



Paducah Gaseous Diffusion Plant
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Recommendation: 09-03

Approved May 21, 2009

Title: Inclusion of Options in Department of Energy Request for Proposals

Background:

The U.S. Department of Energy is seeking small-business contractors to continue remediation and infrastructure maintenance of the Paducah Gaseous Diffusion Plant. Typically contracts are for four years. The effort required to solicit bids through the Request for Proposal (RFP) process is costly and time consuming. Decreasing contract turnover while maintaining and improving quality of work improves efficiency.

The use of options to extend contract terms based on performance makes good business sense because it sustains long-term business relations, particularly on complex contracts with steep learning curves, such as DOE's major operating contracts. Linking the exercise of such options to the quality of performance under the contract ensures that the continuation of the relationship is beneficial and that it will provide a significant incentive for the contractor to attain, and sustain, high levels of performance. Additionally, host communities and stakeholders experience disruptions from contractor changes. Enabling DOE to exercise multi-year options may offer side benefits to the community.

DOE contracting activities have already established local procedures for the collection and maintenance of information on contractor performance. These procedures identify the responsibilities of the technical and contracting offices for collecting, maintaining, disseminating, and using past performance information. Linking contractor continuation to contractor performance can serve as an incentive for performance excellence. A thorough review of past performance contributes important information to DOE's decision making regarding the exercise of options.

Recommendation:

The Citizens Advisory Board recommends that DOE amend current and future Request for Proposals for the inclusion of multi-year option periods based on contractor performance.