

size and funding. This individual--someone who played no part in preparing either the Government's in-house or contractor price estimates--should validate the source data used for each of the cost elements included in the simplified cost comparison, validate the estimation techniques used for the final figure for each of these cost elements, and verify the arithmetic calculations for the entire simplified cost comparison included in the Direct Conversion Decision/Request format. Cost engineers are likely candidates for this function.

(3) In pure DOD and mixed funded studies, HQUSACE will not issue clearance to proceed until cost summaries are received reflecting contractor costs for Social Security (less Medicare) and thrift plans (if any). If more specific data is not available, Social Security cost estimates may be based on labor cost comprising 80% of total contract price. Assume no contractor thrift plan cost.

h. In all direct conversion actions, the requirements in paragraph 3-20 will be followed.

Section II. Planning for Commercial Activities Studies

3-4. Personnel Planning.

a. Activities programed for CA study must be separated from other activities for in-house or contract performance so that the positions that would be directly affected by conversion to contract can be identified.

b. During the initial planning for a CA study, FOA should consider consolidations or other realignments of functions that will increase the efficiency of in-house performance. If deviation from ER 10-1-3 is indicated, it should be requested as early as possible in the planning process. FOA should submit organizational deviation requests to CDR USACE (CERM-MO) WASH DC 20314-1000.

3-5. Acquisition Planning.

a. Acquisition planning for CA studies will begin when the CA study schedule is developed. The Contracting Officer, CA Program Manager, and functional managers must decide which activities will be formed into solicitation packages. The size and content of the packages affect the projected length and complexity of the acquisition process. Preparation of the CPAS (paragraph 3-10) requires

the coordinated development of an acquisition approach. An assessment of the availability of commercial sources must be made and a recommended contract type identified. Table 3-1 shows a list of contract types, and their advantages and disadvantages. See AR 5-20 dated 20 October 1986, paragraphs 4-3f and 4-5 for guidance on DOD funded activities.

b. All multi-function packages currently under contract as a result of a CA cost comparison will be analyzed to determine how they are to be resolicited.

c. The FAR and its supplements establish dollar thresholds and requirements for submission of acquisition plans through contracting channels to HQDA for approval. See AFARS 7.102(93). Acquisition plans which require HQDA approval will be submitted through channels for ASA review at least six months before the resolicitation is expected to be issued.

d. Acquisition planning is the subject of FAR Parts 7 through 12.

3-6. Previously Studied CAs. A previously studied CA may be included in a package of activities for CA study if required for economic or operational reasons. However, a new CA study should not be made until the in-house cost data made public during the first study has changed enough to preclude compromising the confidentiality of the Government's in-house cost estimate and independence of commercial bids (see paragraph 3-44). Proposals to conduct a CA study before the fifth fiscal year after completion of the previous study must be justified in the CPAS (paragraph 3-10).

3-7. Consolidation of Activities for Commercial Activities Study; Small and Disadvantaged Businesses.

a. Consolidation.

(1) Functions will be consolidated into multi-function packages when the resulting organization, if contracted or if retained in-house, would be reasonably mission effective and cost efficient. In addition, logical and economical solicitation packages will be prepared to promote spirited competition and the lowest cost to the Government.

(2) The work in existing contracts that have been awarded using non-CA procedures may be included in the PWS

written for the CA study for solicitation to prospective contractors. If this is done, the cost of these contracts and the Governmental contract administration costs of these contracts should be treated as "Other Costs" on line 3 of the Government's in-house cost estimate.

(3) Any multi-function packages must comply with the provisions of Title II of P.L. 95-507, amendments to the Small Business Act. Also see FAR Part 19, Small Business and Small Disadvantaged Business Concerns.

b. Small business.

(1) Section 8(A) contracts with the Small Business Administration (SBA) shall not be used to procure services which are being evaluated under CA program procedures except (see AR 5-20 dated 20 October 1986, paragraph 4-3 for guidance on DOD funded activities), for civil works-funded CAs, as may be approved by the OASA (SADBU) and the ASA(CW), and the ASA(CW), the ASA(I&L), and the OASA(SADBU) for mixed-funded CAs. Requests for approval will be processed through acquisition channels with coordination by small and disadvantaged business utilization (SADBU) specialists and CA personnel at all levels. No negotiations shall be conducted with the SBA until all approvals have been obtained. Contracting officers will make all offers to SBA after approval.

(2) FAR Subpart 19.8 governs section 8(A) contracts.

(3) CAs being performed wholly by small or small and disadvantaged businesses at the time of a decision to conduct a CA study will not be incorporated into CA studies. Consolidation of these contracts into the CA study, however, may be indicated where such action is necessary to meet mission requirements or where one contractor's performance is not severable from the performance of another contractor. Consolidations must be coordinated with SADBU specialists at all levels and approved at the ASA level (see paragraph 3-7b(1)). The CA study file will be fully documented to reflect such decisions.

