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| Informational Guidance |

**IG5315.204-5(c)   
Source Selection Documentation – Section M Guide**

### December 2008

This guide integrates ideas and lessons learned from a cross-section of the contracting community to provide practical guidance for developing Evaluation factors for award (Section M or equivalent when not following uniform contract format) of the solicitation.

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**1.0 Preface**

**1.1** **Use of *Hidden Text* in the Guide and Template**

This guide and template were updated using Microsoft Office Word 2007. It is a tool to help you build your Section M[[1]](#footnote-1) – but cannot be used without careful editing. **You** must decide which parts apply to your particular situation, which ones should be deleted, and which ones must be tailored.

In addition to the separate guide itself, instructions and guidance are placed throughout the template as *hidden text* to help you decide which paragraphs to include and how to tailor them to your procurement. To see these instructions, the *hidden text* option must be used. To activate *hidden text*:

Click on the Microsoft Office Button (top left corner)

Click on “Word Options”

In the “Word Options” dialogue box, click “Display”

Under “Always show these formatting marks on the screen”, select the “Hidden Text” check box

Click “OK”

The document will print without the *hidden text* unless you select *hidden text* to be included in the “Printing Options”..

If you plan to post the completed document to a website/FedBizOpps for review, perhaps as part of a Draft solicitation/Request for Proposal (RFP), we recommend you make the *hidden text* unavailable. To do this, convert the document, with the *hidden text* deactivated, to a .pdf file before posting.

# 1.2 Why Use This Guide and Template?

This guide and template were written to help you write Air Force solicitations that better define and communicate the basis for the integrated assessment and the determination of best value in our formal source selections--those conducted in accordance with [AFFARS 5315.3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm), Source Selection. "Best value" encompasses a range of selection techniques that allow the Government to make an award decision based on those criteria deemed most important to assure the successful and affordable satisfaction of the mission requirement(s). Through this continuum, the relative importance of cost or price and other factors varies (See [FAR 15.101](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm).). This guide and template will help you to refine and focus your evaluation factors and basis for award in formal source selections, identify the relative priorities for tradeoffs, and, when necessary, provide clear statements for the treatment of desired features or capabilities that exceed a solicitation’s requirements. In addition, this guide will help you identify the relative priorities of acquisition costs, life-cycle costs, and, when necessary, budget constraints.

Note: For acquisition requirements unique to the A-76 program, refer to [Air Force Instruction (AFI) 38-203, *Commercial Activities Program*](http://www.e-publishing.af.mil/shared/media/epubs/AFI38-203.pdf).

# 1.3 What This Guide and Template Will Answer

Specifically, this guide and template will help you prepare Section M, Evaluation Factors for Award, for solicitations in support of competitive source selections. The guide will help you answer such questions as:

* What goes in Section M?
* How do you determine the basis for a source selection decision?
* What evaluation subfactors should you use?
* How do you determine the "discriminators" for a program?
* How does Section M track with Section L and other source selection and solicitation documents?
* How do you address the risks inherent in the proposed effort during source selection?

# 1.4 What is in This Guide and Template?

This is a practical “how-to” instructional reference tool designed in a modular format, so the reader can concentrate on specific areas of key interest while skipping those that are familiar. It all starts with a guide to explain important aspects of writing Section M. With the guide is an accompanying template that contains *hidden text* throughout, in which to guide your decisions about what information to include.

A description and overview of Section M is presented in Section 2.0 of the guide to provide a general sense of its important components. Sections 2.0 and 3.0 provide help in developing the Mission Capability subfactors. Finally, there are sections on related topics, such as how Section M fits with other parts of the solicitation, "do's and don'ts," and references and approvals.

For most acquisition integrated product teams (IPTs)/acquisition teams, the most difficult part of writing Section M is developing the Mission Capability factor (or, more specifically, its subfactors). This is by far the most substantive and critical portion of the section. Along with the hidden text in the template, Sections 2.0 and 3.0 offer help in this endeavor.

Another real challenge is making sure Section M tracks to and is consistent with other parts of the solicitation, especially Section L. All of Section 4.0 is devoted to describing the interrelationships among the documents key to the acquisition and among the sections of the solicitation and how these must track to one another.

In addition to this guide and template and your source selection experts, your counterparts in industry can and will help you formulate strategies, define requirements, and draft documents. Requirements definition and acquisition strategy benefit from involving industry early in the process and providing access to documents related to the source selection to ensure as much communication as possible regarding the Government's requirements.

# 1.5 Acquisition Reform Initiatives

Ongoing acquisition reform initiatives continue to affect our Air Force acquisitions. Some of these include:

* greater use of commercial products and services (which may significantly affect what cost and pricing information you may request, as well as impact your evaluation factors)
* more open communications with industry, and early release of acquisition documents, such as draft solicitations, evaluation factors (which include the minimum performance or capability requirements against which they are judged)
* risk assessment
* greater emphasis on evaluation of technical and cost risks (evaluation of cost risk is particularly appropriate for Acquisition Category (ACAT) and System Development and Demonstration (SDD) phase programs )

# 1.6 Keeping Current with Policy Changes

As you prepare your Section M, ongoing policy changes may affect the procedures described in this guide, so please see your Acquisition Center of Excellence (ACE) or your Contract Policy/Clearance office for additional information and assistance.

2.0 Section M Guide – Description And Overview

# 2.1 What is Section M?

Section M, “Evaluation Factors for Award,” forms the basis for evaluating offerors' proposals and is the only section of the solicitation that communicates to offerors the criteria the Government will use to make the best value award decision.

# 2.2 Why Do You Need One?

It is required by the FAR under the Uniform Contract Format and it helps you reach a solid, supportable source selection decision.

* Better Proposals - By understanding what's really important to the Government, offerors are better able to respond clearly to the Government’s needs and make intelligent tradeoff decisions during proposal preparation, giving emphasis to those things the Government has identified as most important. All proposals are measured against these same criteria.
* Basis of Source Selection Decision - The Government decision maker, or Source Selection Authority (SSA), must use the solicitation criteria to select an offeror. Section M sets out these criteria. You'll often hear the term "discriminators" used when discussing Section M. Discriminators are significant aspects of an acquisition that are expected to distinguish one proposal from another, thus having an impact on the ultimate selection decision. By using criteria which act as discriminators, the source selection team can provide the SSA with an evaluation that distinguishes among competing proposals in those areas the Government believes are most important. This facilitates selecting the offeror(s) most likely to deliver the best value to the Government, to perform the resulting contract(s) successfully, and to satisfy the Government’s requirements. The integrity and fairness of the source selection process are directly linked to the source selection team and SSA strictly following Section M.

# 2.3 Overview of Section M

Guidance for the solicitation provisions can be found in the Federal Acquisition Regulation (FAR) and its supplements. If you have a question regarding which provisions apply to your acquisition, talk with your Acquisition Center of Excellence (ACE) or Contract Policy/Clearance office. Note that the SSA is responsible for making the integrated assessment and best value decision. It is important to recognize that the lowest-priced offer does not automatically “win” - the proposal that represents the best value is the “winner.” In many circumstances where the requirement is clearly definable and the risk of unsuccessful performance is minimal, "best value" may equate to the lowest-priced offer from a responsible source. In situations where the requirement is less definitive, substantial development work is required, or the risk of unsuccessful performance is greater, technical or past performance considerations play important roles in the best value source selection decision.

# 2.4 Format and Organization of Section M

Your Section M will consist essentially of solicitation provisions prescribed by the FAR and its supplements (DFARS, AFFARS, and applicable MAJCOM Supplements), as well as some "administrative and one-time use provisions" crafted specifically to describe your evaluation factors and communicate how your source selection decision will be made. The organization and formatting of Section M will be accomplished by your contract preparation software (ConWrite, ACPS, or SPS). The products resulting from these various automated tools differ somewhat in appearance. These differences are immaterial. The content of Section M is dependent, not on the software application used to draft it, but on what you are buying and how you plan to evaluate offers and select your source. Your center Acquisition Center of Excellence or Contract Policy/Clearance office will help you determine what provisions are prescribed or recommended for your situation. Follow the instructions of your contract preparation application in developing the solicitation provisions for your Section M and use the Administrative and One-Time Use Provisions in Subsection M-II of this template (M001, Source Selection, and M002, Evaluation Factors). This guide and your acquisition support team will help you decide what to put in the provisions. If you do not have a contract preparation software application, simply follow the format of the template, which is organized like the ConWrite program.

2.4.1 M-II SOLICITATION PROVISIONS IN FULL TEXT

Key Administrative and One-Time Use provisions in this part of Section M (provisions M001 and M002) tell the offerors how the overall source selection decision will be made and describe the evaluation factors, their relative order of importance, and how they will be evaluated.

# 2.4.2 M001 SOURCE SELECTION

Section M establishes how the Government will make its selection for award, the number of awards contemplated, and how the various considerations and criteria interrelate. The results of the evaluation are considered by the SSA to determine which proposal(s) represents the best value(s) and should be selected for award(s).

# 2.4.3 M002 EVALUATION FACTORS

## 2.4.3.1 Evaluation Factors and their Relative Order of Importance

The evaluation factors for award relate to program characteristics, discriminators and risks, and are often divided into factors and subfactors. Except for specific exemptions (e.g., source selections below the Simplified Acquisition Threshold or for which Lowest Price Technically Acceptable or Performance Price Tradeoff methods are used – see [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 2.1 for the complete list), the factors for Air Force source selections are mandated by [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 4.4.1 as follows:

* Mission Capability – includes both technical and risk ratings
* Past Performance
* Cost or Price
* Cost/Price Risk – only mandatory for ACAT, SDD phase programs that use a cost reimbursement (CR) or fixed-price incentive (FPI) type contract structure and employ a most probable cost (MPC) evaluation approach for the Cost/Price Factor. (Approval from the Deputy Assistant Secretary (Contracting) is required to use Most Probable Life Cycle Cost as an evaluation criterion.)

You SHALL specify order of importance in solicitation Section M, Evaluation Factors for Award. This includes the order of importance of the factors and the Mission Capability subfactors.

## 2.4.3.1.1 Relative Importance of Factors and Subfactors

## [FAR 15.304(d)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) requires that the relative importance of all factors and subfactors be stated clearly in the solicitation.

[FAR 15.304(e)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) requires you to specifically state the relative importance of cost or price as compared to the non-cost factors.

The following examples illustrate how you might communicate the relative importance of the evaluation factors:

**Example 1. Evaluation Factors and Subfactors.** Use Example 1 when not utilizing Cost/Price Risk, i.e. when the acquisition is not for an ACAT, SDD Phase program using a cost-reimbursement or FPI contract type with MPC.

Award will be made to the offeror proposing the combination most advantageous to the Government based upon an integrated assessment of the evaluation factors and subfactors described below. Factor 1 (Mission Capability) is most important, and Factor 2 (Past Performance) is of slightly less importance, and each is individually more important than Factor 3 (Cost/Price). The Mission Capability and Past Performance factors, when combined, are significantly more important than the Cost/Price Factor; however, the Cost/Price Factor will contribute substantially to the selection decision. Within the Mission Capability factor, Subfactors 1 (Load Capacity) and 2 (Systems Engineering) are more important than Subfactor 3 (Cruising Speed) which is, in turn, more important than Subfactor 4 (Small/Small Disadvantaged Business Participation).

Factor 1: Mission Capability

Subfactor 1: Load Capacity

Subfactor 2: Systems Engineering

Subfactor 3: Cruising Speed

Subfactor 4: Small/Small Disadvantaged Business Participation

Factor 2: Past Performance

Factor 3: Cost/Price

**Example 2. Evaluation Factors and Subfactors.** Use Example 2 when utilizing Cost/Price Risk, i.e. when the acquisition is for an ACAT, SDD Phase program using a cost-reimbursement or FPI contract type with MPC.

