



## July Contractor Workshop “Taking the Next Step” Agenda

- Review of March contractor workshops
- Contract Process Improvement Status Report
- Steps taken toward implementing consistent practices
- Multi-year contract strategy
- Invoice requirements
- Contractor liaison strategy
- Work schedules
- Role of BPA Contracting Officer
- Fiscal year-end accrual estimates
- Steps taken toward more timely processing
- The Future...





## ➤ **Our Commitment:**

- BPA will provide opportunities for contractor, CBFWA, and Council involvement in development of products or policies.
- BPA will not implement contract improvement changes without first giving our contractors, CBFWA, and Council an opportunity to comment on proposed changes. BPA will seek comments on items such as draft policies, templates, procedures, etc.
- BPA will stay focused on the two objectives we hear are most important to our contractors:
  - Consistent contract implementation by COTRs and COs
  - Timely processing



## Changes We Told You in March We Were Considering for FY04 and Beyond:

### ➤ Goal:

- Simplify contract award process for contractors and BPA
- Ensure adequate oversight of work accomplishments and contract expenditures
- Standardized approach by BPA Contracting Officer's Technical Representative (COTRs)/Project Managers

### ➤ Some Items Being Considered

- Standard format/template for submittal of Statements of Work and Budgets
- Standard format/template for reports – financial, work status, technical, and FCRPS Biological Opinion progress reports
- Contract performance periods to match proposal during Provincial Review
- Accrual Limits by fiscal year but amendments only required when additional money is needed – no annual budgets or statements of work unless work changes
- Increased fixed-price contracting – simplifies job for contractor and BPA
- Clauses to support more timely submittal of invoices
- Contracting Policy and Procedures Manual – standardized approach to what's allowable, level of documentation needed to support invoices, etc.



## Improvement Status Report

Templates – Statements of Work, Budgets, Invoices	In Progress	CBFWA, Council, and BPA developing recommendation
Standard format for reports a. Contract mgmt. b. BiOp c. Other technical/scientific	In Progress	<ul style="list-style-type: none"> <li>• Two internal BPA teams formed – 1 for contract mgmt. reports, 1 for BiOp and scientific/technical reports</li> <li>• Draft will be coordinated with CBFWA efforts</li> </ul>
Contract performance period matches Provincial Review	Rough Draft Complete	Proposal for Multi-Year Contracting Program discussed today
Accrual limits by fiscal year	Implemented	Will continue as part of Multi-Year Contracting Program
Increased fixed-price contracting	Not Started	One contractor has expressed interest in being a test case
Clauses to support more timely submittal of invoices	Rough Draft Complete	<ul style="list-style-type: none"> <li>• Proposed policy and clauses discussed today</li> <li>• Developing invoice documentation requirements.</li> </ul>
Policy and Procedures Manual	In Progress	Draft individual policies shared today will be posted for input and comment 7/24/03 through 8/30/03



## Steps toward Reducing Inconsistencies:

- Developing templates for SOW, Budget, and Invoices – CBFWA, BPA, Council effort
- Contractor liaison strategy for entities with large number of COTRs to ensure more consistency among COTRs in implementing Fish and Wildlife contracts
- Developing requirements for invoice supporting documentation
- Developing standard requirements for Work Schedules
- Developing standard requirements for when reports will be required
- Streamlining internal BPA systems and processes
- Developing Policies and Procedures Manual



## Multi-Year Contracting Strategy:

### ➤ Pre-Award:

- Contracts awarded for the full project term proposed and approved via the Provincial Review process – up to a maximum of 3 years.
- SOW, Budget, and Work Schedule are required to support up to a maximum, 3-year term – they should be as definitive as possible.
- BPA Project Manager and Contracting Officer (CO) jointly review of SOW, Budget, and Work Schedule – implementing soon
- BPA Project Manager and CO jointly request information from contractor and negotiate contract.
- BPA Project Manager will work with BPA budget staff to ensure funds are budgeted in the year in which the work performance is planned.



