

Section M Evaluation Factors for Award

M.1 Basis for Contract Award

In accordance with 10 U.S.C. 2688, award can only be made if (1) the long-term economic benefit of the conveyance to the United States exceeds the long-term economic cost of the conveyance to the United States, and (2) the conveyance will reduce the long-term costs of the United States for utility services provided by the utility system concerned. These criteria must be met for each separate utility system.

A contract will be awarded to the Offeror who is deemed responsible in accordance with FAR 9.1, whose proposal meets the criteria described in the above paragraph, and whose proposal is determined to represent the best value to the Government based on the evaluation factors listed below. All proposals will be evaluated based on the evaluation factors listed below. The lowest priced proposal may not necessarily receive the award; likewise, the highest rated technical proposal may not necessarily receive the award.

M.2 Accounting System

The Contractor shall maintain a system of accounts acceptable to the Government depending on the pricing option proposed in [B.4](#).

The Contractor shall maintain records of all costs and payments associated with the provision of utility service(s) to the Installation using the National Association of Regulatory Utility Commissioner's (NARUC) Uniform System of Accounts (USOA) or an alternative USOA acceptable to the Government. The USOA may be supplemented by the Contractor's standard accounting procedures and generally recognized accounting practices and principles, as long as such supplemental procedures and practices are consistent with the NARUC (or an accepted alternative) USOA. Offerors lacking an acceptable accounting system will be determined non-responsible and ineligible for award.

M.3 Evaluation Factors and Sub-factors

The five evaluation factors are Technical Capability, Past Performance, Risk, Socioeconomic Plan and Price. The evaluation factors and sub-factors are as follows:

Factor 1: Technical Capability: The five sub-factors are approximately equal to each other in terms of importance.

Sub-factor 1: Service Interruption/Contingency Plan: Will be evaluated for the degree to which it ensures an appropriate, efficient and effective response to service interruptions and contingencies. **This sub-factor will be evaluated as a whole; elements listed under this sub-factor will not be separately scored although they will be considered in the overall evaluation of this sub-factor.**

Sub-factor 2: Operations and Maintenance Plan/Quality Management Plan: Will be evaluated for the degree to which it ensures appropriate, efficient and effective operation and maintenance of the utility system(s) and a superior level of quality. **This sub-factor will be evaluated as a whole; elements listed under this sub-factor will not be separately scored although they will be considered in the overall evaluation of this sub-factor.**

Sub-factor 3: Capital Upgrades and Renewals and Replacements Plan: Will be evaluated for the degree to which it supports the long-term ability of the utility system(s) to provide utility service(s). **This sub-factor will be evaluated as a whole; elements listed under this sub-factor will not be separately scored although they will be considered in the overall evaluation of this sub-factor.**

Sub-factor 4: Operational Transition Plan: Will be evaluated for the degree to which it will ensure an effective and efficient transition. **This sub-factor will be evaluated as a whole; elements listed under this sub-factor will not be separately scored although they will be considered in the overall evaluation of this sub-factor.**

Sub-factor 5: Financial Strength: Will be evaluated for stability and adequacy to meet the long-term capital and cash needs to own, operate, and maintain the utility system(s). This is to be reflected in documented evidence that the Offeror is in sound financial condition and has the ability to secure the necessary financing to meet the financial and capital requirements needs of the utility system both now and in the future. **This sub-factor will be evaluated as a whole; elements listed under this sub-factor will not be separately scored although they will be considered in the overall evaluation of this sub-factor. The government may request the Defense Contract Audit Agency (DCAA) to conduct Financial Capability audits of offerors in the competitive range, if the Source Selection Authority determines additional information is necessary to verify Financial Strength information.**

Factor 2: Past Performance: Will be evaluated based on the degree to which current and previous (within the past 5 years) contract efforts indicate the probability of the Offeror successfully accomplishing the requirements of the statement of work throughout the contract period. The currency and relevancy of the information, source of the information, context of the data, and general trends in Contractor's performance will be considered.

In the case of an Offeror without a record of relevant past performance or for whom information on past performance is not available, the Offeror will not be evaluated favorably or unfavorably on past performance. However, a higher rating may be achieved if the Offeror proposes management personnel who have a successful record of performance on relevant and recent contracts, or if a proposed subcontractor (who will be performing a significant portion of the work) has a "very good" or better performance history on relevant and recent contracts.

Offerors are advised that the Government may use information gained from any source known to the Government to evaluate past performance, provided such information is recent (within the past 5 years). If any past performance information is utilized in evaluating the Offeror's proposal, a past performance questionnaire will be utilized to contact references and rate proposals.

Factor 3: Risk: Will be evaluated using the following Sub-Factors. The following sub-factors are approximately equal in importance to each other. **For the purposes of evaluating Risk, the Government will evaluate the overall impact of all information considered in evaluating the other four Factors of Technical Capability, Past Performance, Socioeconomic Plan, and Price, in terms of assessing the specific risks associated with each of the sub-factors.**

Sub-factor 1: Performance: Proposals will be evaluated on the degree to which award of a contract would present a risk of degradation of the quality of utility service(s).