Award will be made to the offeror proposing the combination most advantageous to the Government based upon an integrated assessment of the evaluation factors and subfactors described below. The Evaluation Factors are listed in descending order of importance with Factor 1 (Mission Capability) being most important, Factor 2 (Cost/Price Risk) of slightly less importance, Factor 3 (Past Performance) next in importance, and Factor 4 (Cost/Price) of least importance. The Mission Capability, Cost/Price Risk, and Past Performance factors, when combined, are significantly more important than the Cost/Price Factor; however, the Cost/Price Factor will contribute substantially to the selection decision. Within the Mission Capability factor, Subfactors 1 (Load Capacity) and 2 (Systems Engineering) are more important than Subfactor 3 (Cruising Speed) which is, in turn, more important than Subfactor 4 (Small/Small Disadvantaged Business Participation).

Factor 1: Mission Capability

Subfactor 1: Load Capacity

Subfactor 2: Systems Engineering

Subfactor 3: Cruising Speed

Subfactor 4: Small/Small Disadvantaged Business Participation

Factor 2: Cost/Price Risk

Factor 3: Past Performance

Factor 4: Cost/Price

## 2.4.3.2 Mission Capability Factor

The Mission Capability factor will usually be made up of subfactors. This factor, or each subfactor (if established), will receive two separate and distinct ratings:

* The Mission Capability Technical rating reflects the degree to which the proposal exceeds, meets or does not meet the Mission Capability Factor or Subfactor minimum performance or capability requirements. This evaluation covers the offeror’s compliance with requirements stated in the Systems Requirements Document (SRD), Statement of Objectives (SOO), Statement of Work (SOW), Performance Work Statement (PWS), or other requirements documents, and does not evaluate the offeror’s compliance with informational instructions in Section L. Informational instructions are not equivalent to program requirements and offeror’s rating should not be based on compliance with Section L. Each subfactor will receive one of the color ratings defined in [AFFARS MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.1.1, Table 1 – Mission Capability Technical Ratings, based on the assessed strengths, uncertainties, and deficiencies of the proposal.
* The Mission Capability Risk rating assesses the degree to which an offeror’s proposed approach to achieving the Mission Capability Factor or Subfactor may involve risk of disruption of schedule, increased cost or degradation of performance, the need for increased Government oversight, and the likelihood of unsuccessful contract performance. Each subfactor will receive one of the ratings defined in [AFFARS MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.1.2, Table 2 – Mission Capability Risk Ratings, based on the assessed weaknesses of the proposed approach.

Key to a successful and efficient source selection is to limit the Mission Capability subfactors to those key criteria that will discriminate among offerors and mitigate risk in a best value decision. If subfactors are established for Mission Capability, the separate technical (color) and risk ratings will only be assigned at the subfactor level and, in no case, summarized (rolled-up) to the Mission Capability Factor level.

**2.4.3.2.1 Mission Capability Subfactors (Sub-paragraph not in Template)**

The Mission Capability subfactors are the key discriminators from among the mission requirements. The subfactors that apply to an acquisition and their relative importance are within the broad discretion of the source selection team. However, they must:

* Represent the key areas of importance and emphasis to be considered in the source selection decision.
* Support meaningful comparison and discrimination between and among competing proposals.
* Include a Systems Engineering subfactor in all ACAT source selections and in all other source selections where Systems Engineering effort is required. If the ACAT acquisition has no Systems Engineering effort, the SSA, with Program Executive Office approval, shall document the contract file accordingly; and a Systems Engineering subfactor is not required. Specific guidance on how to tailor the evaluation criteria on Systems Engineering can be found at the Air Force [Center for Systems Engineering](http://www.afit.edu/cse/), in their “Reference Library” under “DoD Policies and Guidance.” Look for the [Guide for Integrating Systems Engineering into DoD Acquisitions and Contracts](http://www.afit.edu/cse/docs/Integrating-SE-Acquisition-Contracts_guide_121106.pdf).
* Address small business and bundling requirements, as applicable, usually as a subfactor or part of a subfactor. See [FAR 15.304(c)(4)and (5),](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) [19.1202-2](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/19.htm), and [DFARS 215.304(c)(i)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/dfars215.htm" \l "P107_3596). DoD issues subcontracting goals for each fiscal year, and they are posted at <http://www.acq.osd.mil/osbp/statistics/goals.htm>. Although not every acquisition has the same opportunities for subcontracting, the contracting officer should consider asking the offerors to use these goals as guidelines and to propose the maximum extent of subcontracting possible. Offerors should also provide justification on areas where they do not meet the guidelines. It is not a good idea to use the DoD goals as minimum standards since that could lead to a situation where an offeror (or possibly all offerors) must be rated “Red” if they cannot meet those standards. The key purpose is for contracting officers to challenge contractors to aggressively pursue subcontracting opportunities with small businesses and the best time to do this is at the beginning of the acquisition process. It may be appropriate to evaluate this subfactor on a pass/fail basis. Contracting officers should consult their local small business specialists for recommendations on how to best encourage small business subcontracting opportunities for their specific acquisition.
* In accordance with [10 U.S.C. 2436](http://www4.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00002436----000-.html) and [DFARS 215.304(c)(ii)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/dfars215.htm#P107_3596), consider the purchase and use of capital assets (including machine tools) manufactured in the United States, in source selections for all major defense acquisition programs, as defined in [10 U.S.C. 2430](http://www4.law.cornell.edu/uscode/html/uscode10/usc_sec_10_00002430----000-.html), when it is pertinent to the best value determination. If included in the RFP, consideration for use of capital assets manufactured in the United States should be in the SOO or other requirements document, and should be included in the appropriate Mission Capability sub-factor (e.g., Systems Engineering, program management, manufacturing etc.). The SOO clearly states the requirement for U.S. made capital assets, and the evaluation criteria in Section M state how the offeror’s proposal will be evaluated to meet this requirement. This will assure the requirement is properly evaluated for requirements (color) and risk.

**2.4.3.2.2 Critical Discriminators (Sub-paragraph not in Template)**

The main focus on developing Mission Capability subfactors is on critical discriminators, which are used to capture performance or capability requirements and form the basis for assessing each offeror’s ability to meet the Government's needs. Key requirements that cannot be exceeded or do not involve risk are generally not good discriminators. Critical discriminators are:

* What are the main risks to the program?
* What are the critical areas where, should the successful offeror not succeed in this area, the program fails?
* Key performance requirements that offerors can exceed. If offerors can exceed requirements, this will provide a benefit to the Government that can be used to discriminate between offerors. Limiting this to key requirements makes the evaluation and comparative analysis easier.

**2.4.3.2.3 Minimize the Number of Subfactors (Sub-paragraph not in Template)**

A streamlined source selection organization should strive to minimize the number of Mission Capability subfactors, focusing on the criteria that will discriminate among offerors in a best value decision. Subfactors are normally limited to six; however, additional subfactors may be justified and documented in the Source Selection Plan.

**2.4.3.2.3 Narrative Descriptions (Sub-paragraph not in Template)**

Provide narrative descriptions of subfactors. Include a discussion of what will be evaluated along with any unique methods or tools you will use in conducting your evaluation of the subfactor, including the use of oral presentations, demonstrations, etc. Include any threshold (the acceptable limits to the parameter values that, in the user's judgment, still provide the needed capability) and objective (what the user desires and expects) values.

Mission Capability subfactors establish the level an offeror’s proposal must meet in order to be judged acceptable and form the uniform baseline against which each offeror’s proposal is compared. Included in the subfactor are the minimum performance or capability requirements against which the offer will be judged. State specifically what capability is to be evaluated; for the measure of merit, be clear and as specific as possible in what the offeror must demonstrate in their proposal. Include only those specific program characteristics significant enough to impact the selection decision.

**2.4.3.2.4 Focus on Performance-Based Desired Outcome (Sub-paragraph not in Template)**

Mission Capability subfactors should focus on the performance-based desired outcome of the source selection and ensuing contract performance, and not the approach to be used by the offeror to complete the contract. Subfactors should focus only on those areas of performance that meet three tests:

* The subfactor can be defined in terms of expected or promised contract performance outcome captured in the resultant contract.
* Significant differences in proposals are anticipated.
* Anticipated differences in performance are of sufficient value or mitigate significant risks that the customer is willing to pay more for the additional performance.

**2.4.3.2.5 Establish Objective Requirements (Sub-paragraph not in Template)**

When possible, objective requirements (desirable, measurable capabilities or characteristics) above the minimum threshold requirements can be established to create trade space for the best value assessment. Mission Capability subfactors should be written to include the minimum performance or capability requirements against which they will be evaluated. If "credit" will be given for performance above the threshold requirement, you must so state. Further, if more credit will be given for performance above the objective, you must so state.

NOTE: Although the use of thresholds and objectives is possible, THERE ARE NO SEPARATE, UNDISCLOSED, EVALUATION STANDARDS. In the past, separate evaluation standards were written for the Source Selection Evaluation Team to use in evaluating the subfactors. Now, these 'standards' must be included within the evaluation subfactors.

## 2.4.3.2.6 Tradeoffs

The following sub-paragraphs relate to tradeoffs in general and do not correspond to a particular sub-paragraph in the template.

* State How Tradeoffs Will Be Evaluated

In addition to clearly stating the factors/subfactors that will be used to evaluate offers and the relative importance of these criteria, it is mandatory to state in Section M of the solicitation how the tradeoffs will be evaluated. This will allow potential offerors to better gauge where to concentrate their efforts (and dollars) in their proposal preparation. It will also allow the Government to select from among high quality proposals to achieve a best value decision and award the contract(s) that will successfully meet user requirements in an affordable manner.

* Thresholds, Objectives, and Extras

If provided for in the Evaluation Factors section of the solicitation, proposals exceeding threshold/objective requirements in a manner that offers tangible benefit to the Government may receive higher ratings. Tradeoffs can include the evaluation of stated objectives (desires or extras) as well as other items not specifically identified as thresholds (minimums) or objectives. The user must decide whether or not exceeding objectives has value, and the Government team must decide and state how they will evaluate performance in excess of objectives. Likewise, it is important to state if extras that are not on the objective list will or will not receive credit in the evaluation.

* Prioritize Objectives

Objectives can be prioritized or grouped to show those that will receive more favorable consideration than others or that may be considered with equal favor.

* Be Clear

The more clearly the Government identifies tradeoffs, taking into account the proposed technical and business approaches and affordability, the better able the SSA will be to use sound business judgment in performing the integrated assessment necessary to achieve a best value decision.

* One Approach (an example)

One approach regarding tradeoffs is to provide narrative in Section M which discusses the parameters for tradeoff and the “bottom-line” regarding those parameters; that is, how far the Government will go in its consideration of tradeoffs before reaching a limit beyond which it will not be willing to tradeoff. One example of this is to identify two factors, (say a Mission Capability subfactor and Price) and discuss their importance relative to each other, or, if approximately equal, the upper and lower limits of how much the Government is willing to trade one for the other.

## 2.4.3.3 Distinction between Mission Capability Risk and Performance Confidence

It may be helpful to distinguish between Mission Capability Risk and Performance Confidence. In assessing Mission Capability Risk, we focus on the risks (as they impact schedule, cost and/or performance) associated with an offeror's proposed approach to meeting our performance or capability requirements. Performance Confidence, on the other hand, is an assessment of the likelihood of successful performance (the ability of the offeror to supply products and services that meet our needs), based upon the offeror's history of actual accomplishment on similar efforts. Both ratings contribute to our integrated assessment of how effectively and efficiently an offeror might be expected to meet our mission requirements.