## Multi-Year Contracting Strategy:

### ➤ Contract Administration:

- SOWs and Budgets will be reviewed periodically to ensure they are still an accurate reflection of the work required under the contract.
- If changes are necessary, they will be accomplished by contract amendment.
- SOWs or Budgets should be changed as the need arises; there is no set schedule for making changes.
- Work Schedules will be used to monitor spending and work progress.
- Work Schedules will be discussed frequently and will be revised as significant schedule changes occur or at least every 3 months, if changes have occurred.

## Multi-Year Contracting Strategy:

### ➤ Contract Administration (continued):

➤ As Work Schedules change, the Accrual Limit (Spending Cap) will be adjusted if work shifts from one fiscal year to another. This is a conceptual discussion; it is important to remember that there will have to be discussions held and details developed for overriding program policies before successful implementation can occur.

#### ◆ If work is delayed:

- ✓ Contractor will update Work Schedule and inform COTR immediately of delay
- ✓ COTR will work to assure funds are available in the year in which the work will now be performed
- ✓ CO will decrease Accrual Limit (Spending Cap) if value of work shifted to a different year is significant
- ✓ BPA will request information from the contractor and coordinate with the Council as necessary



## Multi-Year Contracting Strategy:

### ➤ Contract Administration (continued):

- ◆ If work is accelerated and an increase in the Accrual Limit (Spending Cap) is needed:
  - ✓ Contractor will update Work Schedule and inform COTR immediately of need to accelerate work performance.
  - ✓ BPA will coordinate with the Council as necessary to determine if additional funds are available in the current fiscal year.
  - ✓ If funds are available, the CO will increase the Accrual Limit (Spending Cap) to accommodate the accelerated work.
  - ✓ If funds are not available, the contractor will either work with the COTR to delay other work so the accelerated work can be done, OR the contractor will perform tasks as originally planned and will not accelerate the work.



## Multi-Year Contracting Strategy:

### ➤ **Accrual Limit (Spending Cap):**

- The Accrual Limit (Spending Cap) will be based on work planned for accomplishment and planned rate of spending from the date of award through September 30.
- As additional funds are needed for subsequent fiscal years' planned work accomplishments, a new Accrual Limit (Spending Cap) will be established through the next September 30 period by contract amendment.
- Contractor can NOT exceed Accrual Limit (Spending Cap) without prior authorization by Contracting Officer (CO).
  - ◆ Contractor must request increase in writing.
  - ◆ BPA will coordinate with Council as necessary.
  - ◆ BPA will NOT reimburse the contractor for those costs incurred over the Accrual Limit that did not receive prior CO approval.



## Multi-Year Contracting Strategy:

### ➤ Implementation Plan

- Given schedule of when current awards expire, BPA proposes that implementation not begin until after January 1, 2004.
- Existing contracts will be allowed to expire – they will not be renewed.
- New contracts will be put in place with new contract provisions and extended contract performance periods.
- Performance period of new contract will be the balance of the proposal that was accepted through the Provincial Review process.
  - ◆ Example: If the proposal was for three years and the project has just completed year one, the new contract will be for two years.



## Multi-Year Contracting Strategy:

### ➤ Implementation Plan

- As future Provincial Reviews are conducted, after subbasin planning, contracts will be awarded for the full period proposed and approved through the Provincial Review process OR up to a maximum of 36 months.
- New contracts will be established every three years. Old contracts will be closed.
- Obviously, numerous implementation issues will need to be defined before a successful implementation of the multi-year contracting strategy can occur.

## Invoice Requirements:

### ➤ Why are we making changes?

- Reduce costs
- Implement program in a more business-like fashion
- Comply with BPA policies and Federal requirements
- Move towards BPA objective of electronic transaction processing
- Fairness
- Consistency



## Invoice Requirements:

### ➤ What is Changing?

- BPA will define what is required for a proper invoice. Details will be available for review and comment on BPA's website July 24–August 30.
- Improper invoices will be returned, unpaid
- Standard contract payment terms established of “Net 30” to promote consistency, efficiency, and fairness
- Standard is for invoices to be submitted no more frequently than monthly
- Unique invoice number required
- Refunds or credits must be applied to invoices by the contractor
- Electronic Funds Transfer