Sub-factor 2: Assurance of Long-term Price and Service Stability: Proposals will be evaluated on the degree to which long-term price and service stability are enhanced as a result of the Offeror's proposal.

Sub-factor 3: Price Realism: A cost realism analysis will be performed in accordance with FAR 15.404-1(d)(3). Realism will be based on an evaluation of the information provided in support of the offered price to determine if the prices reflect a clear understanding of the requirements; are consistent with the various elements of the offer's technical proposal; are not unbalanced; and are neither excessive nor insufficient for the effort to be accomplished. Reasonableness will be determined based on prices submitted by the competition, current market conditions, and comparison to the Government estimate, as appropriate.

Sub-factor 4: Other possible long-term costs and benefits to the United States, if the conveyance affects separate contract relationships, particularly for commodities.

Factor 4: Socioeconomic Plan: Will be evaluated based on the degree to which an Offeror's proposal demonstrates the commitment to use, in performance of the offered requirements, Small Businesses (which include Small Businesses, Small Disadvantaged Businesses, HUBZone Small Businesses, Women-owned Small businesses, and Veteran-owned small businesses) and/or Historically Black Colleges/Universities or Minority Institutions (HBCUs/MIs).

NOTE: The Offeror's proposal for socioeconomic support will be made a part of any resulting contract for use in determining how well the Contractor has adhered to its socioeconomic plan.

Factor 5: Price: The total evaluated price will be a consideration in the final source-selection decision.

For Price Schedule B-1, the total evaluated price (Price Schedule and Price Schedule Data Sheets, as applicable) will be the net present value of the stream of monthly payments the Government is expected to make to the Contractor over the 50-year contract period. Each monthly payment will be calculated by crediting the total monthly payment (the Applicable Tariffs including capital upgrade(s)/connection charge(s) and initial renewals and replacements and the recoverable portion of the purchase price expressed in the price proposal) by the purchase price Sub-CLIN AB. Present values will be calculated using the discount rate specified in Appendix C of OMB Circular A-94 (current issue at the time proposals are due).

For Price Schedules B-2, B-3, and B-4, the total evaluated price (Price Schedules and Price Schedule Data Sheets, as applicable) will be the net present value of the stream of monthly payments the Government is expected to make to the Contractor over the 50-year contract period. Each monthly payment will be calculated by crediting the total monthly payment (the Fixed Monthly Charge including applicable capital upgrades and initial renewals and replacements and the recoverable portion of the purchase price) by the purchase price Sub-CLIN AB. Present values will be calculated using the discount rate specified in Appendix C of OMB Circular A-94 (current issue at the time proposals are due).

M.3.1 Order of Importance for Evaluating Factors and Sub-factors:

In accordance with 10 USC § 2688, authority to privatize a utility system is subject to the action being in the long-term economic interests of the United States Government. That is, the long-term economic benefits must outweigh the long-term economic costs for conveyance to occur (see M.4, *Comparison of Offered Prices with the Independent Government Should Cost Estimate*). Before a best-value decision can be exercised, Offerors must comply with the basic economic test of 10 USC § 2688. Based on this result, the following factors and sub-factors will then be evaluated.

Technical Capability, Past Performance, and Risk are of approximately equal importance. Socioeconomic Commitment is somewhat less important than Technical Capability, Past Performance and Risk. When combined, all evaluation factors other than cost or price are significantly more important than cost or price.

Technical Capability and Risk will be evaluated at the sub-factor level. Under Technical Capability, Sub-factors 1, 2, 3, 4, and 5 are of approximately equal importance. Under Risk, Sub-factors 1, 2, 3, and 4 are of approximately equal importance.

M.4 Comparison of Offered Prices with the Independent Government Should-Cost Estimate

In accordance with 10 USC § 2688, authority to privatize a utility system is subject to the action being in the long-term economic interest of the Government. To determine whether that criterion is met, the Government will use the Sub-CLIN data in Schedule B-1, B-2, B-3 or B-4 to develop a projected 50-year cash flow. Present values will be calculated at the discount rate specified in Appendix C of the Office of Management and Budget (OMB) Circular A-94 that is current at the time proposals requested herein are due.

The economic analyses conducted will be done in accordance with OMB Circular A-94, Department of Defense Instruction 7041.3, and DEPSECDEF Guidance on Utilities Privatization dated October 9, 2002.

M.5 Small Business Set-Aside Award Procedure

The cascading preference source selection method will be used in the evaluation of firms for award under this solicitation. The cascading source selection method permits small and large businesses to submit offers. Offers from small businesses will be considered first. In accordance with FAR Subpart 19.5, any award resulting from the solicitation will be made to an eligible small business concern provided that (1) at least two competitive offers are received from responsible small business concerns, and (2) award will be made at a fair market price. If conditions for award to a small business concern are not met, award will be made on the basis of full and open competition considering all offers submitted by responsible business concerns.