



**DEPARTMENT OF THE ARMY**  
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WASHINGTON, DC 20310-0600

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Performance-Based Remediation Contracting at Army Active Sites

1. References:

- a. Army Environmental Cleanup Strategy, April 2003.
- b. Memorandum, HQDA, DAIM-ZA, dated 21 October 2003, subject: Performance-Based Remediation Contracting Candidate Installations for Fiscal Years 2004-2005.

2. The purpose of this memorandum is to provide the characteristics for the performance based contracting (PBC) mechanism. In addition, this memorandum outlines the PBC decision making process.

3. Implementation of the Performance Based Contracting (PBC) effort is a key element of the Army Environmental Cleanup Strategy and one of the Army's promising Business Initiatives. Installations must pursue PBC to ensure the Army implements effective and results-oriented approaches to completing the Installation Restoration Program (reference 1a).

4. The PBC mechanisms must exhibit the following characteristics.

- a. Use fixed-price contracts.
- b. Ensure at least three qualified vendors compete for an award.
- c. Define performance objectives, milestones, and standards.
- d. Use incentives or insurance to enhance performance.
- e. Provide flexibility and ensure accountability for results.

5. Per reference 1b, PBC implementation teams will evaluate ongoing cleanup programs for the use of PBC mechanisms. Personnel from the installation, the US Army Environmental Center, and the US Army Corps of Engineers (if a district is involved in the ongoing cleanup), comprise the implementation team. Installations can provide input on how the PBC mechanism is put in place, in accordance with the

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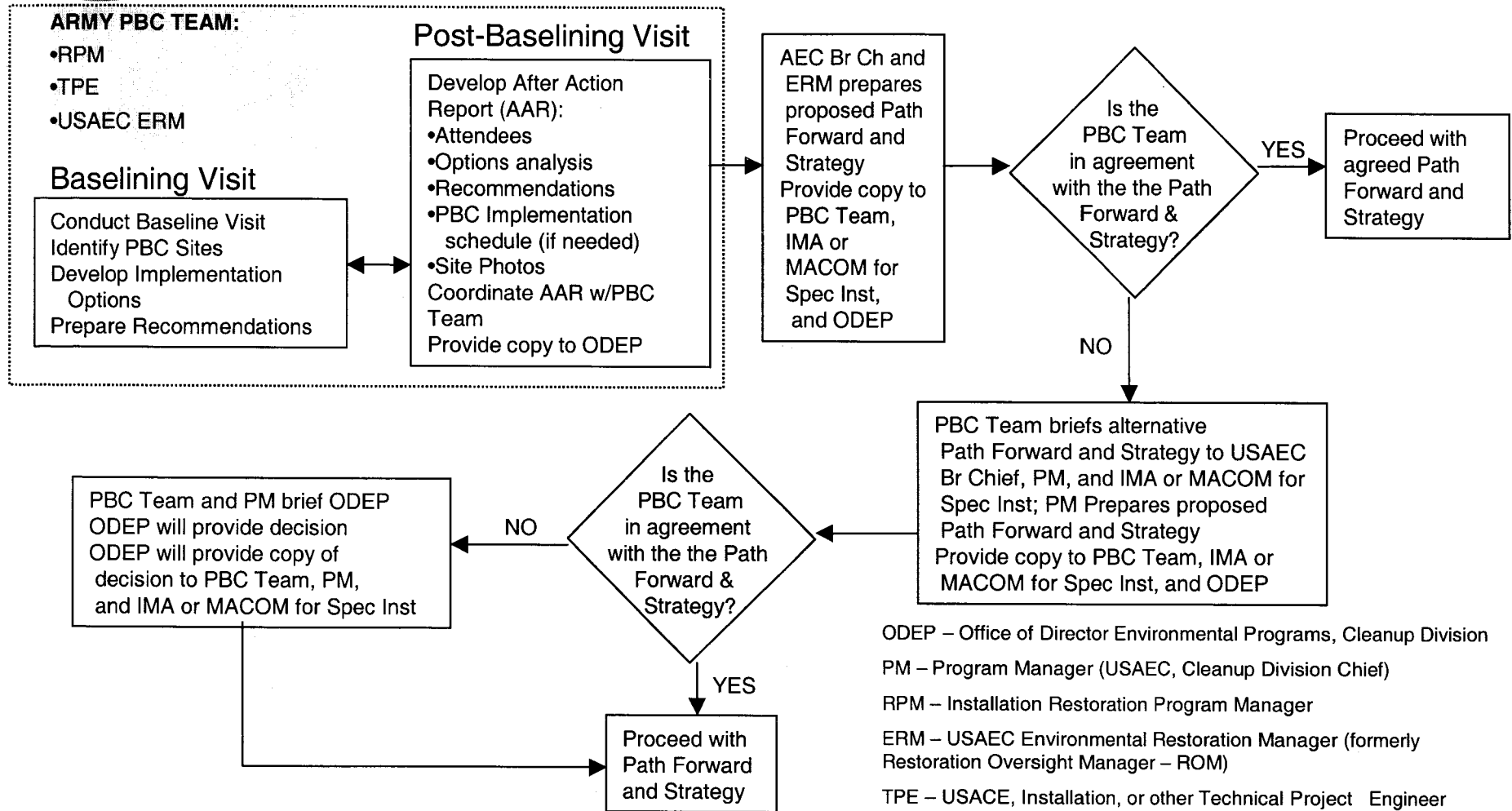
enclosed chart. Installations will administer and oversee the PBC. The PBC teams will consider the procurement cost, the life cycle cost of contract administration, and technical oversight, to ensure these PBC efforts are efficient and cost-effective.

Encl

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Director, Environmental Programs



# PERFORMANCE BASED CONTRACT (PBC) DECISION-MAKING PROCESS



ODEP – Office of Director Environmental Programs, Cleanup Division

PM – Program Manager (USAEC, Cleanup Division Chief)

RPM – Installation Restoration Program Manager

ERM – USAEC Environmental Restoration Manager (formerly Restoration Oversight Manager – ROM)

TPE – USACE, Installation, or other Technical Project Engineer

IMA – Installation Management Agency HQ or Regional Office

MACOM – Major Command for Special Installations