## Invoice Requirements:

### ➤ What is Changing? (continued)

- Timely invoices are required – invoices must be submitted within 90 days of when work was performed.
- Invoices received after 90 days of work performance will be considered a “Non-Routine Request for Payment” – unless late submittal has been previously coordinated and approved by the CO. Net 30 terms do not apply to late invoices.
- BPA is establishing a standard for minimum backup documentation required with an invoice.
- Release of claims



## Invoice Requirements:

### ➤ Implementation Plan

- Phased implementation beginning October 1, 2003.
- As contracts are renewed after October 1, 2003, clauses will be added to the contract that includes all contractor requirements, including submittal of timely and proper invoices, changed payment terms, and invoice frequency.
- Through December 31, 2003, BPA will continue to correct and pay contractor invoices as is current practice. BPA will notify contractors of needed corrections and work with the contractors to ensure they know how to submit a proper and timely invoice.



## Invoice Requirements:

### ➤ Implementation Plan (continued)

- Beginning January 1, 2004, BPA will return unpaid any invoice that does not meet the requirements of a proper invoice. Payment will be made only when a proper invoice is received. When a proper invoice has been resubmitted to BPA, the Net 30 “clock,” or payment time period, begins again.
- Beginning January 1, 2004, BPA will enforce the requirements for timely invoices. After that date, any invoice not received within 90 days of work performance will be considered a “non-routine request for payment.” Contract payment terms will not apply for these invoices.



## CONTRACTOR LIAISON STRATEGY

### How Does BPA Talk with One Voice?





## Contractor Liaison Strategy

- BPA reviewed the number of contractors who worked with a high number of COTRs
- Found 10 contractors that had high number of COTRs relative to number of contracts
- Decided to establish a COTR liaison for those with high number of COTRs
- Currently developing standard expectations of the liaisons
- Will involve the specific 10 contractors prior to implementation
- These contractors will also be asked to designate a liaison for their entity.
- Developing standard COTR policies and procedures



## Work Schedule

- Work Schedules **are now required** with the initial SOW and Budget submittals and will be negotiated as part of the contract implementation process
  
- A Work Schedule will be used:
  - ◆ As a planning tool
  - ◆ To monitor contract performance
  - ◆ As a tool for proactive funding planning
  - ◆ To determine the Accrual Limit (Spending Cap) that will be established for each fiscal year
  
- Work Schedules must include an identification of each objective and task, an estimated start and end date for each task, and an estimated dollar value for each task. Additional minimum requirements are in draft policy.  
(Handout)

## Work Schedule

- Contractor may submit a Work Schedule in any format as long as the minimum requirements are met (see Handout).
- Contractors may use one of the sample Work Schedules developed by BPA, if they do not have a preferred format of their own (Handout).
- The sample Work Schedules will be available on the BPA external web site by July 24 for use by contractors.
- A Contract clause will be developed and will be added to contracts renewing after October 1, 2003, requiring the contractor to update Work Schedules (including estimated dollar value of task) as significant schedule changes occur.
- COTR and contractor will discuss Work Schedules frequently.
- Work Schedules must be revised and submitted to the COTR as significant schedule changes occur – at least every 3 months, if changes have occurred.



## **Roles of the Contracting Officer (CO) and the Contracting Officer's Technical Representative (COTR)**

- The Contracting Officer (CO) and the Contracting Officer's Technical Representative (COTR) work together to achieve program objectives, but their roles are different.
- The CO is the person who has the authority to commit BPA contractually at contract award and on contract amendments.
- The COTR is the person with whom contractors most frequently interact. The COTR manages most technical aspects of the contract on behalf of BPA.
- The CO and COTR both work with the contractor to negotiate new awards, budgets, Statements of Work, Work Schedules and any contract changes.

## What are CO and COTR responsibilities?

CO responsibilities:	COTR responsibilities
<p><b>Contractual issues:</b></p> <ul style="list-style-type: none"> <li>◆ Negotiate and sign contracts.</li> <li>◆ Approve contract amendments or change orders.</li> <li>◆ Authorize actions that result in a change in the contract price, technical specifications, or time of performance, line item transfers over 5% or new items with no \$ change.</li> <li>◆ Suspend or terminate the contractor's right to proceed and terminate for BPA convenience.</li> <li>◆ Make final decisions on any matters subject to appeal.</li> </ul>	<p><b>Technical Issues:</b></p> <ul style="list-style-type: none"> <li>◆ Inspect and review work performed.</li> <li>◆ Inspect or witness test presentations or other activities.</li> <li>◆ Interpret technical specifications.</li> <li>◆ Approve submitted deliverables/reports.</li> <li>◆ Approve invoices.</li> <li>◆ Reject non-conforming services, materials, or equipment.</li> <li>◆ Maintain a file of all contractor property purchasing and disposition documents.</li> <li>◆ Conduct required verifications of property listings (including annual physical verification of property).</li> </ul>

## When do I need to contact my Contracting Officer (CO)?

- If there is a possibility of exceeding the fiscal year accrual limit (spending cap) or contract ceiling.
- If an invoice will be submitted more than 90 days after the invoiced work was performed.
- If there are questions about or problems complying with contract terms.
- If problems arise with invoicing or payments.
- When unsure about the status of a new contract or contract renewal.
- When requesting line item transfers over 5% of the contract value. (Initial request should be made through COTR, but only CO can approve.)
- When requesting any change in the contract price (budget or spending cap), technical specifications (Statement of Work), time of performance (performance period), or contract terms. (Initial request should be made through COTR, but only the CO can approve.)

## ➤ Steps Toward Reducing Processing Time:

### ➤ Process Improvement Performance Metrics:

- ◆ Analysis is underway to determine the current average processing time from submittal of the proposal in response to the solicitation, through negotiation of contract terms, to contractor signature and return of the signed contract.
  - ◆ Contract processing improvement goal will be established.
  - ◆ BPA will share the average processing time and proposed processing improvement goal with contractors, CBFWA, and the Council.
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- Streamline internal BPA processes and systems
  - CO and COTR will review contracts concurrently
  - Implementation of Multi-Year Contracting approach
  - Developing Templates for SOW, Budget, Work Schedule, Invoice





## ➤ The Future:

- Future workshops are planned
- Our Commitment:
  - BPA will provide opportunities for contractor, CBFWA, and Council involvement in development of products or policies.
  - BPA will not implement contract improvement changes without first giving our contractors, CBFWA, and Council an opportunity to comment on proposed changes. BPA will seek comments on items such as draft policies, templates, procedures, etc.
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## Schedule for Changes and Contractor Involvement

July 24, 2003	<ul style="list-style-type: none"><li>• Detailed materials on invoicing policies and multi-year contracting strategy posted on web for review and comment.</li><li>• Sample Work Schedules posted for use by contractors.</li></ul>
Mid-August, 2003	Letter requesting year-end accrual estimates sent to all contractors.
August 30, 2003	Comment period closes for invoicing and multi-year contracting materials.
September 1, 2003 – October, 1, 2003	BPA review and consideration of comments.
September 16, 2003	Contractors' FY03 year-end accrual estimates due to BPA.
October 1, 2003	Contracts will be unilaterally amended to include clauses: <ul style="list-style-type: none"><li>• Establishing FY04 Accrual Limits (Spending Caps)</li><li>• Requiring timely submittal of proper invoices</li><li>• Requiring quarterly updates to Work Schedules</li></ul>
After October 1, 2003	As contracts expire and are amended or new contracts are put in place, standard payment terms of Net 30 and invoice frequency of no more often than monthly will be negotiated.
October 1, 2003 – December 31, 2003	Contractors will be notified by BPA when improper invoices are submitted.
January 1, 2004	Improper invoices will be returned by BPA unpaid. Untimely invoices will not be subject to payment terms.
After January 1, 2004	Expiring contracts will be replaced with new contracts that will cover the period remaining until the next Provincial Review, up to 36 months.