## 2.4.3.4 Past Performance Factor and Performance Confidence Assessment

Past Performance is a mandatory evaluation factor in all Air Force source selections above the thresholds established in [FAR 15.304(c)(3)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) and Director of Defense Procurement Class Deviation 99-O0002 dated January 29, 1999. Normally the Past Performance Factor should be a significant evaluation factor. Teams should assign an appropriate level of importance to the Past Performance Factor based on the circumstances and risk assessment results for their acquisition. Consider the importance of past performance during acquisition strategy development. Its importance should be addressed as an individual topic during the Acquisition Strategy Panel (ASP). Air Force source selection teams may assign any appropriate level of importance to past performance as the team and ASP deem essential. Teams no longer have to make the past performance factor at least as important as the most important non-cost factor. The Past Performance Factor shall receive one of the Performance Confidence Assessments identified in the [AFFARS MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.2.2, Table 3 and provision M002 of the template.

The Past Performance evaluation is a structured treatment of present and past performance. It is a confidence measure that assesses the offeror's present and past work record in order to assess the offeror's probability of successfully performing the proposed effort.

* PCAG (Sub-paragraph not in Template)

Performance Confidence is assessed by the Performance Confidence Assessment Group (PCAG), which is chaired by an experienced, senior level individual and consists solely of Government personnel. The PCAG’s evaluation and confidence assessment decisions will generally focus on how well the offeror is expected to perform the proposed effort in terms of the Mission Capability subfactors and cost. The PCAG’s integrated Performance Confidence Assessment is a single rating at the factor level. It is the PCAG's responsibility to analyze the data collected, determine its relevancy, and to perform an independent past performance evaluation. For information on how to establish a PCAG, how it operates, the forms that are used, and how the evaluation is made and reported, see [IG5315.305(a)(2)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/IG5315.305(a)(2).docx), Past Performance Evaluation Guide. Contractor Performance Assessment Reports (CPARs) are available to the Government evaluation team. Dialogue with the U.S. Navy, U.S. Army, U.S. Marine Corps, or other Government agencies may be necessary through the use of personal contact to the appropriate program manager, contracting officer, or Administrative Contracting Officer (ACO) listed in the Past Performance Volume. Submission of past performance information may be requested (or required) as early as 15 days after issuance of solicitation.

In assessing Performance Confidence, the PCAG must perform an independent determination of the relevancy of the past performance information obtained. PCAG may decide to spell out specific relevance criteria, describing the magnitude and complexity, which would have to be met to reach each level of relevance. In considering how relevant an offeror's present or recent past performance history is to the instant acquisition, the PCAG may assign relevance ratings or categories, such as the following *(tailor to fit the circumstances of your acquisition)*:

* VERY RELEVANT: Past/present performance programs involved ***essentially*** the same magnitude of effort and complexities this solicitation requires.

1. RELEVANT: Past/present performance programs involved ***much*** of the magnitude of effort and complexities this solicitation requires.
2. SOMEWHAT-RELEVANT: Past/present performance programs involved ***some*** of the magnitude of effort and complexities this solicitation requires.
3. NOT RELEVANT: Past/present performance programs did not involve any magnitude of effort and complexities this solicitation requires.

In addition to the above example definitions for relevancy, PCAG may also identify other specific definitions that identify more pertinent aspects of the acquisition that will be used to determine relevancy. (See [IG5315.305(a)(2)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/IG5315.305(a)(2).docx), Past Performance Evaluation Guide (PPEG) for example definitions of relevancy.)

The PCAG may consider the relevancy of an offeror's performance in aggregate in addition to on an effort-by-effort basis. For example, an offeror's work on three recent past efforts may represent only "Somewhat-Relevant" effort. However, if all three efforts are/were performed concurrently (in part or in whole) and are assessed in aggregate, the work may more accurately reflect a "Very Relevant" effort. This approach may be applicable on large, combined services acquisitions where no single prior contract includes all functional areas being acquired.

If relevance ratings or categories and/or aggregate considerations of relevancy are contemplated, ensure the Evaluation Factors provision in Section M reflects the planned approach.

## 2.4.3.5 Cost or Price Factor

Cost or price to the Government will be evaluated in all source selections. [AFFARS MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraphs 5.5.3 and 5.5.4, and provision M002 of the template provide guidance in determining what cost to the Government will be the most useful measure of evaluated price in a given situation. These sources will also help you to describe how you intend to evaluate the Cost/Price factor.

* Purposes of Cost/Price Evaluation (Sub-paragraph not in Template)

Cost/price is evaluated for two purposes:

* The Cost/Price factor is evaluated to assess the reasonableness of the proposed price.
* For cost type contracts (and some fixed price incentive, or in exceptional cases, fixed price type contracts -- see [FAR 15.404-1(d)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) and [AFFARS 5315.402(a)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm)), proposal costs/prices are evaluated for realism to determine whether the proposed costs are realistic for the work, reflect a clear understanding of solicitation requirements, and are consistent with the offeror’s unique methods of performance in the technical proposal. For incentive fee contracts that include a target price and ceiling price, be specific on which number will be used to determine affordability. Also consider affordability constraints by fiscal year when using 3400 funding.

The way the Cost/Price factor is evaluated depends on contract type.

* How Cost/Price is Evaluated (Sub-paragraph not in Template)

The Cost/Price evaluation usually begins with an explanation of how cost/price to the Government will be evaluated. Examples:

* cost/price of the basic effort only
* basic plus all options
* down select portions priced as Not-to-Exceeds
* most probable cost
* most probable life cycle cost

Evaluation of Cost/Price will be based on a defined quantity (such as a "Best Estimated Quantity" if variable quantities are involved).

* Cost/Price Evaluation - Cost Type Contracts and Fixed Price Incentive Contracts (Sub-paragraph not in Template)

The proposed price is usually an offeror's best estimate of what the costs are anticipated to be. What the Government will actually pay by the end of such a contract will be based on actual costs during performance, and these can vary substantially from the original estimated cost. Therefore, in source selection, you need to make your best estimate of what you expect an offer to actually cost based on the requirement and the approach. If you disagree with the offeror's assessment of what the anticipated cost of performance will be, then you must consider this difference during your evaluation for cost type contracts, and may consider it for fixed price incentive contracts. You do this by computing the Government's estimate of Most Probable Cost (MPC). MPC computation is discussed below. This MPC is then presented as part of the briefing to the SSA, fully documented, and used as the evaluated cost/price during source selection.

* Assessment of Realism (Sub-paragraph not in Template)

For cost type contracts (and some fixed price incentive, or in exceptional cases, fixed price type), realism is assessed to ensure the offeror understands the magnitude and complexity of the effort. When it is appropriate to assess realism for fixed-price type contracts (see [FAR 15.404-1(d)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm)), you perform a cost/price realism analysis (CPRA) to determine technical, cost, and/or schedule risks, but you do not adjust the proposed price. When you assess realism for cost contract types and fixed price incentive when used, you use the results of the CPRA not only as a risk assessment tool but also to generate the MPC that will be used in the integrated assessment (the Cost/Price factor) for selecting the proposal for award. Where cost models are used by the Government to arrive at the MPC, the offeror should have access to such models (except for proprietary information related to ownership and data rights of the model originator, if applicable) to ensure understanding of the tools that will be used to assess the realism of the proposed costs. Offeror cost models used to support proposed costs should be made available to the Government evaluators as part of the cost/pricing information submitted by the offeror. The Government’s evaluation must include quantification of uncertainty analysis for ACAT I programs. It is recommended for programs smaller than ACAT I. Detailed methodologies for the uncertainty analysis can be found in the Air Force Handbook of Cost Uncertainty and Risk Analysis. This handbook is available from the Air Force Cost Analysis Agency (AFCAA).

* Most Probable Cost[[2]](#footnote-2) (MPC) (Sub-paragraph not in Template)

Proposed costs (and, in certain circumstances, prices) are evaluated for realism to identify proposals which are significantly over or under priced compared to the Government's estimate of the true probable costs of performance based on the proposed technical approach. The Government is trying to preclude awarding to an offeror proposing an unrealistically low cost which cannot be substantiated as credible. This situation is particularly undesirable in flexibly priced contracting, (i.e., cost reimbursement) where there is a great potential for cost overruns. For cost type contracts, the Government uses its estimate of the probable cost of an offer as the evaluated cost. Buy-ins are also a concern in fixed-price type contracts, but these proposals must be evaluated (under the Cost/Price area) at the proposed contract prices since they reflect the price the Government will pay. Cost/price realism may still be assessed for FPI and, in exceptional cases, other fixed-price contracts in order to determine whether the offeror understands the complexity and scope of requirements. Significant differences between the MPC and offered price may be considered in the Cost/Price Risk rating (see paragraph 2.4.3.6 below). However, the Government may not adjust the offered price under the Cost/Price factor in source selections for fixed-price contracts. Nevertheless, the SSA should be made aware of the magnitude of the difference between the MPC and the offered price. The results of the analysis may be used in risk rating assessments of the appropriate Mission Capability subfactor.

* Computing the MPC (Sub-paragraph not in Template)

The Government prepares a MPC by quantifying technical proposal risks into dollars and adding or subtracting these amounts to/from the proposed costs/prices and by factoring in additions or deletions based on an audit or other assessments. Estimated profit or fee is included in computing the MPC. For CR or FPI contracts, this final number (MPC) (up to the ceiling price for FPI) is used as the evaluated cost/price of the offer for source selection purposes. For FFP contracts (and FPI at ceiling price) however, the Government must use the offered price in evaluating the Cost/Price factor. Any significant departure from the MPC may be reflected in the Cost/Price Risk rating when used, or may be used, in risk rating assessments of the appropriate Mission Capability subfactor. See [FAR 15.404-1(d)(3)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) for use of cost realism analysis on competitive FPI contracts and other competitive fixed-price type contracts. Section M of the solicitation must clearly state what will be included in the Government’s MPC calculation (e.g., CLIN prices, option prices, other Government costs, GFP adjustments, performance incentives or award fees, adjustments for risk, etc.).

**2.4.3.6 Cost/Price Risk Factor**

This evaluation factor shall be used for ACAT, SDD phase programs that use a CR or FPI type contract structure where MPC will be utilized in the Cost/Price Factor. The purpose of this risk rating is to provide information to the SSA that permits selection of an offeror who has proposed a rational and realistic cost or price for the work to be accomplished. The Air Force is deeply concerned by the risk to our programs associated with overly optimistic or unrealistic cost or price proposals. The Cost/Price Risk evaluation assesses the degree to which an offeror’s cost or price proposal for the specified contract line items included in the intended contract, and associated options if evaluated, compares with the estimated Government MPC for the same items. Cost/Price Risk, when used, shall be a significant evaluation factor. An offeror submitting costs or prices based upon unrealistic or overly optimistic development outcomes may result in that offeror not being selected for award. In select cases, non-ACAT, SDD programs that use a CR or FPI contract type where a Government most probable cost/price evaluation will be estimated, may include the cost/price risk factor in their solicitation only with the expressed approval of the SSA. The Cost/Price Risk Factor shall receive one of the Cost/Price Risk ratings identified in [AFFARS MP5315.305](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.4, Table 4 “Cost/Price Risk Ratings”.

3.0 Section M Guide - Risk Assessment and Mission Capability Subfactor Development

# 3.1 Risk Acknowledgement

## 3.1.1 Technical, Cost, Schedule Risk

Most programs, by their very nature, involve some degree of technical, cost, and/or schedule risk. Development and upgrade programs often require tasks to maximize reliability, minimize maintenance, reduce weight, advance the state-of-the-art, combine functions, simplify integration, standardize configuration, and to do them all in record time and at minimum cost. Software developments often include requirements for sizing, timing, coding, test, and documentation that lead to a potential for risk.

## 3.1.2 Addressing Risks

If addressing the risks in a program means that you must prolong the source selection while you readjust an inadequate budget, find additional financial and personnel resources, or renegotiate with the user, then this must be your course of action. Failure to do so may lead to unfunded cost overruns during program performance or eventual cancellation of the program. The bottom line is that prospective contractors and program managers must strive to uncover and address risks as early as possible, so that, together with the user, the Program Office[[3]](#footnote-3) can make an informed decision on whether the Government can afford a program, whether a program is worth the additional costs, and whether it is technically achievable.

# 3.2 Risk Identification and Assessment

## 3.2.1 Identifying Risks

The basic philosophy behind risk management is to identify those risks that pose the most serious threat to program success and focus management attention on them. In source selections, this means focusing on the critical risks in developing Mission Capability subfactors.

## 3.2.2 Assessment of Risks

Program managers should not rely solely on their own personal skills and experience and those of the program office team and staff experts to identify, quantify, and develop plans to manage risk. They should include the users and maintainers--the experts on the requirement. Industry should be included in the risk identification and assessment process, since they will frequently point out risks that might not occur to the Government experts. Industry can provide useful insight when assessing the relative criticality and manageability of the various risks. Potential offerors are often valuable contributors. Although it is not necessary to include them at the initial risk assessment meetings, it is important to include industry in the risk identification process at some point during RFP preparation. Offerors must also be challenged to identify risk areas and to propose abatement plans that lessen these risks to acceptable levels. Emphasis must be placed on the offerors' demonstrated ability to identify and manage cost, schedule, and technical risks.

## 3.2.3 Risk Analysis Tools

Tools for accomplishing risk analysis vary from informal brainstorming to fairly sophisticated automated methods. Some of the more formal methods use risk matrices in the initial assessment that are then updated throughout the life of the program. Some of the tools apply “Borda” mathematical techniques which are used for producing rank ordering of risks from highest to lowest, taking into consideration the two key aspects of risk – the probability of an undesirable outcome occurring or not occurring and the seriousness of the consequences (impact). Whichever method is selected should include some basic sequential steps. First and foremost is to understand our requirements and the relative importance of those requirements. Other steps include identifying salient program characteristics (e.g., current technology and candidate products), identifying risks (e.g., technical, political, schedule, financial, etc.), ranking these risks, establishing risk handling strategies for each identified risk, monitoring progress, and documenting results.

## 3.2.4 When Should Risk Analysis Take Place?

Risk management analysis does not have to take several days to accomplish. An analysis can be effectively performed in four to eight hours, provided requirements are somewhat nailed down. This analysis should be accomplished prior to the team selecting its acquisition approach and preferably before the requirements are finalized.

## 3.2.5 Rating Risk Impact and Probability

The team works to build consensus regarding those risks and should focus on the things that can go wrong on a program or that may present obstacles to success. Impact and probability are rated separately for each risk. Risk impact ratings are typically categorized as being critical, serious, moderate, minor, or negligible. Risk probability ratings are associated with a number from 1 percent to 100 percent probability of a risk occurring. Once identified and ranked, the more serious risk drivers should be carefully managed, while lesser ones can simply be monitored. Ranking must take into account both the seriousness of the impact of the event or condition as well as the probability of it happening. For example, a critical risk with a 50 percent chance of occurrence is most likely a lower priority than a serious risk with a 100 percent probability of occurrence.

## 3.2.6 From Risk Assessment to Evaluation Factors

Whichever method is used, the important things are that risks are identified, assessed, and ranked according to their impact to the program (considering both probability and consequences) and that the Mission Capability subfactors you develop provide for an evaluation which considers the most critical risks. After all, these Mission Capability subfactors will also receive a Risk rating and be the focus of your Performance Confidence Assessment. Contact your ACE or Contract Policy/Clearance office for advice and support.

# 3.3 Developing the Mission Capability Subfactors

## 3.3.1 List Key program objectives

Ask members to jot down what they believe are the key points or features of your program--your key program objectives. Refer to the SOO/PWS/SOW, performance requirements, Acquisition Strategy Panel (ASP) charts, Program Management Directive (PMD), Systems Requirements Document (SRD) or other technical specifications, or other documents when reflecting on this. Discuss each other's points and agree on the key features.

## 3.3.2. List Discriminators

From your list of key program objectives, critical risks, key performance parameters (KPP), or key systems attributes (KSA) ask the team to list the real discriminators for your program. Discriminators are those aspects of a proposal that will distinguish the capabilities of one offeror from another.

## 3.3.3 Draft Subfactors

From the list of discriminators, draft subfactors that communicate the requirement, the level an offeror's proposal must meet in order to be judged acceptable, and the measures of merit that will be used to determine how the proposal will be evaluated and assigned a rating. Include any threshold and objective performance requirements. For instances where clear objective requirements are not available, the measure of merit should address not only the level to be met in order to determine a proposal acceptable but also what the offeror must propose in order to exceed a requirement. If your RFP includes optional KPPs, explain how exceeding these optional KPPs will be evaluated.

4.0 Section M Guide - How Solicitation Documents Interrelate

# 4.1 What Are the Key Solicitation Documents to Which Section M Must Track?

## 4.1.1 Performance Requirements and Objectives Documents

Key requirements and objectives documents (e.g., SOO, PWS/SOW, performance specifications, and Contract Data Requirements Lists (CDRL)) tell what the mission requirements are.

## 4.1.2 The Instructions to Offerors (ITO)

The ITO portion of the solicitation, Section L, tells offerors how to structure their proposals and what must be included.

# 4.2 Why Do Solicitation Documents Need to Track?

## 4.2.1 Examples of Problems

Close tracking among solicitation documents is vitally important to the success of any source selection. One inconsistent or unclear document can leave the Government susceptible to delays or protests. Here are examples of how inconsistent documents can lead to problems:

**4.2.1.1 Incomplete Subfactor**

The program office establishes subfactors under the Mission Capability factor in Section M but neglects to include in a subfactor the level an offeror's proposal must meet in order to be judged acceptable on the subfactor or the applicable threshold and objective performance requirements. The evaluation team is unable to perform its function for that subfactor because the evaluation factors can not be changed once the proposal evaluation has begun without amending the solicitation and allowing offerors to revise their proposals.

**4.2.1.2 Inconsistency Between Evaluation Factors and Requirements Documents**

The requirements documents failed to task the contractor to perform the work described in Section M by a Mission Capability subfactor. This leads to confusion on the part of the offerors, an inability to satisfy the missing requirement, and an inability to propose adequately for that subfactor.

**4.2.1.3 Inconsistency Between Sections L and M**

Section L does not instruct offerors to provide information necessary to conduct proposal evaluations of one or more of the factors or subfactors described in Section M. This leads to delay and additional clarifications during discussions.

## 4.2.2 Prepare, Correlate, Check and Recheck!

It is so important to check and recheck documents against one another, to prepare documents at the right time and in the right sequence, and to plan enough time to allow the quality of these documents to be built in up-front. Absence of performing these actions causes difficulties during source selection or post-award. You can use the solicitation Cross-Reference Matrix as a solicitation correlation tool. The Government team must develop the cross reference matrix and is responsible for filling in the columns covering Government requirements. The Government team must fill in information for SRD, SOO, PWS, CDRL, Section M, and Section L. The offeror is only responsible for filling in portions relating to their proposal.

# 

# 4.3 How Must the Documents Track to One Another?

## 4.3.1 Prerequisites to Section M (as well as Section L)

**4.3.1.1 SOO, Performance Specification, SRD, SOW, PWS, CDRL**

When reviewing the SOO, performance specification, SRD, SOW, PWS and CDRL, the program office team should decide what’s important, which requirements can be exceeded, or what is risky (from requirements and risk analysis); determine the evaluation factors and subfactors required to discriminate between offerors regarding the important or risky parts of the program or effort, and then formulate Section M subfactors for them. Each subfactor under the Mission Capability factor should include the minimum performance or capability requirements the offeror must meet to be deemed acceptable, thresholds and objective values where appropriate, and what they must offer to exceed a requirement where objectives are not available. Please note that this evaluation covers the offeror’s compliance with requirements stated in the SOO, performance specification, SRD, SOW, PWS, CDRL, or other requirements document, and does not simply evaluate the offeror’s compliance with informational instructions in Section L of the solicitation. The subfactor should be worded so that an offeror's mere inclusion of a topic in its proposal will not result in a determination that the proposal is acceptable with regard to that subfactor. Instead, the subfactor should be written to expect a proposal discussion that offers a sound approach, describes a system/design which will meet the solicitation’s requirements and meets the schedule (specified in the solicitation or proposed in the offer).

## 4.3.2 Sections L and M MUST Track to One Another

Section L is then written to include proposal instructions, ensuring that the information necessary to evaluate the factors and subfactors is requested, and information that will not be evaluated is not requested. There should be an interactive flow and feedback among documents, such that changes/improvements to one will impact the others. Figure 3-1 illustrates how these documents track to one another.

## 4.3.3 Electronic Solicitation

Posting the draft and the final solicitations electronically (including all sections, required CDRL forms, price forms, representations and certifications, etc.) on FedBizOpps facilitates the responsiveness and compliance of interested offerors.

**4.3.4 Tracking Example**

### Tracking Example

5.0 Section M Guide - Do’s and Don’ts for Writing Section M

# 5.1 Do's

**5.1.1 Streamline, Streamline, Streamline!**

The more subfactors involved and the more requirements you squeeze into a subfactor, the more complex and lengthy the evaluation process becomes. Proposals are also more detailed. Evaluation forms must be completed for each subfactor for each proposal submitted. The paperwork can become staggering if too many subfactors are selected or if they include too much. Stick to the key discriminators!

**5.1.2 Use your Acquisition Center of Excellence or Contract Policy/Clearance Office**

Contact your Acquisition Center of Excellence (ACE) or Contract Policy/Clearance office for assistance. If possible, set up a joint kick-off meeting. This should always be the first step the program office takes before beginning work on Section M. The ACE/Contract Policy/Clearance office will provide the team a risk tool that will help identify the riskiest aspects of the effort. These aspects should be considered for evaluation factors.

**5.1.3 Build Mission Capability Subfactors from Key Discriminators**

Build the Mission Capability subfactors, keeping potential discriminators in mind. The SSA needs some basis upon which to make a decision. By using only key discriminators which distinguish one offeror's strengths, deficiencies, and weaknesses from another's, the decision-making process is enhanced.

**5.1.4 Write Clear, Concise, and Distinct Subfactors**

Write clear, concise, distinct subfactors.Give a general description of what the Government will evaluate under each subfactor. Avoid overlapping among subfactors, since this could lead to double counting (or the perception of double counting) of a single strength, deficiency, or weakness. This clarity is important to offerors, since they rely on Section M in order to make their tradeoffs when preparing proposals.

**5.1.5 Keep Consistency Amongst Writers**

Keep consistency among solicitation document writers. No one understands the system requirements better than the people who write the solicitation. By requiring the same individuals to draft Section M and the evaluation subfactors, as well as the Specification and SOO, you essentially are "building in" consistency. Regular meetings must be scheduled among solicitation team members to review and discuss drafts. A "document manager" should be tasked to manage the interface among documents.