(4) FAR Part 19 governs small business and small disadvantaged business concerns.

(5) FAR Subpart 19.5 governs small business set-asides.

3-8. Interagency Agreements.

a. There are several types of interagency agreements governing the provision of services by one Government agency to another Government agency, with many factors to be considered in selecting the proper type of agreement in each situation.

(1) Where another Government agency has the ability to provide a needed service and has an excess of capacity to take on this additional work, the USACE as the requiring agency may use the procurement process to establish commercial prices. The prospective providing agency would furnish the USACE a firm price for the product or service which would then be compared by the USACE to a price from a bidder in the private sector. The USACE would then award a contract if the private sector price is more economical (see paragraph 1-6c). This work may be technical in nature or concern the provision of general support services.

(2) Corps policy on obtaining support services--not technical services or mission-oriented work--from another DOD activity under the Defense Regional Interservice Support (DRIS) Program is set forth in subparagraphs b through j. See AR 5-20 dated 20 October 1986, paragraph 4-4, for guidance on DOD-funded activities.

(3) Another type of situation where interagency agreements are used appears in several long-standing agreements for both providing and receiving work from other Government agencies (i.e., U.S. Geological Survey, Environmental Protection Agency, National Weather Service, and National Wildlife Service). Corps policy on these agreements is not governed by either the excess capacity methodology presented in paragraph 1-6c or the policy on intra- or interservice support agreements contained in subparagraphs b through j. Where another Government agency has the expertise to perform certain technical or mission-oriented work, it is USACE policy to continue with such agreements. It is the providing agency's responsibility to determine whether their in-house staff will be used to do the work or whether competitive bids will be obtained.

b. The CA Program interfaces with the interservice and intraservice support program, which is designed to promote interservice and interagency support between activities of the DOD as well as among participating non-DOD activities. The goal of the program is to improve effectiveness and economy of operations by consolidating the provision of support services available to DOD activities and other Federal agencies.

c. Studies are conducted in a specified sequence. Each study will be completed before the next one is begun. The following sequence will be observed:

- (1) Intraservice,
- (2) Interservice (DRIS) (see paragraph 1-6c),
- (3) CAs.

d. Although national defense or other noncost reasons may compel in-house performance of an activity, they do not necessarily dictate performance by USACE employees. The reviewing FOA should determine if the required services can be obtained from another FOA or agency under intra- or interservice support arrangements. The potential for interservice support arrangements should be determined in coordination with the Joint Interservice Resource Study Group (JIRSG) Chairperson of the JIRSG region in which the activities under review are located. The JIRSG is responsible for implementing the DRIS Program throughout the various regions of the world.

e. Reviews and studies of CAs that provide interservice support shall be conducted by the supplying activity and coordinated with the FOA Commander.

f. Mission activities performed by tenants, such as communications, health services, etc., should be considered for consolidation. The decision to consolidate these functions in one CA study should be coordinated with HQUSACE.

g. Prior to CPAS submission, FOA Commanders will provide the local JIRSG Chairperson listings of ongoing CA studies so that the schedules for CA studies and JIRSG studies can be coordinated, as provided in DOD 4000.19, AR 5-16 and ER 5-1-6.

h. If a DRIS study result is to have interservice or intraservice performance of a contractible function, the activity will not be considered for CA study until such time as the DRIS study has been completed. If the DRIS study does not result in an interservice or intraservice determination, the CA study will proceed.

i. The final decision in a CA study may be to contract the function; a subsequent DRIS study may determine that it is more cost-effective to include the workload of other DOD components in that expanded scope of work. Employees of DOD components who are displaced as a result of combining their workload into a contract will have the right of first refusal for employment with the contractor in positions for which they are qualified.

j. The final decision in a CA study may be to retain the function in-house; the FOA may subsequently consider the possibility of combining that work with that of other DOD components. This consolidation should be undertaken only if a DRIS study indicates that an actual savings in manpower and dollars would then accrue to the other DOD components.

k. Questions concerning interservice support policy should be submitted to CDR USACE (CERM-MO) WASH DC 20314-1000.

Section III. Commercial Activity Study Approval Process

3-9. Government-Furnished Equipment and Facilities.

a. Preliminary FOA judgments on whether or not to furnish Government equipment or facilities to contractors should be identified in the CPAS (see paragraph 3-10) developed by the FOA at the time it proposes to conduct a CA study. Some decisions are easy. The Government, for example, rather than a contractor, would furnish a lock or a dam for work done at such a facility. Many decisions, however, will be much more complicated. They will involve consideration, in accordance with FAR Part 45, of more than one of the following four basic options: