

# ENHANCED CONTRACT TYPE CONVERSION

DHS AIA Council Meeting

May 27, 2021



- Builds flexibility into your solicitation to allow for future conversion from one contract type to another, such as from time-and-materials to firm-fixed-price.
- Provides the opportunity to build in option for surge support that cannot be adequately predicted until further knowns are available.
- Encourages collaboration between the contracting office, program, office and the contractor.



## ENHANCED CONTRACT TYPE CONVERSION

## RFP Excerpt- Program Management, Change Management, and Software Engineering Services

### SAMPLE LANGUAGE

What about our  
internal Coach Training  
Program?!?

The invoice shall clearly document by Contract Line Item Number (CLIN) each billed item (Labor Hour [LH], Firm-Fixed Price [FFP], and Travel [T&M]). The Contractor shall invoice monthly, based on the below:

Labor Hour (LH) - When invoicing for the Labor Hour CLINs, the Contractor shall indicate the associated CLIN and dollar amount invoiced. Supporting documentation shall include labor categories, rates, and hours burned for the billing period; contractor employee name; total cumulative hours to date and dollar amount for contractor employees.

Firm Fixed Price (FFP) – Firm Fixed Price CLINS will be associated with increment based payments aligned to delivery based on agreed upon acceptance criteria and/or definition of done or to milestone payments. The invoicing for FFP CLINS shall align with the Contractor's technical approach to the work as proposed, and the structure of the FFP CLIN invoicing will be mutually agreed upon after award, in accordance with the Contractor's proposed technical approach to the work.

Travel (Reimbursable Cost) – Support for SOW task reference number and task title; identify local or business (TDY) travel; description/purpose of travel, include dates; staff name(s); breakout of all expenses, total travel amount for staff member per trip; total monthly amount for all staff travel grouped by task and total monthly amount for all travel for all tasks.

As appropriate, after award, Labor Hour CLINs may be converted to Firm-Fixed Price CLINs through mutual agreement of both parties, based on the labor categories and rates negotiated at the time of award.



## SAMPLE LANGUAGE

### Website Support Optional Surge

An option CLIN for surge is intended to be included in this contract for potential feature additions to the unauthenticated Farmers.gov website, such as the potential for the design, development, updates, operations and maintenance of the H-2A case status check/tracker tool. The CLIN would be priced based on the size of team, or ramp-up of current team to accommodate such workload. Pricing for small, medium, and large teams or equivalent ramp-up should be provided. The Option CLIN would be included in the award based on the pricing submitted with a Not-to-Exceed value that could be exercised in the event the need exists and the funds become available.



**Contract Type: FFP w/optional T&M CLIN**



### **Website Support Optional Surge**

## SAMPLE LANGUAGE

### **Potential Vendor Response**

Surge pricing for development of a XYZ tool represents a not-to-exceed value. Final pricing will be determined once final requirements are determined with the government ... This pricing will be finalized upon ABC Company and the government determining final requirements, additional resource requirements, and ABC Company production access status with the government, and the period of performance for O&M. Invoicing will be monthly, with dates dependent on award.

# PRACTICAL APPLICATION

## *Potential clauses for solicitation for Optional CLINs*

### **FAR 52.217-7 Option for Increased Quantity-Separately Priced Line Item.**

As prescribed in [17.208](#)(e), insert a clause substantially the same as the following:

Option for Increased Quantity-Separately Priced Line Item (Mar 1989)

The Government may require the delivery of the numbered line item, identified in the Schedule as an option item, in the quantity and at the price stated in the Schedule. The Contracting Officer may exercise the option by written notice to the Contractor within *[insert in the clause the period of time in which the Contracting Officer has to exercise the option]*. Delivery of added items shall continue at the same rate that like items are called for under the contract, unless the parties otherwise agree.

(End of clause)

# PRACTICAL APPLICATION

*Potential clauses for solicitation and modification (Base/Funded CLINs and/or Optional CLINs)*

**FAR 52.212-4 (c), Contract Terms and Conditions – Changes (Oct 2018)**

(c) *Changes.* Changes in the terms and conditions of this contract shall be made only by written agreement of the parties.

Remember the tested PIL language?!



As appropriate, after award, Labor Hour CLINs may be converted to Firm-Fixed Price CLINs throughout mutual agreement of both parties, based on the labor categories and rates negotiated at time of award!

## SUMMARY

Tailor

Tailor solicitation language for your requirement!

Retain

Retain flexibility to make the conversion later!

Consider

Consider this a great way to “test” a FFP environment within scope!





QUESTIONS

THANK YOU!!

- Contact us at [pil@hq.dhs.gov](mailto:pil@hq.dhs.gov)
- Contact Monica Taylor, Procurement Innovation Coach at [monica.taylor@hq.dhs.gov](mailto:monica.taylor@hq.dhs.gov)