**5.1.6 Use a Cross-Reference Matrix**

Use a cross-reference matrix to eliminate inconsistencies.By using a cross-reference matrix, the program office is able to pinpoint where omissions or inconsistencies have occurred. In addition, the matrix is a tool the offerors use to help ensure they have responded to all the evaluation criteria and proposal submittal requirements identified in the RFP. The Government team must develop the cross reference matrix and is responsible for filling in the columns covering Government requirements. The Government team must fill in information for SRD, SOO, PWS, CDRL, Section M, and Section L. The offeror is only responsible for filling in portions relating to their proposal.

**5.1.7 Communicate with Industry**

Communicate openly, early, and often with industry before the solicitation is released. This will enable you to obtain feedback on what industry understands the effort to be. A nightmare scenario is to receive several offers, each of which appears to propose on an effort that is different from the others. This could result in a long, complicated source selection that opens the Government to the potential for protest. The program office must be careful that all firms receive the same information and that communication is open and fair to all. Development of a sound requirements package often requires detailed market research and communications with industry. During this period, acquisition and requirements professionals must interact with industry in ways that ensure all interested parties are treated in an even-handed manner. It is crucial that potential offerors are treated in a manner that prevents them from gaining an unfair competitive advantage. For ACAT programs entering SDD that utilize a CR or FPI contract type, ensure that detailed exchanges or deliberations between the Government and potential offerors occur during the solicitation development phase regarding program cost estimates and the methods of estimating such costs. Available in the [AFFARS Library](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/AFFARS_library.aspx) are memos from SAF/AQ and USD/(AT&L)/DPAP which emphasize the importance of communications before and during source selections.

**5.1.8 Solicit Feedback Early**

Section M will be reviewed as a part of the coordination of the source selection plan (it is included as an attachment) and as a part of your overall solicitation review, and for applicable programs, as part of the Multi-functional Independent Review Team (MIRT) (see [AFFARS 5301.9001](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5301.htm)). Do not wait until the formal review to get feedback on your Section M. Solicit inputs as early as possible from staff experts and program office personnel. Take the first draft and disseminate it widely within the program office. Ask the ACE/Source Selection Officer/Contract Policy/Clearance office and your legal and technical specialists to review it.

**5.1.9 Use FedBizOpps**

Upload a working draft of Sections L and M onto FedBizOpps. Invite interested offerors to review the document and provide comments. Industry often provides insightful comments on draft Sections L and M.

**5.1.10 Draft Sections L and M Concurrently**

Draft your Section L Instructions to Offerors (ITO) concurrently with your Section M factors and subfactors. As you are drafting Section M, you will also want to prepare the portion of the solicitation (i.e., Section L) that provides the information to prospective offerors on how to structure and what to include in their proposals. This will ensure that you are actually asking the offeror to provide the information you plan to evaluate. If written separately, write Section M first since Section L is based on what is contained in Section M.

# 5.2 Don’ts

**5.2.1 Don't Mention It Unless You Plan To Evaluate It!**

Don't mention something unless you have a good reason for evaluating it. To illustrate this point, let's examine the sample below:

"Subfactor: Software Engineering - The offeror's structured software development approach will be evaluated relative to the following: software architecture; lines of code estimates for software proposed to be developed, modified and non-developmental software, and productivity; and software portability."

Each specific listed feature should be important for the source selection decision. For example, if software portability is a requirement but is really not expected to be a qualitative discriminator among the proposals received, leave it out. Ask yourself how you will use the information to enhance the comparative evaluation of the acceptable proposals; and if you cannot think of a good answer, omit it. Any proposal that will be considered for award must first satisfy the minimum requirements of the solicitation. The "Basis for Award" language in Section M already covers the fact that an offeror must meet all of the Government's requirements.

**5.2.2 Don't Copy!**

Don't copy someone else's Section M. Use this template to help you structure your Section M, and make sure it focuses on the key discriminators you have identified for your program. It describes how you will evaluate proposals against your subfactors and conduct your integrated assessment. What was critical to one award decision may be meaningless to another.

6.0 Section M Guide - The Source Selection Authority’s (SSA’s) Integrated Assessment and Best Value Decision

# 6.1 Section M’s Role in the SSA’s Best Value Decision-Making Process

Remember, Section M forms the basis for evaluating offeror proposals. This evaluation generates the information that the SSA is required to use when determining which offeror’s proposal represents the best value to the Government for your acquisition. [FAR Part 2](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/02.htm) defines "best value" as "the expected outcome of an acquisition that, in the Government's estimation, provides the greatest overall benefit in response to the requirement." The SSA is constrained to the requirements of the solicitation, the factors and subfactors, and processes contained in Section M when making this decision. For this reason, it is absolutely essential that your Section M contain the appropriate subfactors, their relative order of importance, and any known tradeoff considerations. Doing this ensures, to the best of your ability, the success of your acquisition because the SSA will have the right information to select the most advantageous offer. [FAR 15.302](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) -- Source Selection Objective, states: "The objective of source selection is to select the proposal that represents the best value."

# 6.2 The SSA’s Integrated Assessment and Best Value Decision

The SSA is required to integrate the evaluation results and apply sound business judgment to determine which offer represents the best value. The SSA must consider all aspects of the evaluation (Mission Capability, Performance Confidence, Cost/Price Risk if applicable, and Cost/Price). It is during this process that the SSA compares each offeror’s proposal merits, as determined by the source selection evaluation team, against one another and identifies relative differences among the offerors. It is the relative differences, and SSA’s integration and valuation of these relative differences, that forms the basis for determining which offer represents the best value. Again, the SSA’s integrated assessment and award decision must be consistent with Section M of the solicitation.

# 6.3 Documenting the Integrated Assessment and Resulting Award Decision

The SSA is responsible for making the award decision and then documenting this decision. For source selections over $100 million (or as required by the SSA), the integrated assessment and detailed results are captured in the Proposal Analysis Report (PAR) and treated as internal deliberative process/decision-making, source selection sensitive documentation and, therefore, not releasable under the Freedom of Information Act (FOIA) unless properly redacted. Other source selections capture this analysis in Section III of the Simplified Source Selection Report (SSSR) and should protect that analysis accordingly. However, in all cases, the SSA is required to summarize the best value decision in a Source Selection Decision Document (SSDD). The SSDD is completely releasable or releasable after the redaction of classified information or an offeror’s confidential, proprietary data. Note that the FOIA’s exemption for internal memoranda cannot be used to protect from release any sensitive internal information included in the SSDD, so care must be exercised in drafting this decision document. The SSDD should convey to the reader the SSA’s best value decision and the major items of interest that drove that decision. A well written SSDD helps everyone understand how the SSA, in accordance with Section M, arrived at the source selection decision and can help to avoid potential protests.

7.0 Section M Guide - References and Approvals

# 7.1 References

**7.1.1 FAR 15.3**

As a minimum, [FAR 15.3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) requires that cost, past performance, and quality be evaluated in every source selection. Subject to certain limitations, the extent of participation of small disadvantaged business concerns in performance of the contract shall be evaluated in unrestricted acquisitions expected to exceed $500,000 ($1,000,000 for construction). Cost/Price is used to evaluate the cost to the Government if the particular proposal were selected for award. Past performance is an indicator of an offeror’s ability to perform the anticipated contract. Quality may be expressed in terms of technical excellence, management capability, personnel qualifications, prior experience, past performance, and/or schedule risk.

**7.1.2 AFFARS 5315.3 and MP5315.3**

[AFF](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm)[ARS 5](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm)[3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm)[15.3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm) contains the basic regulatory requirements for all Air Force source selections, while the [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP) describes how Air Force source selections using the full tradeoff process, are to accomplish those requirements. Both are available in the [Air Force Contracting Knowledge Center](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/default.aspx). Together, they provide much more specific guidance on the structure and process of Air Force full tradeoff source selections.

**7.1.3 AF Past Performance Evaluation Guide**

[IG5315.305(a)(2)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/IG5315.305(a)(2).docx), Past Performance Evaluation Guide, provides detailed, step-by-step activities for the PCAG or the contracting officer and technical representative(s) to use in support of a source selection.

**7.1.4 DoD Guide to Collection and Use of Past Performance Information**

[DoD Guide to Collection and Use of Pas](http://www.acq.osd.mil/dpap/Docs/PPI_Guide_2003_final.pdf)[t Performance Information](http://www.acq.osd.mil/dpap/Docs/PPI_Guide_2003_final.pdf) provides useful guidance on the use of past performance in source selection decisions, including a discussion on relevance.

# 7.2. Reviews and Approvals

## 7.2.1 SSET Review

When [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP) procedures apply, the Source Selection Evaluation Team (SSET) Chairperson and key advisors, or the Source Selection Advisory Council (SSAC) (if used) reviews the Section M evaluation factors as part of their review of the Source Selection Plan. Local procedures may require review by legal, ACE, contract policy, or others.

## 7.2.2 Business Clearance

Business Clearance is required prior to solicitation release in accordance with [AFFARS 5301.90](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5301.htm).

## 7.2.3 SSA Approval

The Source Selection Authority approves the Source Selection Plan (including the evaluation factors). In accordance with [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 4.3.4, the SSA shall approve the Source Selection Plan before release of solicitation.

8.0 TEMPLATE

SECTION M

Evaluation Factors for Award

Reminder: See Page M-3 for instructions on how to view the *hidden text* included throughout the template.

**IMPORTANT NOTE:** *The various contract preparation software applications used in the Air Force (ConWrite, ACPS, or SPS) produce contract instruments (including Section M) which differ somewhat in appearance. Although this Guide and Template was developed in Microsoft Word 2007, the organization of the template follows that of the ConWrite program. If you are using a contract preparation application, the software will organize and format your Section M (Subsections M-I and M-II in this template). The bulk of your effort will be in tailoring and completing provisions M001, Source Selection, and M002, Evaluation Factors. These two Administrative and One-Time Use Provisions in Full Text under Subsection M-II of this template tell your offerors how you plan to evaluate their offers and make a source selection. See Section M Guide (especially Sections 2.3 and 2.4) for details.*

M-I - Solicitation Provisions Incorporated by Reference

**NOTICE:** Pursuant to [FAR 52.252-1](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_246.htm), "SOLICITATION PROVISIONS INCORPORATED BY REFERENCE," the following provisions are incorporated herein by reference:

*(See your Acquisition Center of Excellence or Contract Policy/Clearance office for current guidance on required/recommended provisions.)*

**A. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) SOLICITATION PROVISIONS:**

|  |  |  |
| --- | --- | --- |
| PARAGRAPH | TITLE | DATE |
|  |  |  |
|  |  |  |
|  |  |  |

**B. DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (48 CFR CHAPTER 2) SOLICITATION PROVISIONS:**

|  |  |  |
| --- | --- | --- |
| PARAGRAPH | TITLE | DATE |
|  |  |  |
|  |  |  |
|  |  |  |

**C. AIR FORCE FEDERAL ACQUISITION REGULATION SUPPLEMENT SOLICITATION PROVISIONS:**

|  |  |  |
| --- | --- | --- |
| PARAGRAPH | TITLE | DATE |
|  |  |  |
|  |  |  |

**D.** *(Add MAJCOM, if applicable)*  **FEDERAL ACQUISITION REGULATION SUPPLEMENT SOLICITATION PROVISIONS:**

|  |  |  |
| --- | --- | --- |
| PARAGRAPH | TITLE | DATE |
|  |  |  |
|  |  |  |
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M-II – Solicitation Provisions in Full Text

**NOTICE:** The following provisions are hereby incorporated in full text:

*(See your Acquisition Center of Excellence or Contract Policy/Clearance office for current guidance on required/recommended provisions.)*

