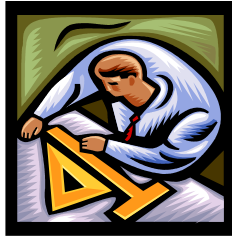


## APD ALERT



### **USE OF INDEFINITE QUANTITY CONTRACTS (IQC) FOR ARCHITECT-ENGINEER (A-E) SERVICES FOR DESIGN OF MAJOR CONSTRUCTION PROJECTS**

#### **Purpose**

This Alert provides a streamlined method to acquire Architect-Engineer (A-E) services in an effort to become more cost efficient and responsive to the USDA Agricultural Research Service's (ARS) customers.

It allows the use of task orders under A-E Indefinite Quantity Contracts for design of major construction projects of \$10 million or less per phase.

#### **References**

41 U.S.C. 254  
The Brooks Act, Public Law 92-582  
FAR 36.6, Architect-Engineer Services  
FAR Part 16.5, Indefinite Delivery Contracts  
ARS Manual 242.4, Major Facilities Construction

#### **Policy**

At the discretion of the Contracting Officer (CO), task orders under A-E Indefinite Quantity Contracts (IQC) may be issued **OR** individual competitions for A-E services may be conducted for pre-design/design work for major construction projects whose Estimated Cost of Construction (ECC) per phase is \$10 million or less.

The use of task orders under IQC's meets the requirement for competition as stated in the Federal Acquisition Regulation (FAR) since these contracts were fully competed and awarded in accordance with FAR 36.6.

For projects whose ECC's are greater than \$10 million per phase, COs must conduct individual competitions for A-E services. However, an IQC may be used for projects over \$10 million, provided such action is approved at a level above the CO.

## Procedures

- a. The CO should discuss, with the Engineering Project Manager (EPM), the cognizant Research Program Manager, Research Program Representative, and other Area or Location personnel, the use of IQC's and competitive A-E procedures to determine how best to acquire the services of an A-E firm to design the facilities project. Acquisition lead times for issuing an A-E task order and conducting an A-E competition should be a part of the discussions.

Because lead times differ so much between task orders and individual competitions, it is important for COs to give special consideration during the discussion process to the authorizing language in the Congressional appropriation or bill (which may be obtained from the Business Service Center (BSC) Acquisition Branch Chief). In some cases, the "history" of the bill may imply a timeframe for completion of a particular project, such as "design and construct a facility..." which would be interpreted as intending a short turnaround time.

- b. Contracting Officers may use either an Area-wide or Nationwide IQC. Special attention must be paid to the maximum order limitation contained in each contract. The location of the firm and its proximity to the facility or area, as well as the A-E's workload, should also be given consideration during the decision-making process.
- c. If it is decided to use an IQC, the CO must coordinate with the EPM to document the decision in a memo to the file **prior** to discussions/negotiations with the prospective A-E firm. The purpose of this documentation is to avoid the appearance of favoritism and to provide a basis for responses to any protests or Congressional inquiries.

The memo must include all the information listed below:

1. The name of the selected A-E firm.
2. The rationale for the selection that includes information regarding technical expertise and qualifications, past performance, geographic proximity (if applicable), etc.
3. Using the EPM's independent cost estimate and breakdown, provide a cost comparison of the selected firm with one other A-E IQC. The cost comparison should contain a breakdown of labor hours and rates, travel costs, indirect expenses, profit, etc.
4. A comparison of procurement lead times for a task order and individual competition. The timeframes can be found in ARS Manual 242.4, Major Facilities Construction.

5. Cost savings to the Agency. This should include the time and expenses of Government personnel. A comparison of lead times and estimated costs to the Government is included in Exhibit 3 for assistance.
- d. For design review work, feasibility studies, master plans, etc., it is recommended that a task order be issued to an Area-wide A-E firm whose contract is for the particular Area within which the facility or project is located.

