

## **Optimizing Remedies with Performance-Based Contracts**

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Since 2011, the Air Force Environmental Restoration Program has used performance-based remediation (PBR) contracts as the primary mechanism to achieve site cleanup objectives. In this paradigm, the Air Force establishes minimum performance objectives, evaluates proposal merits, and provides technical surveillance of Contractor progress. The PBR Contractors are responsible for developing technical approaches, optimizing remedial systems, and implementing remediation exit strategies. As a result of this change from traditional contract roles, the Air Force has needed to develop new methods for site management and technical oversight that match the new challenges and risks of PBR. Directive or prescribed approaches to remedy optimization used extensively by the Air Force prior to the PBR initiative are not appropriate.

Across the restoration program, the PBR initiative has focused the Air Force and restoration contractors on remedy optimization. Competition has driven PBR bidders to accept increased contract risk and to propose significant stretch goals beyond minimum performance objectives. The number of sites projected to attain site closeout due to PBR stretch goals is approximately 3.5 times the number projected prior to the PBR initiative. However, most proposed stretch goals are associated with relatively low cost, low risk, and less complex sites. Remedy optimization is particularly important at approximately 100 sites that are expected to drive future environmental liability (more than 50 percent of out-year life-cycle costs). The approach to optimizing exit strategies at these sites emphasizes development of performance models and independent verification PBR Contractor progress. Assessments of risk mitigation for remedial process improvement and contingency (Plan B) approaches for process failure also are important parts of Air Force technical surveillance of Contractors. However, because most PBR contract awards are relatively recent, it is not yet clear if PBR contracts have been effective mechanisms for remedy optimization at these high cost, high risk, and more complex sites.