

## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 1 – CONSIDERATIONS FOR PREPARING A STATEMENT OF WORK (SOW)

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**What is a Statement of Work?** A Statement of Work (SOW) is a definition of requirements. See Section 3 of this document, Statement of Work (SOW) Samples.

#### Statement of Work

A written description of the work to be performed under a purchase order to satisfy particular needs. In simple transactions, it can consist of the line items on the face of the purchase order that define what is being purchased; each item of which may include specifications.

#### Specification

A generic term to refer to a written requirement of a purchase order that provides a concise and accurate description of the services to be provided.

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**Minimum Criteria** The purchase order must include at a minimum the following information:

- Detailed statement of the purpose, objective or goals
- Personnel job classification/skill level\*
- Name/identification of assigned contractor personnel
- Identification of all significant material to be developed/delivered
- Completion/acceptance criteria
- Delivery timeframe/liquidated damages
- Estimated time schedule (start date, end date, milestones)
- Estimated number of work hours
- Fixed cost for each task (fixed price ceiling is the sum of all tasks)\*
- Everything pertinent to the successful completion of the purchase order (e.g., technical specifications, floor plans, etc.)

\*The purchase order must reflect the same position title, skill level, and fixed cost and/or hourly rate as specified in the contract.

Assume that the required deliverable will not be provided by the Contractor unless specifically spelled out in the purchase order.

Do not rely on verbal agreements or assumptions.

See Section 2 of this document for a List of Questions that can be used as a checklist when developing a Statement of Work

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#### **Sample SOW Criteria**

- Resumes/references
  - Insurance
  - Installation (multiple sites)
  - Risk Factors
  - Interface concerns
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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 1 – CONSIDERATIONS FOR PREPARING A STATEMENT OF WORK (SOW), Continued

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#### Sample SOW Criteria (continued)

- Maintenance (escalation, remedial, preventive)
  - Financing or payment arrangements
  - Liquidated damages (late delivery)
  - Financial responsibility
  - Transition/implementation (phased)
  - Federal funding (Debarment Certification)
  - Task Delineation
  - Warranty
  - Data conversion
  - Fiscal Year funding
  - Timeframe constraints or timelines
  - Security
  - Project management
  - Backup
  - Deliverables
  - Analyze existing system for performance needs, features, attributes, reports
  - Selection criteria
  - Reporting during development (status, problems change control, money, approval hierarchy, problem escalation or resolution, walkthroughs)
  - Public works (not acceptable)
  - Testing (when, what type)
  - Licensed software vs. developed (number of users, future modifications, ongoing support)
  - S/DVBE participation goals
  - Unanticipated tasks
  - Cost/budget limits
  - Supplies
  - Early payment discount
  - Training (administrative/user)
  - FSR (get a copy)
  - Product needs
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#### “To Do” List

- DO solicit the input and advice of the program people who will receive and use the product and/or service.
  - DO prepare the SOW in terms of the results that are desired and the performance that is expected.
  - DO tell the Contractor how such results or performance will be measured and how acceptance of the product or service will be defined and accomplished.
  - DO structure the SOW so the Contractor can propose a complete solution to the stated problem rather than merely offering the individual items requested.
  - DO NOT tell the Contractor how to do the job; for example: "staff the project with this number of people with the following qualifications."
  - DO determine the full range of the problem to be solved. The SOW should be comprehensive.
  - DO decide what is really required to meet the government's needs.
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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 1 – CONSIDERATIONS FOR PREPARING A STATEMENT OF WORK (SOW), Continued

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**“To Do” List**  
(continued)

- DO determine the minimum required. How little can you do and still meet your needs?
  - DO distinguish between the "must do" and the "nice to have".
  - DO determine how the "nice to have" will be evaluated if they are proposed.
  - DO determine the value to the government of the extras and try to quantify them.
  - DO write a new SOW for each procurement.
  - DO NOT just cobble together standard paragraphs from previous procurements. There are bound to be inconsistencies, gaps, and errors. Resolving these will delay the completion of the procurement.
  - DO review the SOW even if the product or service is one that has been purchased before. Perhaps the requirements have changed, or there is a newer technological solution to the problem, or the marketplace has changed and what was once a specialty product or service is now commercially available off-the-shelf.
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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK

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This section provides important aspects to be considered before establishing any type of Statement of Work (SOW).

#### A. Description of Goods/Services to be Provided (overview)

- What product or service is to be provided?
- Purchase of commercially available hardware?
- Purchase of commercial off-the-shelf (COTS) software?
- Outsourcing (or privatizing) a function or service?
- Custom software development?
- Design, development, and integration of a new system or system upgrade?
- What quantity do you expect to purchase? Maximum? Minimum? for hardware, software, or services. (If this is omitted, the Contractor cannot determine how to allocate/amortize up-front costs or whether the inherent risks are worth taking over the long term). Is there any guaranteed minimum quantity? What happens if it is not met? Is there a maximum quantity to be ordered? What if the maximum is exceeded?

#### B. Period of Performance

What is the period of performance?

#### C. Delivery Requirements

- What are the delivery requirements for equipment, software, or other products?
- How soon do you need it?
- What is the F.O.B. point?
- Who is responsible for shipping?
- How must equipment be packaged?
- Who is responsible for unpacking?
- How will partial shipments and back orders be handled?
- What are the acceptance procedures for each delivery?
- How will problems or deficiencies in delivery be handled?