### **Exhibits**

**Exhibit 1** - A sample outline of a Memorandum to the File documenting the A-E selection. This should be tailored for each project.

**Exhibit 2** - A sample outline form of a cost comparison of the EPM's independent Government cost estimate and A-E costs. This should be tailored for each project to include pertinent labor categories, indirect costs, profit, etc.

**Exhibit 3** - A comparison of Government costs for an individually competed A-E contract and a task order under an IQC. This may be used as an attachment to support the cost savings to the Government.

### **Point of Contact**

Acquisition Programs and Oversight Branch, E-mail at [APOB@ars.usda.gov](mailto:APOB@ars.usda.gov) or phone at 301-504-1725.

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**EXHIBIT 1**

SUBJECT: Selection of A-E Firm for  
(Project Name)

TO: The File

FROM: \_\_\_\_\_  
Contracting Officer

The USDA, Agricultural Research Service (ARS) requires A-E related services for the (project description) at the (location name) in (city and state). The firm of \_\_\_\_\_ has been selected to provide these services.

The selection of this firm is based on (include information regarding technical expertise and qualifications, past performance, geographic location, etc.)

The Government's cost estimate of \$ \_\_\_\_\_ was used to compare the costs between selected firm and another IQC firm. Discuss the elements of this comparison [i.e., labor hours and mix of disciplines, indirect costs, etc.]

This comparison was then used in conjunction with an evaluation of the overall cost to the Government of conducting a competitive A-E selection versus issuing a task order under an established IQC. (Discuss the pertinent issues for issuing a task order rather than a competitive A-E, [i.e., cost savings to the Government, timeframes, complexity, etc.]

Based on the above information, it is determined to be in the best interests of the Government to enter into negotiations with and issue a task order to selected firm for this project.



**EXHIBIT 3**

**Comparison of Government Costs For Use Of  
Individually Competed A-E versus Task Order under an IQC**

TASKS	New A-E Contract				Task Order under IQC			
	CO	SSEB (3EPM's)		CO	EPM			
	Hours	Dollars	Hours	Dollars	Hours	Dollars	Hours	Dollars
Develop SOW	2	98	72	3,536	2	98	24	1,179
Develop IGCE	1	49	48	2,357	1	49	16	786
Procurement Planning	80	3,929	12	589	80	3,929	4	196
Publicize Project	16	786	12	589	0	0	0	0
A-E Evaluations-Initial	80	3,929	480	23,573	0	0	0	0
A-E Evaluations-Final	160	7,858	480	23,573	0	0	0	0
A-E Selection	80	3,929	240	11,786	0	0	0	0
Issue RFP	80	3,929	0	0	40	1,964	0	0
A-E Submits Proposal								
Evaluate Proposal & Prepare Pre-Negotiation Plan	160	7,858	480	23,573	40	1,964	40	1,964
Conduct Negotiations	80	3,929	240	11,786	40	1,964	40	1,964
Summarize Negotiations & Prepare Award Documents	80	3,929	6	295	40	1,964	2	98
Notify Congress & Award Contract	80	3,929	0	0	40	1,964	0	0
<b>TOTAL</b>	<b>899</b>	<b>\$44,150</b>	<b>2,070</b>	<b>\$101,658</b>	<b>283</b>	<b>\$13,898</b>	<b>126</b>	<b>\$6,188</b>
<b>Total Hours for New A-E Contract: 2,969</b>								
<b>Total Dollars for New A-E Contract: \$145,808</b>								
<b>Total Hours for Task Order Under IQC: 409</b>								
<b>Total Dollars for Task Order Contract: \$20,006</b>								

Note 1: The data for a new A-E contract is based on the time frames outlined in ARS Manual 424.4.

Note 2: The Salary rate used for the CO, EPM and SSEB is \$49.11 per hour. It is calculated based on a GS-13, step 5 (effective January 2003-\$37.08/hour), plus Government-paid fringe benefits of 32.45% as stated in OMB Circular A-76 Supplement.