**A. FEDERAL ACQUISITION REGULATION (48 CFR CHAPTER 1) SOLICITATION PROVISIONS:**

*(add applicable provisions in full text)*

**B. DEPARTMENT OF DEFENSE FEDERAL ACQUISITION REGULATION SUPPLEMENT (48 CFR CHAPTER 2) SOLICITATION PROVISIONS:**

*(add applicable provisions in full text)*

**C. AIR FORCE FEDERAL ACQUISITION REGULATION SUPPLEMENT SOLICITATION PROVISIONS:**

*(add applicable provisions in full text)*

**D.** *(Add MAJCOM, if applicable)* **FEDERAL ACQUISITION REGULATION SUPPLEMENT SOLICITATION PROVISIONS:**

*(add applicable provisions in full text)*

**E. ADMINISTRATIVE AND ONE-TIME USE PROVISIONS:**

*(add applicable provisions in full text)*

*(Includes the key provision(s) telling the offerors how the overall source selection decision will be made.)*

*(If you need to add further description concerning "Evaluation Factors for Award" not covered in this template, see your Acquisition Center of Excellence or Contract Policy/Clearance office specialist for approved administrative provisions and/or assistance in drafting provisions to suit your specific situation.)*

*Clearly state in this part of Section M all factors and subfactors and their relative importance as well as the general approach for evaluating these factors and subfactors.*

# M001 SOURCE SELECTION

## a. Basis for Contract Award

This is a best value source selection conducted in accordance with [Federal Acquisition Regulation (FAR) 15.3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm), Source Selection, as supplemented by the Defense Federal Acquisition Regulation Supplement (DFARS), Air Force Federal Acquisition Regulation Supplement (AFFARS), *(Add MAJCOM Federal Acquisition Regulation Supplement, if applicable)* , when appropriate and the Air Force Source Selection Mandatory Procedures ([MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP)) dated January 2008. These regulations are available electronically at the Air Force FARSite, http://farsite.hill.af.mil. The Government will select the best overall offer, based upon an integrated assessment of Mission Capability, Cost/Price Risk, *(include only when appropriate)* Past Performance, and Cost/Price. Contract(s) may be awarded to the offeror who is deemed responsible in accordance with the FAR, as supplemented, whose proposal conforms to the solicitation’s requirements (to include all stated terms, conditions, representations, certifications, and all other information required by Section L of this solicitation) and is judged, based on the evaluation factors and subfactors to represent the best value to the Government. The Government seeks to award to the offeror who gives the Air Force the greatest confidence that it will best meet, or exceed, the requirements. This may result in an award to a higher rated, higher priced offeror, where the decision is consistent with the evaluation factors, and the Source Selection Authority (SSA) reasonably determines that the technical superiority and/or overall business approach and/or superior past performance of the higher price offeror outweighs the cost difference. The SSA will base the source selection decision on an integrated assessment of proposals against all source selection criteria in the solicitation(described below). While the Government source selection evaluation team and the SSA will strive for maximum objectivity, the source selection process, by its nature, is subjective; and therefore, professional judgment is implicit throughout the entire process.

## b. Number of Contracts to be Awarded

*(If, after conducting a rigorous acquisition strategy with the program office & industry, there still may be a concern with executing an award, you may want to consider adding this statement at the end of the sentence: “…however, the Government reserves the right to make no award at all.” Use this additional statement “sparingly”.)*

The Government intends to award up to \_\_\_ *(insert number)* contract(s) for the \_\_\_\_\_\_\_\_\_ *(insert program name)* Program.

## c. Rejection of Unrealistic Offers

The Government may reject any proposal that is evaluated to be unrealistic in terms of program commitments, contract terms and conditions, or unrealistically high or low in cost when compared to Government estimates, such that the proposal is deemed to reflect an inherent lack of competence or failure to comprehend the complexity and risks of the program.

## d. Correction Potential of Proposals

The Government will consider, throughout the evaluation, the "correction potential" of any deficiency or uncertainty. The judgment of such "correction potential" is within the sole discretion of the Government. If an aspect of an offeror's proposal does not meet the Government's requirements and is not considered correctable, the offeror may be eliminated from the competitive range.

## e. Competitive Advantage from Use of GFP.

*(If applicable, include this paragraph and explain what method or process the Government will use to evaluate GFP value and eliminate any competitive advantage.* [*FAR 45.2*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/45.htm) *covers several different methods to evaluate the impact of GFP.)*

The Government will eliminate any competitive advantage resulting from an offeror's proposed use of Government-furnished property (GFP).

# M002 EVALUATION FACTORS

*(List factors and subfactors and state their order of importance. Tailor the evaluation factors and subfactors and their order of importance to your acquisition. The important thing to do is specify order of importance down to the last level of indenture. The relative order of importance of the factors should also address whether Mission Capability, Cost/Price Risk, and Past Performance are individually more important than Cost/Price as well as how they relate to Cost/Price when combined, as required by* [*FAR 15.304(d) and (e)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm)*.)*

## a. Evaluation Factors and Subfactors

(1) The following evaluation factors and subfactors will be used to evaluate each proposal: Award will be made to the offeror proposing the combination most advantageous to the Government based upon an integrated assessment of the evaluation factors and subfactors described below. The evaluation factors are *(equal, or specify and list in descending order of importance)* in importance. Within the Mission Capability factor, the subfactors are listed in *(specify, e.g., descending or equal)* order of importance.

Factor 1: Mission Capability

Subfactor 1: System Performance

Subfactor 2: Systems Engineering

Subfactor 3: Supportability

Subfactor 4: Participation of Small and Small Disadvantaged Businesses,

Historically Black Colleges and Universities, and Minority Institutions

Factor 2: Cost/Price Risk (when appropriate)

Factor 3: Past Performance

Factor 4: Cost/Price

*(The subfactors listed above and in the next section, as well as the relative importance of the factors and subfactors, are for illustrative purposes only. For a slightly more complex example, see paragraph 2.4.3.1.1.)*

## (2) Relative Importance of Factors and Subfactors. The relative importance of each factor and subfactor is as follows: Mission Capability, Cost/Price Risk, Past Performance and Cost/Price are listed in descending order of importance with Factor 1 (Mission Capability) being most important, Factor 2 (Cost/Price Risk) of slightly less importance, Factor 3 (Past Performance) next in importance and Factor 4 (Cost/Price) is last in importance. *(Another option is to say that Mission Capability is more important than Past Performance, which is more important than Cost/Price, or that Past Performance is more important than Mission Capability which is more important than Cost/Price.)* Within the Mission Capability Factor, the subfactors are in descending order of importance *(tailor as necessary, e.g., equal order of importance, or some other combination)*.

## In accordance with [FAR 15.304(e)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm), all evaluation factors other than Cost/Price, when combined, are:

*(Choose only one)*

significantly more important than cost or price; however, Cost/Price will contribute substantially to the selection decision.

*or*

approximately equal to cost or price; however, Cost/Price will contribute substantially to the selection decision.

*or*

significantly less important than cost or price.

*(The following paragraphs (b. Mission Capability Factor) describe each of the evaluation factors. Tailor these to meet the requirements of your solicitation, including reordering the paragraphs to reflect the relative order of importance of the factors.)*

## b. Mission Capability Factor

The Mission Capability evaluation provides for two distinct but related assessments: the Mission Capability Technical Rating and the Mission Capability Risk Rating. These two ratings have equal impact for the rating of each Mission Capability subfactor.

(1) Mission Capability Technical Rating. The mission capability technical rating provides an assessment of the offeror’s capability to satisfy the Government’s requirements. Each Mission Capability subfactor will receive one of the color ratings described in [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.1.1, Table 1 – Mission Capability Ratings, excerpted below *(modify if the extent of participation of Small and Small Disadvantaged Businesses, Historically black Colleges and Universities, and Minority Institutions is a mission capability subfactor and will be evaluated on a pass/fail basis.)*

. They focus on the strengths, deficiencies, and uncertainties of the offeror's proposal. The color rating depicts how well the offeror’s proposal meets the Mission Capability subfactor requirements. Subfactor ratings shall not be rolled up into an overall color rating for the Mission Capability factor.

|  |  |  |
| --- | --- | --- |
| **TABLE 1 - MISSION CAPABILITY TECHNICAL RATINGS** | | |
| **Color** | **Rating** | **Description** |
| Blue | Exceptional | Exceeds specified minimum performance or capability requirements in a way beneficial to the Government. A proposal must have one or more strengths and no deficiencies to receive a blue. |
| Green | Acceptable | Meets specified minimum performance or capability requirements. A proposal must have no deficiencies to receive a green but may have one or more strengths. |
| Yellow | Marginal | There is doubt regarding whether an aspect of the proposal meets a specified minimum performance or capability requirement, but any such uncertainty is correctable. |
| Red | Unacceptable | Fails to meet specified minimum performance or capability requirements. The proposal has one or more deficiencies and is not awardable. |

*(Include the description of each Mission Capability subfactor and how it will be evaluated for the technical rating. The narrative description for each subfactor should include 1) a statement of what is being evaluated (e.g., This subfactor evaluates…); 2) a clearly stated measure of merit covering what is necessary to meet the requirement covered by the subfactor (e.g., This requirement is met when the offeror’s proposal addresses…); and 3) if applicable, the measure of merit should also state what is necessary to exceed the requirement covered by the subfactor (e.g., This requirement is exceeded when the offeror’s proposal demonstrates, substantiates, etc…). See paragraph 2.4.3.2 for detailed discussion of Mission Capability subfactors)*

Subfactor 1: System Performance

Subfactor 2: Systems Engineering

Subfactor 3: Supportability

Subfactor 4: Participation of Small and Small Disadvantaged Businesses, Historically Black Colleges and Universities, and Minority Institutions

*(This paragraph meets the requirements of* [*FAR 15.304(c)(4)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) *and* [*19.1202*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/19.htm)*)*

All proposals will be evaluated as to the extent of participation of Small Disadvantaged Business (SDB) firms. The targets submitted in accordance with [FAR 52.219-24](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm), and Section L paragraph \_\_\_\_\_\_ *(7.3.4.1 in the Section L Template)* will be incorporated into and become part of the contract.  The successful offeror will be required to provide reports on SDB subcontractor participation in accordance with [FAR 52.219-24](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm) in Section I of the contract.

*(This paragraph meets the requirement of DFARS 215.304 and* [*FAR 15.304(c)(5)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm)*)*

If the offeror is other than a small business, the offeror's Small Business Subcontracting Plan submitted in accordance with [FAR 52.219-9](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm), or Comprehensive Subcontracting Plan submitted in accordance with [DFARS 219.702](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/dfars219.htm#P237_9742), and Section L paragraph *(7.3.4.2 in the Section L Template)* shall also be evaluated to determine the extent to which the offeror identifies and commits to the participation of Small Businesses (SB), Historically Black Colleges and Universities (HBCU), and Minority Institutions (MI) whether as joint venture members, teaming arrangement, or subcontractor. Failure to submit such a plan will render the offeror ineligible for award.

*(If thresholds are established, but not objectives, and consideration will be given to performance in excess of the thresholds, add:)* In arriving at a best value decision, the Government reserves the right to give positive consideration, i.e., assign a strength, for performance in excess of threshold requirements.

*(If thresholds and objectives are established, add:)* In arriving at a best value decision, the Government reserves the right to give positive consideration, i.e., assign a strength, for performance in excess of threshold requirements, up to the objective requirements. No further positive consideration will be given for performance in excess of the objective requirements.

