-cycle costs and on timeframes to achieve Response Complete