

**REPORT OF THE
DEPARTMENT OF GENERAL SERVICES**

**Feasibility Study on Implementing
the Contractor Performance and
Rating System (CPARS) into its
Procurement Procedures**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 16

**COMMONWEALTH OF VIRGINIA
RICHMOND
2001**



COMMONWEALTH of VIRGINIA

Department of General Services

Donald C. Williams
Director

December 1, 2000

D. B. Smit
Deputy Director

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The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol, 3rd Floor
Richmond, Virginia 23219

Dear Governor Gilmore:

House Bill 1240 required the Department of General Services (DGS) to complete a feasibility study regarding implementing, in its procurement procedures, the Contractor Performance and Rating System (CPARS) currently utilized by the federal government. This legislation addresses an important objective intended to improve the Commonwealth's procurement processes.

To conduct this study, DGS reviewed the various federal implementing directives for CPARS and developed a survey soliciting comments on CPARS implementation from agencies and institutions, local government, federal government, and the private sector. The federal government provided information on the implementation of CPARS. Commonwealth agencies and institutions, local government, and the private sector provided comments on CPARS and its usefulness to the Commonwealth's procurement process.

As a result of this review and survey information, DGS has determined that the implementation of a vendor performance and rating system would be beneficial to the Commonwealth for vendors other than construction. We believe that the federal CPARS System would not be the best approach because it is not applicable to the types of procurements conducted by the Commonwealth and because of the high administrative cost to maintain the system. A vendor performance system tailored to the Commonwealth's needs can be developed in conjunction with eVA, the Commonwealth's electronic procurement solution.

Sincerely,
A handwritten signature in black ink, appearing to read "Donald C. Williams".

Donald C. Williams

c: Members of the Virginia General Assembly

Attachments:
Executive Summary
Survey Results



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Members of the Virginia General Assembly
General Assembly Building
Richmond, Virginia 23219

Dear Ladies and Gentlemen:

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To conduct this study, DGS reviewed the various federal implementing directives for CPARS and developed a survey soliciting comments on CPARS implementation from agencies and institutions, local government, federal government, and the private sector. The federal government provided information on the implementation of CPARS. Commonwealth agencies and institutions, local government, and the private sector provided comments on CPARS and its usefulness to the Commonwealth's procurement process.

As a result of this review and survey information, DGS has determined that the implementation of a vendor performance and rating system would be beneficial to the Commonwealth for vendors other than construction. We believe that the federal CPARS System would not be the best approach because it is not applicable to the types of procurements conducted by the Commonwealth and because of the high administrative cost to maintain the system. A vendor performance system tailored to the Commonwealth's needs can be developed in conjunction with eVA, the Commonwealth's electronic procurement solution.

Sincerely,


Donald C. Williams

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Executive Summary

The 2000 Virginia General Assembly approved House Bill 1240, which required the Department of General Services to:

- Study the feasibility and appropriateness of implementing, in its procurement procedures, the Contractor Performance and Rating System (CPARS) currently utilized by the federal government.
- In conducting this study the Department of General Services shall solicit comments from state and local agencies, the various professions and trades, and other interested persons.

This legislation was introduced to address an important objective intended to improve the Commonwealth's procurement process.

To conduct this study, DGS reviewed the various federal implementing directives for CPARS and developed a survey soliciting comments on CPARS implementation from agencies and institutions, local government, federal government, and the private sector. The federal government provided information on the implementation of CPARS. Commonwealth agencies and institutions, local government, and the private sector provided comments on CPARS and its usefulness to the Commonwealth's procurement process.

The survey results indicate:

- Agencies and institutions consider that the development of a vendor performance rating system would be beneficial to the Commonwealth.
- Local governments surveyed indicated that their current systems were adequate and were neutral on implementation of a new vendor performance system because they do not fall under DPS regulations.
- Vendors are concerned over several issues involving the use of a vendor performance rating system. Some of these issues are inaccurate evaluations being included in a vendor's record and subjective evaluations on "bad" projects. The construction industry does not believe a performance rating system should be applied to this industry.
- CPARS is a system used primarily by the federal government to track contractor performance on negotiated procurements in excess of \$1,000,000. The majority of Commonwealth negotiated procurements are below this threshold.
- The administrative structure of this system is complex. For example, at Wright-Patterson AFB, OH, they spend approximately \$100,000 per year just for the administrative cost of the CPARS database. Additionally, they have approximately 20 people who spend more than 50% of their time administering CPARS. The federal government justifies the administrative support for this system based on the substantial dollar value of their contracts.

Executive Summary

- Interviewees from the Air Force, Navy, and Army Materiel Command recommended that the Commonwealth not implement CPARS, as it is too complex and costly for typical Commonwealth procurements.

As a result of this review and survey information, DGS has determined that the implementation of a vendor performance and rating system would be beneficial to the Commonwealth for vendors other than construction. Further, the federal CPARS System would not be the model used because it is not applicable to the types of procurements conducted by the Commonwealth and because of the high administrative cost to the government to maintain the system. A vendor performance system tailored to the Commonwealth's needs can be developed in conjunction with eVA, the Commonwealth's electronic procurement solution.

Survey Results

Federal Government:

Air Force:

- Only tracks negotiated procurements in excess of \$1,000,000.
- Does not use CPARS for any procurement where competitive sealed bidding is used.
- Total value of procurements tracked is approximately \$20,000,000,000.
- CPARS data only infrequently impacts the contract award.
- Wright-Patterson AFB, OH spends approximately \$100,000 per year to maintain its CPARS software. Further, it takes approximately 20 people half their time to maintain the system.
- Believes that CPARS is more useful as a management and contractor feedback system than a discriminator between offerors.
- CPARS is best utilized on non-commercial, highly technical items.
- Recommended that Commonwealth look at a different performance system.

Navy:

Correspondence was sent to Navy. They declined to respond in writing, but gave an oral response.

- CPARS is used primarily for major acquisitions \$1,000,000+.
- Believes that CPARS is worthwhile for the type of procurements that are tracked.
- Did not believe that it was appropriate for the typical Commonwealth procurement.

Army (Army Materiel Command):

- Does not use CPARS; however, they are using a system which is being integrated with CPARS.
- Experiencing great difficulty implementing their system.
- System is very labor intensive.
- Recommended that the Commonwealth not use CPARS and suggested that we examine other less cumbersome systems.

Defense Logistics Agency:

- Does not use CPARS or any system that can be integrated with CPARS.

Survey Results

Agencies/Institutions:

Department of Motor Vehicles
Northern Virginia Community College
Virginia Department of Health
Department of Mental Health, Mental Retardation and Substance Abuse Services
Department of Conservation and Recreation
Department of Social Services
Department of General Services, Bureau of Capital Outlay Management
Virginia Polytechnic Institute and State University
Virginia Department of Transportation
Department of General Services
Virginia Commonwealth University

Summary of Agencies'/Institutions' Responses:

All agencies believed there was a need for a contractor performance tracking system with the exception of one respondent for construction.

- The eVA solution should be part of any vendor performance system.
- The system must be able to track lower dollar value contracts awarded pursuant to an IFB.
- The system should track items such as timeliness, quality of performance, quality of subcontractors, overall compliance with terms and conditions, debarment record, default record, invoicing problems, and customer service issues.
- Construction contractors expressed opposition to using CPARS.

Local Government:

City of Norfolk
City of Richmond
County of Roanoke

Summary of Local Government Responses:

The local government responses were all quite similar.

- CPARS is too cumbersome for their use.
- Two of the three localities believe that their current systems provide them with the performance data they need.
- Any performance tracking system would need to support lower dollar value procurements done pursuant to an IFB.
- Localities surveyed were neutral on implementation of a vendor performance system as they are not subject to DPS regulations.

Private Sector:

Associated General Contractors of Virginia, Inc.

- Due to the unique nature of the construction industry, CPARS may not be effective for construction.
- Concerned that subjectivity could easily slip in to the process on "bad" projects.
- Concerned that inaccurate evaluation could be included in a vendor's record.
- Strongly urged that a contractor evaluation system not be implemented for construction.

Virginia Utility & Heavy Contractors Council

- Consolidated response with Associated General Contractors of Virginia, Inc.

