

Date: 23 October 2012

**SPAWAR Service Contracting Tripwires -- 2.0 Clarifying/Implementing Guidance  
(Revision 2)**

*Changes are annotated in grey highlighting.*

In accordance with SPAWAR NOTICE 4200, SPAWAR Service Contracting Tripwires, dated 11 May 2012, SPAWAR 2.0 is the point of contact for the issuance of collaborative policy. As a result, the following accompanying guidance is provided to amplify and ensure compliance with the reporting requirements of the Service Contracting Tripwire Notice. The tripwires apply to those services that fall within the DOD Acquisition of Services Taxonomy Portfolio Groups set forth in Office of the Under Secretary of Defense, Defense Procurement and Acquisition Policy (OUSD DPAP) dated 23 November 2010. Although this document was revised on 27 August 2012, for the purposes of tripwire reporting for the second round of SARRBs being held in December 2012, the earlier version will be apply.

Please note: the SPAWAR Service Contracting Tripwires do NOT apply to contracts awarded to Federally funded Research and Development Centers (FFRDCs) or RDT& E services whose PSC begins with an “A” and ends with 1, 2, 3, 4, 5, or 7.

**1. Acquisition Planning**

The following guidance is provided:

(a) **Tripwire Paragraph 1a.** - New service contracts between \$25M and \$50M will require the submission of a Services Acquisition Review Form (SARF). Any SARF for new service contracts in excess of \$25M will require 2.0/2.0A approval. SPAWAR HQ actions do not require SPAWAR 2.3.1 review.

(b) **Tripwire Paragraph 1b.** - When using SeaPort-e, a MOPAS Acquisition Strategy will suffice for acquisition planning documentation. The MOPAS Acquisition Strategy for SeaPort-e Task Orders above \$25M requires 2.0/2.0A approval. In the case of non-SeaPort-e Task Orders, the AP for the basic IDIQ contract will satisfy the acquisition planning requirement. SPAWAR HQ actions do not require SPAWAR 2.3.1 review.

Documentation Required: Acquisition Plan, Services Acquisition Review Form (SARF), or a MOPAS Acquisition Strategy for SeaPort-e Task Orders

**2. Bridge Contracting Actions**

The following guidance is provided:

(a) **Applicability** - The term ‘Bridge Contracting’ applies to service contracts only. This tripwire does NOT apply to task orders.

(b) **Tripwire Paragraph 2a.** - A Justification and Approval (J&A) is required for any bridge contracting action regardless of dollar value, excluding Task Orders. The J&A approval procedures required for bridge contract actions are in line with normal J&A approval procedures yet include an additional PEO/Director/Field Activity Commanding Officer/Technical Director signature under Requirements Cognizance in addition to the Program Manager/Department Head as Technical Cognizance.

(c) **Tripwire Paragraph 2b. & 2c.** - Bridge contract J&As equaling \$12.5M or more and/or exceeding a six (6) month period of performance will be forwarded to SPAWAR 2.0 for approval. J&As for any subsequent bridge contracting action (i.e. 2nd, 3rd bridge), regardless of value or period of performance, require SPAWAR 2.0 approval.

(d) **Early Option Exercise** – This requirement has moved from the Direct Labor Tripwire to the Bridge Contracting Actions Tripwire.

Any early exercise of option on IDIQ Service contracts requires HQ 2.0 approval prior to issuing the exercise of option modification. As part of the request for approval, the PCO shall provide the approved AP, the basic IDIQ contract and the proposed IDIQ modification with rationale describing why the option is to be exercised early to SPAWAR Contracts Policy 2.3.1. SPAWAR HQ actions do not require SPAWAR 2.3.1 review. HQ 2.0 approval is not required for task orders with options under SeaPort-e, or any task orders with options issued under an IDIQ contract vehicle, or GSA Federal Supply vehicle.

Documentation Required: A J&A for all bridge actions with the exception of early option exercise actions. Early option exercise actions require the approved AP, the basic IDIQ contract and the proposed IDIQ modification with rationale describing why the option is to be exercised early.

### **3. Best Value Source Selection Premiums**

The following guidance is provided:

(a) **Applicability** - This tripwire applies to all competitive service contracts and task orders.

(b) **Tripwire Paragraph 3a.** - For the purposes of this tripwire, a best value source selection where the cost/price dollar premium is greater than 10% over the lowest acceptable offeror's Total Evaluated Cost/Price shall be documented in and approved by SPAWAR 2.0/2.0A via the Business Clearance Memorandum (BCM) or Price Negotiation Memorandum (PNM). "Acceptability" would be at the level within the adjectival ratings that the Government would consider awarding a contract.

