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# ENGINEERING AND CONSTRUCTION BULLETIN

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**Subject:** Consideration of Past Performance in Contractor Selections

**Applicability:** Guidance

1. Past performance has always been an important consideration in the selection of architect-engineer firms, and is becoming increasingly important in construction as we move more to best value acquisitions. Past performance is an indicator of an offeror's ability to perform a contract successfully. (Experience is *what* an offeror has done. Past performance is *how well* they have done.) We must be fair and reasonable in our application of past performance information since it can have a significant bearing on contractor selection. This bulletin addresses some of the factors to consider when evaluating past performance.

2. The principal guidance on the use of past performance information in source selections is found in the following references:

a. Federal Acquisition Regulation (FAR) 15.304 and 15.305

b. Best Practices for Collecting and Using Current and Past Performance Information, Office of Federal Procurement Office (available on the web at: <http://www.arnet.gov/far/loadmain.html>)

c. Guide to Collection and Use of and Past Performance Information (PPI), Department of Defense (available on the web at: <http://www.desk.osd.mil>; look under Reference Library, DoD, Discretionary Documents List).

d. Army Source Selection Guide (available on the web at: [http://acqnet.saalt.army.mil/library/Army\\_Source\\_Selection\\_Guide\\_Jun\\_2001.pdf](http://acqnet.saalt.army.mil/library/Army_Source_Selection_Guide_Jun_2001.pdf))

3. Past performance must be evaluated in all competitively negotiated acquisitions expected to exceed \$100,000 (FAR 15.304(c)(3)(iii)), unless otherwise justified and documented by the contracting officer. The solicitation (or synopsis for A-E contracts) must describe the relevant importance of past performance in the evaluation. To the maximum extent possible, we should rely on the data in CCASS/ACASS and other Federal Government databases. However, since not all firms have had Federal contracts or the performance reports may not be available, the solicitation should indicate that the Government might also consider materially relevant performance information from state and local governments and private sector clients.

4. The solicitation may also state that offerors can include information in their proposal, such as letters from clients, on their past performance on recent similar contracts. This information can be for key personnel, specific elements of a company, or major subcontractors, which is especially important for new companies entering the marketplace or for mergers of previous companies. It is the responsibility of the offeror to explain how the past performance information is relevant to the proposed acquisition.

5. The solicitation may also indicate that offerors can provide information on problems encountered in prior contracts and to discuss actions that they have taken to remedy any unsatisfactory performance. This would be especially important for companies that have acquired the resources of other previous companies. Our evaluation should focus on the demonstrated effectiveness of the corrective actions taken, not plans or promises. Also, we can not consider any adverse performance information that the offeror has not had an opportunity to comment on. You can generally assume that firms have had an opportunity to comment on adverse evaluations in CCASS and ACASS, since this is required by FAR 36.201(a)(3) for construction contracts and FAR 36.604(a)(4) for A-E contracts. However, this may not be true for evaluations obtained from other sources.

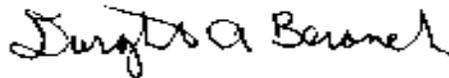
6. The evaluators must consider the relevancy of past performance information to the proposed acquisition. The more relevant the information, the more weight it carries. Relevancy includes at least the following factors:

- ?? Similarities of the work in terms of complexity, scope and size. The more similar the offeror's past work to the requirements of the proposed contract, the more weight the past performance information should be given. Give more emphasis to an offeror's past performance on the projects that it cites in its proposal as relevant specialized experience.
- ?? Key personnel, branch offices, and subcontractors involved. *Do not consider past performance information on personnel, subordinate or affiliated offices, or subcontractors who will not be used in the proposed contract.* The past performance of an office that has been acquired by buying or merger with other companies can be considered if that office is proposed for use in the contract.
- ?? Offerors' roles in proposed contract. Companies form various teaming arrangements, such as a joint venture and prime contractor-subcontractor, with each company assigned certain roles in the proposed contract. Focus more heavily on the past performance of each company in similar roles.
- ?? Currentness. The more recent the past performance information, the more indicative it is of the contractors' likely performance on the proposed contract. The evaluation board can set a reasonable limit on the "age" of evaluations that will be considered.

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- ?? General trends in contractor's performance since the past performance report was prepared. *If an offeror received an adverse evaluation in the past but more recent evaluations show a clear improvement trend, then give the prior evaluation little weight.* This would be especially pertinent for a recently acquired branch office that is now under new management control.
- ?? Credibility and detail of the past performance report. Give more weight to formal Federal evaluations. Be careful using simplistic evaluations from private clients. And again, be especially cautious if the evaluation is unsatisfactory since the offeror may not be aware of it.
7. If an offeror is truly a new entity and none of the key personnel, branch offices, or proposed subcontractors have ever performed relevant work for others, then the company is considered to have no past performance. In this case, the offeror will be evaluated neutral on past performance – neither favorably nor unfavorably.
8. In summary, past performance is an important factor in selecting A-E and construction contractors, and the Government must use care and discretion when considering the past performance of offerors.
9. This bulletin was coordinated with the Office of the Chief Counsel and the Office of the Principal Assistant Responsible for Contracting.
10. Points of contact for this bulletin are Don Evick, CECW-ETE, 202-761-4227, and Walt Norko, CECW-ETC, 202-761-7507.



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