*OR*

*(If performance beyond objectives will be considered, add:)* In arriving at a best value decision, the Government reserves the right to give positive consideration, i.e., assign a strength, for performance in excess of threshold requirements, up to the objective requirements. The Government may give further positive consideration for performance in excess of the objective requirements.

*(In addition to one of the statements above for any subfactor for which tradeoffs may be considered, you must also describe how you will evaluate the tradeoff (e.g., what other factors or subfactors will be considered and their relative importance between the evaluation factors/subfactors. It is mandatory to state in the solicitation how the tradeoffs will be evaluated.)*

*(When a strength(s) is identified and a Green or Blue Mission Capability Technical Rating may be warranted, the Green or Blue rating is earned based upon the magnitude of the additional benefit(s) to the Government associated with the strength(s). The mere existence of a single strength does not necessarily merit a Blue rating, though a Blue rating may be warranted should that strength provide considerable benefit to the Government. Conversely, a number of strengths may not merit a Blue rating if the collective benefit is relatively minor.)*

*(In accordance with DFARS 215.304(c)(ii) and 10 U.S.C. 2436, consider including the following language as part of a subfactor in major defense acquisition programs, as defined in 10 U.S.C. 2430, when it is pertinent to the best value determination:)*

In arriving at a best value decision, the Government shall consider the purchase and use of capital assets (including machine tools) manufactured in the United States.

*(If there is a requirement to consider an offeror’s commitment to purchase U.S. manufactured capital assets in the SRD, SOO, or other program requirements document, it should be included as a part of another subfactor. If it is not a part of a subfactor, there will be no way to rate it for color or risk, since the color and risk ratings are at the subfactor level.)*

(2) Mission Capability Risk Rating. **The Mission Capability Risk** evaluation focuses on the weaknesses associated with an offeror's proposed approach and includes an assessment of the potential for disruption of schedule, increased cost, or degradation of performance, the need for increased Government oversight, and the likelihood of unsuccessful contract performance.

The Mission Capability subfactors will receive one of the Risk ratings described in [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.1.2, Table 2 – Mission Capability Risk Ratings, excerpted below. They focus on the risks, i.e., weaknesses and significant weaknesses, of the offeror’s proposed approach to each of the Mission Capability subfactors. For any weakness identified, the evaluation shall address the offeror's proposed mitigation and why that mitigation approach is or is not manageable.

|  |  |
| --- | --- |
| **TABLE 2 – MISSION CAPABILITY RISK RATINGS** | |
| **Rating** | **Description** |
| Low\* | Has little potential to cause disruption of schedule, increased cost or degradation of performance. Normal contractor effort and normal Government monitoring will likely be able to overcome any difficulties. |
| Moderate\* | Can potentially cause disruption of schedule, increased cost or degradation of performance. Special contractor emphasis and close Government monitoring will likely be able to overcome difficulties. |
| High\* | Likely to cause significant disruption of schedule, increased cost or degradation of performance. Extraordinary contractor emphasis and rigorous Government monitoring may be able to overcome difficulties. |
| Unacceptable | The existence of a significant weakness or combination of weaknesses that is very likely to cause unmitigated disruption of schedule, drastically increased cost or severely degraded performance. Proposals with an unacceptable rating are not awardable. |

\* A plus “+” rating may be used as an option when risk is evaluated to be in the upper boundaries of a Mission Capability Risk Rating, but is not high enough to merit the next inferior rating. For example, where in the judgment of the evaluator, an offeror has risk that approaches or is nearly rated as a Moderate risk, a Mission Capability Risk Rating of “Low+” may be assigned.

**c. Cost/Price Risk Factor**

*(This factor must include a list of contract line items. This evaluation factor shall be used for Acquisition Category (ACAT), System Development and Demonstration (SDD) phase programs that use a Cost-Reimbursement or Fixed-Priced Incentive type contract structure where Most Probable Cost (MPC) or Price will be utilized in the Cost/Price Factor. Cost/Price Risk, when used, shall be a significant evaluation factor. In select cases, non-ACAT SDD programs that use a CR or FPI contract type where a Government MPC or price evaluation will be estimated, may include the cost/price risk factor in their solicitation only with the expressed approval of the SSA.)*

The Government will evaluate cost/price risk using the Cost/Price Risk ratings defined at [MP5315.305](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.4, Table 4, excerpted below. The purpose of this risk rating is to provide information to the SSA that permits selection of an offeror who has proposed a rational and realistic cost or price for the work to be accomplished and to lessen the potential for cost growth due to overly optimistic or unrealistic cost or price proposals. The Cost/Price Risk evaluation assesses the degree to which an offeror’s cost or price proposal for the following contract line items and evaluated options, which will be included in the awarded contract, compares with the Government’s estimated Most Probable Cost (MPC) for the same items. An offeror submitting costs or prices based upon unrealistic or overly optimistic development outcomes may not be selected for award.

|  |  |
| --- | --- |
| **TABLE 4 – COST/PRICE RISK RATINGS** | |
| **Rating** | **Description** |
| Low | Little difference exists between the offeror’s proposed cost/price and the Government’s best estimate of the offeror’s most probable cost. Cost growth and/or other anomalies related to cost/price are unlikely to occur and any potential impact is manageable. |
| Moderate | Some difference exists between the offeror’s proposed cost/price and the Government’s best estimate of the offeror’s most probable cost. Cost growth and/or other anomalies related to cost/price may occur and the potential impact may require special attention. |
| High | Significant difference exists between the offeror’s proposed cost/price and the Government’s best estimate of the offeror’s most probable cost. Cost growth and/or other anomalies related to cost/price is likely to occur and the impact may be unmanageable. |

## d. Past Performance Factor

The Past Performance evaluation assesses the degree of confidence the Government has in an offeror’s ability to supply products and services that meet users’ needs based on a demonstrated record of performance, including cost and schedule.

(1) Ratings. The Past Performance factor will receive one of the performance confidence assessments described in [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.2.2, Table 3 – Performance Confidence Assessments, excerpted below. Performance confidence assessment ratings are assigned pursuant to M002d(3).

|  |  |
| --- | --- |
| **TABLE 3- PERFORMANCE CONFIDENCE ASSESSMENTS** | |
| **Rating** | **Description** |
| SUBSTANTIAL CONFIDENCE | Based on the offeror’s performance record, the Government has a high expectation that the offeror will successfully perform the required effort. |
| SATISFACTORY CONFIDENCE | Based on the offeror’s performance record, the Government has an expectation that the offeror will successfully perform the required effort. |
| LIMITED CONFIDENCE | Based on the offeror’s performance record, the Government has a low expectation that the offeror will successfully perform the required effort. |
| NO  CONFIDENCE | Based on the offeror’s performance record, the Government has no expectation that the offeror will be able to successfully perform the required effort. |
|  |  |
| UNKNOWN CONFIDENCE | No performance record is identifiable or the offeror’s performance record is so sparse that no confidence assessment rating can be reasonably assigned. [IG 5.5.2.2](#ig5532) |

(2) Evaluation Process. The Past Performance evaluation considers the offeror’s demonstrated record of performance in providing products and services that meet users’ needs. Performance confidence is assessed at the overall Past Performance factor level after evaluating aspects of the offeror’s recent past performance, focusing on performance that is relevant to the Mission Capability subfactors and Cost/Price factor *(generally, tailor as applicable)* taking into consideration their relative order of importance stated in M002a. *(Consider whether this next sentence is appropriate for your acquisition. See Guide Section 2.4.3.4 for additional guidance.)* The Government may consider past performance in the aggregate in addition to on an individual contract basis. In conducting the Past Performance evaluation, the Government reserves the right to use both the information provided in the offeror’s Past Performance proposal volume and information obtained from other sources, such as the Past Performance Information Retrieval System (PPIRS) or similar systems, Defense Contract Management Agency (DCMA), and commercial sources.

(i) Recency Assessment

An assessment of the past performance information will be made to determine if it is recent. To be recent, the effort must be ongoing or must have been performed during the past \_\_\_\_ *(insert appropriate number)* years from the date of issuance of this solicitation. Past performance information that fails this condition will not be evaluated.

(ii) Relevancy Assessment

The Government will conduct an in-depth evaluation of all recent performance information obtained to determine how closely the products provided/services performed under those contracts relate to the Mission Capability subfactors and Cost/Price factor, including their relative order of importance (reference M002a). For each recent past performance citation reviewed, the relevance of the work performed will generally be assessed for the Mission Capability subfactors and Cost/Price Factor (however, all aspects of performance that relate to this acquisition may be considered). Consideration will be given to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. *(insert appropriate criteria, such as product/service similarity, complexity, similar technology, diversity of tasks, type of effort [development, production, repair, etc.], contract scope and type, and performance period.)* A relevancy determination of the offeror’s past performance will be made based upon the aforementioned considerations, including joint venture partner(s) and major and critical subcontractor(s). In determining relevancy for individual contracts, consideration will be given to the effort, or portion of the effort, being proposed by the offeror, teaming partner, or subcontractor whose contract is being reviewed and evaluated. The past performance information forms (PIFs) and information obtained from other sources will be used to establish the degree of relevancy of past performance. The Government will use the following degrees of relevancy when assessing recent, relevant contracts:

*(NOTE: The criteria the PCAG uses to determine “relevancy” should be included in this part of Section M. For example, relevancy criteria might include the technologies, functions, domain expertise, software development and integration experience, contract/subcontract management, and scope of effort. These criteria should relate to the Mission Capability subfactors. For further discussion on relevancy definitions and criteria, see* [*IG5315.305(a)(2)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/IG5315.305(a)(2).docx)*, Past Performance Evaluation Guide(PPEG))*

|  |  |
| --- | --- |
| **Degree** | **Description** |
| HIGHLY RELEVANT (HR) | Past/present performance effort involved essentially the same magnitude of effort and complexities this solicitation requires. |
| RELEVANT (R) | Past/present performance effort involved much of the magnitude of effort and complexities this solicitation requires. |
| SOMEWHAT RELEVANT (SR) | Past/present performance effort involved some of the magnitude of effort and complexities this solicitation requires. |
| NOT RELEVANT (NR) | Past/present performance effort did not involve any of the magnitude of effort and complexities this solicitation requires. |

(iii) Performance Quality Assessment

The Government will consider the performance quality of recent, relevant efforts. For each recent past performance citation reviewed, the performance quality of the work performed will be assessed for the Mission Capability subfactors and Cost/Price Factor (however, all aspects of performance that relate to this acquisition may be considered. The quality assessment consists of an in-depth evaluation of the past performance questionnaire responses, PPIRS information, CPARS, interviews with Government customers and fee determining officials, and if applicable, commercial clients. It may include interviews with DCMA officials or other sources known to the Government. Pursuant to [FAR 15.305(a)(2)(v)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm), the assessment will consider the extent to which the offeror’s evaluated past performance demonstrates compliance with subcontracting plan goals for small disadvantaged business (SDB) concerns, monetary targets for SDB participation, and notifications submitted under [FAR 52.219-25](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm), Small Disadvantaged Business Participation Program—Disadvantaged Status and Reporting. *(For solicitations that include FAR 52.219-8, Utilization of Small Business Concerns and/or FAR 52.219-9, Small Business Subcontracting Plan, or that involve bundling with a significant opportunity for subcontracting, add the following:)* Pursuant to [DFARS 215.305(a)(2)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/dfars/dfars215.htm#P123_5649), the assessment will also consider the extent to which the offeror’s evaluated past performance demonstrates compliance with [FAR 52.219-8](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm), Utilization of Small Business Concerns and*/or* [FAR 52.219-9](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/52_215.htm), Small Business Subcontracting Plan. The quality assessment may result in positive or adverse findings. Adverse is defined as past performance information that supports a less than satisfactory rating on any evaluation element or any unfavorable comment received from sources without a formal rating system. For adverse information identified, the evaluation will consider the number and severity of the problem(s), mitigating circumstances, and the effectiveness of corrective actions that have resulted in sustained improvements. Process changes will only be considered when objectively measurable improvements in performance have been demonstrated. The Government will use the following quality levels when assessing recent, relevant efforts:

*(Include the quality ratings your team decides to use. Some teams have used the CPARS ratings. An example of another set of ratings is shown below.)*

|  |  |
| --- | --- |
| **Quality Assessment Rating/Color** | **Description** |
| EXCEPTIONAL (E)/BLUE | During the contract period, contractor performance is meeting (or met) all contract requirements and consistently exceeding (or exceeded) many. Very few, if any, minor problems encountered. Contractor took immediate and effective corrective action. |
| VERY GOOD (VG)/PURPLE | During the contract period, contractor is meeting (or met) all contract requirements and consistently exceeding (or exceeded) some. Some minor problems encountered. Contractor took timely corrective action. |
| SATISFACTORY (S)/GREEN | During the contract period, contractor performance is meeting (or met) all contract requirements. For any problems encountered, contractor took effective corrective action. |
| MARGINAL (M)/YELLOW | During the contract period, contractor performance is not meeting (or did not meet) some contract requirements. For problems encountered, corrective action appeared only marginally effective, not effective, or not fully implemented. Customer involvement was required. |
| UNSATISFACTORY(U)/RED | During the contract period, contractor performance is failing (or fail) to meet most contract requirements. Serious problems encountered Corrective actions were either ineffective or non-existent. Extensive Customer oversight and involvement was required. |
| NOT APPLICABLE (N)/WHITE | Unable to provide a rating. Contract did not include performance for this aspect. Do not know. |

(3) Assigning Ratings. As a result of the relevancy and quality assessments of the recent contracts evaluated, offerors will receive an integrated performance confidence assessment rating. Although the past performance evaluation focuses on performance that is relevant to the mission capability subfactors and cost/price factor, the resulting performance confidence assessment rating is made at the factor level and represents an overall evaluation of contractor performance. Offerors without a record of relevant past performance or for whom information on past performance is not available or so sparse that no confidence assessment rating can be reasonably assigned will not be evaluated favorably or unfavorably on past performance and, as a result, will receive an "Unknown Confidence" rating for the Past Performance factor.

More recent and relevant performance will have a greater impact on the Performance Confidence Assessment than less recent or relevant effort. A strong record of relevant past performance may be considered more advantageous to the Government than an "Unknown Confidence" rating. Likewise, a more relevant past performance record may receive a higher confidence rating and be considered more favorably than a less relevant record of favorable performance.

*(For further discussion of the Past Performance factor and the Performance Confidence Assessment, see Section M Guide)*

## e. Cost or Price Factor

*See Section M Guide for further discussion of Cost/Price Evaluation.*

*(Insert an explanation of how cost/price and the total evaluated cost/price (if different) to the Government will be evaluated. For example: cost/price of the basic effort only, basic plus all options, down select portions priced as Not-to-Exceeds\*, life cycle costs, unit costs, a "Best Estimated Quantity," etc. Where applicable, costs/prices must be obtained and evaluated on all CLINs, for all years, including options.)*

(1) The offeror’s Cost/Price proposal will be evaluated...

*Note: The way Cost/Price is evaluated depends upon contract type. Use the following information to guide you in developing appropriate language to explain how the Government will calculate total evaluated cost/price when various contract types are used. This language should not be used without proper tailoring. If you are using more than one contract type, you will need to combine the concepts in more than one of the paragraphs below and must identify how the cost/price evaluations will be made for various CLINs if they differ as to contract type. If you will be evaluating cost based on life cycle costs or similar criteria, you must include special language for that.*

*(For Firm-Fixed-Price (FFP) efforts)*

..., for award purposes, based upon the total price proposed for basic requirements (basic award) and all options. *(****NOTE****: There could be situations that affect the bottom line evaluated price. These should be addressed as appropriate for your effort. An example is rental value for Government Furnished Property.)*

*(For Variable Quantities)*

... at price(s) proposed for the best-estimated quantities (BEQs) or evaluation quantities.

*(For Delivery Order//Task Order Contracts)*

… at prices proposed for the initial delivery/task order plus sample delivery/task orders, as applicable.

*(For Time & Materials (T&M), Labor Hour, or Hourly Rate Over & Above Efforts)*

... based upon the applicable hourly rate multiplied by the corresponding quantity of labor hours specified in Section M of the solicitation for evaluation purposes*. (NOTE: for T&M CLINs, it may be appropriate to evaluate add-ons for material handling if significant contractor furnished material is contemplated.)*

*(For Fixed-Price Incentive (FPI) efforts)*

... by, (and the Government shall consider, for source selection purposes,) the offeror's proposed target price, ceiling price, and share ratio for the basic requirements (basic award) and all options in the evaluation of the Cost/Price Factor.

*(For Cost Reimbursement (CR) Efforts)*

*(When discussing MPC, include all elements that will be included in the MPC calculation (e.g., CLIN prices, option prices, other Government costs, GFP adjustments, performance incentives or award fees, adjustments for risk) and how each area will be calculated. This information applies to FPI contracts if the cost/price team will calculate a MPC for the FPI portions of the contract.*

... by the Most Probable Cost (MPC) computed by the Government for the basic requirements (basic award) *(if options are priced and reasonably expected to be exercised, add)* and all options. The offeror's proposed estimated costs shall not be controlling for source selection purposes. MPC shall be measured as follows: *(insert as appropriate)*

*~for Cost Plus Fixed Fee (CPFF)* - Government estimate of anticipated performance costs and proposed fee.

*~for Cost Plus Incentive Fee (CPIF)* - Government estimate of anticipated performance costs plus any fee anticipated to be earned under the cost incentive.

*~for Cost Plus Award Fee (CPAF)* - Government estimate of anticipated performance costs plus any base fee proposed plus any fee anticipated to be awarded.

*(For any efforts that include the evaluation of options, add,)*

(2) Evaluation of options shall not obligate the Government to exercise such options.

*\*Note: In accordance with* [*AFFARS 5317.207(f)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5317.htm)*, an approved Justification and Approval is required before any NTE option may be exercised.*

*(Include the following paragraphs (3) and (4) in solicitations for other than fixed price contracts)*

(3) The offeror’s Cost/Price proposal will be evaluated, using one or more of the techniques defined in [FAR 15.404](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm), in order to determine if it is reasonable and realistic. For a price to be reasonable, it must represent a price to the Government that a prudent person would pay in the conduct of competitive business. Normally, price reasonableness is established through cost and price analysis techniques as described in [FAR 15.404](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm). For additional information see [FAR 31.201-3](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/31.htm).

(4) The Government will evaluate the realism of each offerors’ proposed costs. This will include an evaluation of the extent to which proposed costs are sufficient for the work to be performed, reflective of a clear understanding of the requirements, and consistent with the unique methods of performance and materials described in the offeror’s technical proposal ([FAR 15.404-1(d)(1)](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) and [2.101](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/02.htm)). The Cost/Price Realism Assessment (CPRA) will consider technical/management risks (weaknesses) identified during the evaluation of the proposal. Per [MP5315.3](https://cs.eis.af.mil/airforcecontracting/knowledge_center/Pages/5315-main.aspx#MP), paragraph 5.5.3, the CPRA will quantify (dollarize) the impact of any weakness identified that may disrupt schedule, increase cost, or degrade performance, and where applicable, adjust the cost/price (most probable cost). In addition, cost information supporting a cost judged to be unrealistically low will be quantified by the Government evaluators and included in the CPRA for each offeror.

*(Add the following sentence when not using a separate Cost/Price Risk Factor.)* When the Government evaluates an offer as unrealistically low compared to the anticipated costs of performance and offeror fails to explain these underestimated costs, the Government will consider, under the proposal risk rating, the offerors lack of understanding of the technical requirements of the applicable Mission Capability subfactor.

*(See* [*FAR 15.404-1(d)(3)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/15.htm) *for conditions under which cost realism analyses may be used on competitive FPI contracts or other competitive fixed-price-type contracts and how such analyses may be considered under Mission Capability Risk evaluations, Mission Capability Technical evaluations, Performance Confidence Assessments, and responsibility determinations.)*

(5)The Government will evaluate the affordability of each offeror’s Cost/Price proposal by comparing the total proposed price (or for FPI contracts the maximum contract Government liability) to the budgetary information included in the solicitation. The evaluation shall be made on the basis of a separate comparison for each fiscal year of the contract as well as a comparison between the total price (or proposed maximum contract Government liability) and the total budgetary information included in the solicitation.

## f. Discussions

*(This subparagraph explains to offerors that the Government will evaluate all their information if discussions are held.)*

If, during the evaluation period, it is determined to be in the best interest of the Government to hold discussions, offeror responses to Evaluation Notices (ENs) and the Final Proposal Revision (FPR) will be considered in making the source selection decision.

*(See Section M Guide for further discussion of Discussions and tradeoff factors)*

# MXXX (specify provision number) PRE-AWARD SURVEY

The Government may conduct a pre-award survey (PAS) as part of this source selection. Results of the PAS (if conducted) will be evaluated to determine each offeror's capability to meet the requirements of the solicitation.

*(Note: For information on how to request a PAS, the forms, and how the survey is made and reported, refer to* [*FAR Part 9*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/fardfars/far/09.htm) *and its supplements.)*

*(Members from the technical and contracting teams may conduct reviews (e.g., on-site Software Capability Evaluation) and/or plant visits to assist in determining the contractor’s capability to perform the proposed effort. If you plan to conduct a review or plant visit(s), use language such as the following provision.)*

# MXXX (specify provision number) REVIEWS and VISITS

The Source Selection Evaluation Team (SSET) may conduct site visits during the evaluation phase to gather information for judging the offeror's potential for correcting deficiencies, quality of development or manufacturing practices/processes, or other areas useful in evaluating the offer. If conducted, the results will be assessed under the applicable factors/subfactors and will be used to validate and confirm the offeror's written proposal and/or oral presentation.

*(*[*AFFARS 5315.305(a)*](http://farsite.hill.af.mil/reghtml/regs/far2afmcfars/af_afmc/affars/5315.htm) *requires inclusion of the following language to place the offeror on notice that the awardee will be bound to meet all terms and conditions of the resulting contract (not just the evaluation factors).)*

# MXXX *(specify provision number)* SOLICITATION REQUIREMENTS, TERMS AND CONDITIONS

Offerors are required to meet all solicitation requirements, such as terms and conditions, representations and certifications, and technical requirements, in addition to those identified as factors or subfactors. Failure to comply with the terms and conditions of the solicitation may result in the offeror being ineligible for award. Offerors must clearly identify any exception to the solicitation terms and conditions and must provide complete supporting rationale.

1. Although Section M is referenced, this guide and template may be applicable for use in commercial acquisitions with modifications as appropriate. [↑](#footnote-ref-1)
2. MPC is defined as the most frequently occurring value (mode) resulting from the analysis. The application of various statistical techniques inherent in uncertainty analysis will result in a mathematically correct MPC, as well as a range (or distribution) of possible costs from which cost/price confidence levels may be determined. This form of cost/price uncertainty is not the uncertainty referred to under the Mission Capability Technical ratings, rather it means the uncertainty and risk inherent in the cost estimating process. [↑](#footnote-ref-2)
3. Reference to Program Office is synonymous with Requiring Organization throughout this document. [↑](#footnote-ref-3)