Documentation Required: Business Clearance Memorandum (BCM) or Price Negotiation Memorandum (PNM)

#### 4. Other Direct Costs (ODCs).

The following guidance is provided:

(a) **Applicability** - This tripwire applies to all service contracts and task orders.

(b) For the purposes of this tripwire, Other Direct Costs (ODCs) include incidental material, travel and other incidental non-labor costs required in performance of the service; subcontractor and consultant costs are not included. The PM is required to document and support the rationale for new or excessive ODC requirements.

(c) **Tripwire Paragraph 4a. – Prior-To-Award of Contract/Task Order:** If estimated ODCs are greater than 10% of the total labor value or exceed \$3M (whichever is lower) for any given contract/order period of performance, the rationale for the ODC requirement shall be documented in a Memorandum signed by the Program Manager (or equivalent), and provided to the PCO for inclusion in the Business Clearance Memorandum (BCM) or Price Negotiation Memorandum (PNM). The methods for monitoring these ODCs shall be documented in the applicable Quality Assurance Surveillance Plan (QASP).

(d) **Tripwire Paragraph 4b. – Post-Award of Contract/Task Order:** The Contracting Officer's Representative (COR) will monitor the use of ODCs. If the cumulative amount of ODCs will exceed 10% of the original ODC total (for any given period of performance), the rationale shall be documented in a Memorandum signed by the Program Manager (or equivalent), and provided to the PCO.

Documentation Required: Memorandum signed by Program Manager and forwarded to PCO.

#### 5. Labor Rates and Performance.

(a) **Applicability** - This tripwire applies to all cost-type, Time and Material (T&M), and Labor-Hour services contracts and task orders unless otherwise stated below.

(b) The annual fully burdened rate **per person within any labor category** (Work Year equals 2,080 hours) will be used for the purposes of normalizing the comparisons set forth in this tripwire regardless of the number of hours negotiated or actual hours performed. **The fully burdened labor rate shall include fee.**

(c) **Tripwire Paragraph 5a. – Prior-to-Award of Contract/Task Order:** The Procuring Contracting Officer (PCO) shall address the fully burdened labor rates in excess of \$250K/year (\$120.19/hour) in any labor category (except when the proposed labor category includes ≤ 500 total labor hours) and document analysis of this issue within a Pre-Award Labor Rate Memorandum. This Memorandum shall be reviewed and signed, at a minimum, by the Program Office (or equivalent), the Source Selection Authority (SSA), PCO, and SPAWAR 2.0/2.0A prior to award. Unless otherwise required, the Business Clearance Memorandum (BCM) or Price Negotiation

Memorandum (PNM) does not have to be forwarded with the Labor Rate Review Memorandum for review. The \$250K per year annualized labor rate is only a Tripwire to be addressed; there is no restriction on awarding a contract or task order in which the labor rates exceed the annualized \$250K rate.

This “prior to award” tripwire does not apply to IDIQ task orders that include previously reviewed fixed price rates at the contract level.

Furthermore, this “prior to award” tripwire does not apply to basic IDIQ Contracts that do not include fixed price labor rates at time of contract award. This tripwire **IS** applicable to **ALL** Task Orders placed against these basic un-priced IDIQ contracts.

**(d) Tripwire Paragraph 5b. (1)(a) – Post-Award of Contract/Task Order:** If the COR review identifies an annual fully burdened per person labor charge in any labor category in excess of \$250K/year (\$120.19/hour) that was not originally reviewed by 2.0/2.0A at time of award, they will notify the PCO and cognizant Program Manager in writing and document this in the applicable Monthly Invoice Review Report.

If individuals within one labor category, collectively, are estimated to work less than 500 hours during the performance of the contract or task order, then those individuals are exempt from tripwire reporting. Caution: Labor categories should not be split among several individuals to circumvent tripwire reporting. Once the labor category exceeds 500 hours, then all people within that labor category are subject to tripwire reporting.

**(e) Tripwire Paragraph 5b.(1)(b) - Proposed vs. actual rates:** The COR will monitor monthly average actual labor rates (total actual fully burdened labor costs/total number of hours performed) compared to average negotiated labor rates (total negotiated fully burdened labor costs/total number of hours negotiated). Any increase of actual-to-negotiated labor rate averages greater than 15% requires notification via signed written communication to the PCO and Program Manager. The COR will also document this in the applicable Monthly Invoice Review Report. The Monthly Invoice Review Report will be signed by the Program Manager, or equivalent, and forwarded to the PCO.

