

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

### **B.1 Background**

Federal 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.

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

At its core, the FSSI program strives to implement a commodity management approach to federal procurement. BMO SB is one of several commodity groups for which FSSI 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 Officer 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**):

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

**B.1.2 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 4800.2G, Eligibility to use GSA Sources and Supply, 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 Guarantee and Maximum Ceiling**

For each MA-IDIQ contractor that does not obtain a task order award for the term of BMO SB, including Option I (if exercised at the discretion of the CO), the contractor will obtain a minimum guarantee of \$2,500.

The minimum order threshold for an individual task order must meet or exceed the Micro-Purchase Threshold as defined in FAR Subpart 2.101, as amended.

The maximum dollar ceiling for each individual task order placed under BMO SB is \$15B. For T&M task orders, ordering agencies should define the maximum requirement; however agencies should follow their own requirements regarding minimum and maximum requirements using various contract types

All task orders placed under BMO SB must be under the maximum dollar ceiling for the term of BMO SB, including Option I, if exercised.

**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 polices 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 Section J, Attachment 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.

Offerors will propose firm fixed price (FFP) rates for all applicable Department of Labor (DOL) Bureau Labor Statistics (BLS) Service Occupation Classification (SOC) labor categories. Rates will be broken down by the base rate based on Contract Labor Standards (formerly known as Service Contract Act), Wage Rate Requirements Statute (formerly known as Davis Bacon Act), Collective Bargaining Agreements, etc as applicable), health and welfare rates, overhead rates, general and administrative expense (G&A), and profit to show the fully burdened rates for the Washington, D.C. area. The Washington, D.C. Contract Labor Standards wage determination will be provided in the solicitation package for offerors to use in populating the price template provided with the solicitation. The template will show each offered labor category, direct rate, health and welfare rate, overhead, G&A, profit, and fully burdened rate. The fully burdened rates will be evaluated for reasonableness. Successful offerors will then be required to use the ceiling overhead, G&A and profit rates (percentages) as proposed in the price template, on all task orders to develop the fully burdened rates to be used at the order level utilizing the prevailing wage rates for the delivery areas of the task order. Future price adjustments will be to the base and health and welfare rates only at the task order level based on changes in the prevailing wage rates in accordance with the Fair Labor Standards Clause.

Offerors will propose firm fixed price (FFP) labor rates for all applicable exempt labor categories (professional). These rates will be proposed as fully burdened ceiling rates since the base rate does not change with the delivery location for exempt labor categories. The fully burdened rates will be evaluated for reasonableness. Successful offerors will be required to use the fully burdened ceiling rates, as proposed in the price template, on all task orders. Offerors will propose rates for all exempt labor categories for the base contract and option periods (10 years), incorporating any proposed increases. The pricing for the base and option years pricing will be evaluated for reasonableness by the BMO SB CO using available public market indicators.

### **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.

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Other Direct Costs subcontract labor shall be proposed and awarded as Materials in accordance with FAR 52.232-7, Payments under Time-and-Materials and Labor-Hour Contracts.

**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.

The fully burdened T&M rate awarded at initial parent contract award shall serve as the basis for all future year pricing for those rates. Offerors will propose firm fixed price (FFP) labor rates for all applicable non-exempt and exempt labor categories (professional). The non-exempt labor categories will be proposed as fully burden rates using the ceiling rates as overhead, G&A and profit rates (percentages). The exempt labor rates will be proposed as fully burdened ceiling rates since the base rate does not change with the delivery location for exempt labor categories. The fully burdened rates will be evaluated for reasonableness. Successful offerors will be required to use the fully burdened ceiling rates, as proposed in the price template, on all task orders. Offerors will propose rates for all exempt labor categories for the base contract and option periods (10 years), incorporating any proposed increases. The pricing for the base and option years pricing will be evaluated for reasonableness by the BMO CO using available public market indicators.

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

Other 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.3.2-BMO SB Reporting Module.

Agencies should follow agency specific policies as well as FAR Subpart 16.505 and Far Part 6 regarding competition requirements as it relates to ODCs.

**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 (formally 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 Standard 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)**

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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.3.4 Travel**

Travel costs may be firm fixed price or reimbursed at actual cost in accordance with the limitations set forth in FAR 31.205-46 and other applicable agency-specific regulatory supplements. Unless otherwise directed by task order terms and conditions, the Contractor may apply indirect costs to travel consistent with the Contractor's usual accounting practices.

Travel should not be reimbursable, except as provided in the following paragraphs: The services required by this contract are expected to be within the geographic boundaries of Zone 1. Zone 1 includes **Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia, West Virginia and the District of Columbia**. There will be no reimbursement for travel within the Zone 1.

Any reimbursable travel to be allowed must be authorized by the Ordering Contracting Officer (OCO) in advance as a contract change order. The Contracting Officer's Representative (COR) and the Contractor shall establish, through bilateral contract modification, the allowable travel reimbursement per visit to sites in cities or locations outside of the Zone 1. In negotiating the fixed price for such travel, the allowable per diem cost should not exceed the rates set forth in the Federal Travel Regulations in effect at the time that the work order is negotiated. In addition, and to the extent the OCO authorizes reimbursable travel, all travel by privately owned vehicles outside of the GSA will be reimbursed on Federal Travel Regulations mileage rates.

No travel reimbursement outside of Zone 1 will be allowed without advance approval from the OCO unless the Contractor provides sufficient written evidence of costs incurred, including receipts, registers or other information as may be required by the COR.

**B.3.5 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.3.4 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)**