June 30, 2011

FAS INSTRUCTIONAL LETTER 2011-14

FROM: HOUSTON W. TAYLOR
ASSISTANT COMMISSIONER
OFFICE OF ACQUISITION MANAGEMENT (QV)

SUBJECT: Implementing a Program Management Transaction Fee for Certain Special Item Numbers (SINs) on Multiple Award Schedule 48, Transportation Delivery and Relocation Solutions

1. Purpose. The purpose of this Instructional Letter (IL) is to provide guidance on the implementation of a transactional fee on applicable SINs under Schedule 48.

2. Background. The Program Management Transaction fee is set as a flat fee per home sale transaction when a task order is placed in accordance with FAR 8.405-2, Ordering procedures for services requiring a statement of work. This fee is applicable to Special Items Numbers (SINs) 653-1, Employee Relocation Services – Home Sale Services, and 653-5, Employee Relocation Services – Agency Customization Services on Schedule 48, Transportation, Delivery, and Relocation Solutions.

   The fee is applied when an employee's home is sold utilizing the following transaction options in accordance with the statement of work for SIN 653-1 & 653-5 under Schedule 48:

- Buyer Value Option Transaction
- Amended Value Transaction
- Special Handling Transaction
- Appraised Value Transaction

The Program Management Transaction fee covers the cost of the additional level of service provided by the ERRC (see below).

Most home sales are conducted under SIN 653-1; home sales that occur under SIN 653-5 are special handling transactions, which encompass difficult-to-sell homes (e.g., home can only be reached by sea plane, home has an alternative energy system such as solar panels, etc.) and "Buyer Value Option Transactions" which have very long marketing periods prior to determining a guaranteed buyout (so appraisals and inspections are delayed or avoided altogether).

Prior to 2008, FAS relocation support to customers was a self-service business model. Subsequently, with the financial turmoil in the real estate market, three of eight Relocation Service Providers (RSPs) had terminated their Schedule contracts, representing over 70 percent of annual customer transactions. The remaining RSPs became very selective and limited the number of properties for which they would provide assistance and were having difficulty taking on any new government clients in the declining housing market. Agencies' missions were impacted because employees declined/delayed moves.

An entirely new government-wide relocation business model was needed to address volatile market conditions. In response, Schedule 48 created the Employee Relocation Resource Center (ERRC) in 2009 to quickly bring agencies and suppliers together to amend the Schedule statement of work and pricing structure to ensure the program would remain viable for Federal agencies.

After stabilizing the program, the ERRC set about developing a sustainable, customer-centric approach that enables agencies to access GSA subject matter expertise to procure services effectively and manage programs optimally through assisted services using Schedules. Through close collaboration with Federal agencies and industry, the ERRC emerged as the central resource to provide procurement solutions, leadership, subject matter expertise, education and networking to Government agencies.

The ERRC provides:

- Expanded relocation service offerings and vendor rosters to ensure agencies have access to procurement resources they require from a competitive pool of suppliers.
- Centralized and integrated delivery of relocation products and services.
- Cost containment and service improvement through consistent management of a competitive pool of suppliers.
- Expanded outreach, education and program support to federal agencies.
- Consistent vendor performance guidance derived from government and commercial best practices.

- Transparency and data capture through a suite of standard reports.
- Availability of Guaranteed Buy Out programs for agencies that require the function.
- Aligns with the Government-wide Relocation Advisory Board's recommendations:
  - Centralize program management support at FAS
  - Consistent use of relocation program performance metrics
  - Consolidated/leveraged purchasing for low-volume agencies
  - Consolidated program data collection and analysis

3. Effective Date. Date of signature.

4. Termination Date. This IL remains in effect until it is cancelled.

5. Applicability. This IL applies to all GSA/FAS acquisition activities awarding and administering Schedule 48 Federal Supply Schedule contracts.

6. Reference to Regulations. None.

7. Instructions / Procedures.

   Insert the following clause into the Schedule 48 solicitation and contracts that were awarded SINs 653-1 and 653-5 (see Appendix A for full text of clause):

- I-FSS-970, Transactional Fee and Sales Reporting

  A. Federal Supply Schedules

  i. Applicability: The preceding clause applies to Schedule 48 contracts that include SINs 653-1 and 653-5.

  ii. Solicitation Refresh: During the next scheduled solicitation refresh, insert the new clause. The Solicitation Writing System (SWS) will mark the clause as "Required as Applicable".

  iii. In-House Offers: Schedule offers received prior to the solicitation refresh shall issue a solicitation amendment to incorporate the clause prior to contract award. When deciding to accept the amendment, each offeror shall have the opportunity to withdraw its offer.

iv. Contract Modification: Schedule contracts that contain SINs 653-1 and 653-5 shall be modified to incorporate the clause. This shall be accomplished through a typical mass modification that is issued from SWS following a solicitation refresh. There is no need for a separate mass modification. The effective date for existing Schedule contracts will be the date that the modification is executed.

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Appendix A

I-FSS-970 TRANSACTIONAL FEE AND SALES REPORTING (JUNE 2011)

(a) The Contractor shall report the total number of transactions for applicable Special Items Numbers (SINS) made under this contract by calendar quarter.

(b) The Contractor shall remit a fee per transaction at the rate set by GSA as follows:

(1) The Contractor shall remit the transactional fee(s) in U.S. dollars within 30 calendar days after the end of the reporting quarter; final payment shall be remitted within 30 days after physical completion of the last outstanding task order or delivery order of the contract.

(2) The transactional fee represents a set fee per transaction. This fee is set at the discretion of GSA, who has the unilateral right to change the fee at any time. The transactional fee covers an additional level of service that is provided by GSA to the Contractor.

(d) All other terms of clause 552.238-74 Industrial Funding Fee and Sales Reporting apply.