Averages greater than 20% for more than three consecutive months will be elevated to SPAWAR 2.0/2.0A or the Field Activity Director of Contracts where applicable, via the PCO. The COR will also document this in the applicable Monthly Invoice Review Report. The Monthly Invoice Review Reports for the timeframe in question will be signed by the Program Manager, or equivalent, and forwarded to the PCO. The PCO shall then notify SPAWAR 2.0/2.0A or the Field Activity Director of Contracts where applicable of the greater than 20% variance. As part of the notification package, the PCO shall provide the monthly invoice review forms and the actions taken/planned to address the 20% or greater variance. The requiring activity may be requested to take part in the discussions with SPAWAR 2.0/2.0A or the Field Activity Director of Contracts.

**(f) Tripwire Paragraph 5c. – The Early Option Exercise Tripwire has been moved to Tripwire (2) – Bridge Contracting.**

Documentation Required: Monthly Invoice Review Report, at a minimum.

## 6. Subcontractors

- (a) **Applicability** - This tripwire applies to all service contracts and task orders.
- (b) **Tripwire Paragraph 6a. Through 6c.** – Each additional subcontractor who is added to the contract after contract award, regardless if prime contractor has an approved purchasing system, must be reviewed by the PCO to ensure the contractor has provided the required documentation (FAR Part 44.201) and that the information clearly supports that the proposed subcontract(s) is appropriate for the tasks involved and consistent with current policy and sound business judgment. The PCO shall obtain written concurrence from the Program Manager to include the additional subcontractor(s). All subcontractor additions over the Simplified Acquisition Threshold will be approved at one level above the PCO. The PCO will then issue Consent to Subcontract to the prime.

In order to implement the Subcontractor tripwire, language shall be incorporated into SPAWAR contracts via the clause at FAR 52.244-2, Subcontracts. The paragraph (d) fill-in text must inform contractors that notwithstanding the language contained in paragraph (c) of FAR52.244-2; the written consent of the Contracting Officer is required prior to entering into *any* subcontract over the Simplified Acquisition Threshold (SAT) that was not initially proposed regardless of whether the potential subcontractor(s) have an approved purchasing system.

Documentation Required: Consent to Subcontracting Review and Approval Memorandum, or equivalent.

## 7. One Bids

- (a) **Applicability** - This tripwire applies to all competitive solicitations for services that would result in a contract or task order.
- (b) **Tripwire Paragraph 7a.** – **ALL** “one bids” received under a competitive solicitation will be reported by the SPAWAR HQ PCO to SPAWAR 2.0; and field activities shall report to the Chief of the Contracting Office. Unless the RFP is re-solicited and more than one bid is received after the re-solicitation, this “one bid” metric shall be reported.

Documentation Required: Business Clearance Memorandum (BCM) or Price Negotiation Memorandum (PNM).

## 8. SeaPort-e Usage

- (a) **Applicability** - This tripwire applies to SPAWAR HQ actions only.

(b) The metric that will be associated with this tripwire will be the use of a contract vehicle other than SeaPort-e for support service requirements. The PCO shall report to 2.0/2.0A when a vehicle, other than SeaPort-e is used to acquire support services. This excludes task orders that result in an end product or task orders placed against existing SPAWAR IDIQs.

Documentation Required: Acquisition Planning Documentation.

### **SPAWAR TRIPWIRE ON-LINE REPORTING TOOL**

The TripWire On-line Reporting Tool will be used to record **ALL** "trips" against the tripwires established in SPAWAR NOTICE 4200, Service Contracting Tripwires, dated 11 May 2012. It is the intent to use this tool to establish consistency within COMSPAWAR as it relates to the oversight of service contracting; as well as provide a mechanism to collect, monitor, and report the tripwire metrics. In addition, the tool will be used in the preparation of Service Acquisition Requirement Review Boards (SARRBs). Data integrity and validation is imperative when using the TripWire application as the information that is entered into this system will be used to generate comprehensive reports that will be reviewed by COMSPAWAR senior leadership.

The use of this tool is required for all SPAWAR Competencies, SSC LANT, SSC PAC, PEO C4I, PEO SPACE, and PEO EIS.

Link: <https://e-commerce.sscno.nmci.navy.mil/tripwire.nsf/HomePage?openform>

Questions regarding the TripWire application and access should be referred to the SPAWAR Paperless HelpDesk at [paperless.spawar@navy.mil](mailto:paperless.spawar@navy.mil).