#### D. Equipment Purchased

- What hardware will be purchased?
- What are the physical requirements for the hardware?
- Size? Operating conditions?
- What are the functional specifications? What is the hardware expected to do?
- What features are desired?
- Cabling? Wiring?
- Communication costs?
- Documentation requirements? Diagrams?
- What existing hardware will be interfacing with the new equipment?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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- What are the requirements for accessibility and use by the handicapped?
- Is there a need for a given brand name or will a "brand name or equal" specification meet the requirement?
- What is the requirement for availability of replacement parts?
- What happens if equipment purchased is no longer maintainable?

#### E. Software Purchased

- What software will be included in the procurement?
- Will software be custom developed or commercial off-the-shelf (COTS)?
- What is the requirement for including software upgrades?
- What are the licensing requirements?
- Is the license for a machine, a site, or an agency?
- Is the license perpetual, annual, monthly, or extended use?
- What are the rights of licensor and licensee to use, disclose, sell, or reproduce the software?
- Are manuals on using the software included in the purchase?
- Are they standard or custom?
- Are there minimum requirements for content or format?
- How many will be provided? One for each software copy? One for each machine or user?
- What about other documentation?
- What is your requirement for availability of source code?
- For custom software? For commercial software?
- Do you really need it? (For example, you might need it if the government wants to be able to fix any bugs or do its own upgrades in the future. Having the source code provides some protection if the Contractor goes out of business or is overcharging for maintenance services.)
- Who owns the source code? Does contractor have the right to sell it to you? Do you want a copy of all the source codes, or will it be sufficient to put it in escrow? Do you want source code put in escrow for future use? How is source code maintained as software is upgraded by contractor? Is escrow software maintained also?
- Do you want copies of the programming tools used?

#### F. Tasks to be accomplished/functions to be performed

- What are the specific tasks to be accomplished? What function or service is to be performed?
- What results are desired? Be as specific as possible.
- What is the workload, maximum and minimum, both historical and projected?

#### G. Systems Integration

- Are there systems integration functions included in the procurement?
- What systems will be integrated? Hardware, software, communications?
- Do you want the integrator to analyze functional requirements and needs?
- Do you want the functions reengineered for increased efficiency? Or do you just want to computerize existing systems?
- Do you want an assessment of currently available technology and designs?
- Do you want the Contractor to design the system?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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- Do you want the Contractor to select the hardware, software, and communications technology?
- Do you want the Contractor to purchase the system components?
- Do you want the Contractor to customize the system if necessary to meet the government's unique requirements?
- Do you want the Contractor to assemble, install, test, implement, and make the system operational?

#### H. Data Handling

- Are there data handling functions included in the procurement?
- What is the workload (current/projected) with respect to the data and its users?
- What is the volume of data?
- Is there a requirement for data entry?
- How often is data changed or updated?
- Is real-time access to the data needed?
- What capacity is required (current/projected) to store the data?
- What response time is needed when accessing, entering, or maintaining the data?
- Will there be common access to given database from multiple users?
- Will there be access from multiple locations?
- Will there be access needed by multiple agencies?
- What are the security requirements for the data? How will it be protected?
- What reports and data are to be provided?
- What data is needed? Is there a standard form? Who needs it? When are the reports due?

#### I. Outsourcing Computer Operations

- Are you outsourcing computer operations?
- What equipment will be operated? Make and model? How many?
- Do you want a help desk or hot line for questions and problems?
- What functions will the Contractor perform?
- What are the outputs?
- How often is each required output produced?
- To whom is each output distributed?
- What is the operations schedule? Around the clock? Business hours only? Other?

#### J. Transition of Operations to New Contractor

- How will you handle the transition of computer operations from government or previous contract to new Contractor?
- What is the time frame for the transition?
- What are the government's or previous contractor's responsibilities and tasks?
- What are the new contractor's responsibilities and tasks?
- Are you providing a transition plan and schedule, or do you want the Contractor to provide them?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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#### K. Training

- Is there a requirement for training of government or contractor staff?
- Who will be trained?
- When will training occur?
- What methodology will be used? Classroom? Videotape? Computer based?
- Where will training be conducted? Locally? At a distant location? On-site in government space? At contractor site? At some central location?
- Who is responsible for providing training?
- What equipment will be needed to provide training?
- Who is responsible for providing equipment?

#### L. Installation Requirements

- What are the installation requirements for equipment or software?
- When can the Contractor inspect the installation location?
- Who develops the specifications for the installation location?
- What are the existing physical conditions at the installation location?
- Do these conditions meet the requirements for successful installation of equipment?
- If not, who is responsible for modifications to the installation location to prepare the site to receive the equipment?
- Who is responsible for architecture and engineering associated with required modifications?
- Who is responsible for construction?
- Who is responsible for specifying cabling and wiring requirements?
- For installing cabling and wiring?
- Who is responsible for communications costs?
- Telephone and data lines?
- Who is responsible for installation of new equipment?
- For software, who is responsible for preparing the existing hardware to receive new software?
- Who is responsible for installing new software?
- What is the required time frame for delivery, installation, inspection and testing, training and operations?

#### M. Test and Acceptance Procedures

- What are the test and acceptance procedures?
- What are the criteria for acceptance?
- Will the government or the Contractor develop the test procedures and test plan?
- What are the minimum requirements for the test procedures, test plan, and test reports?

#### N. Maintenance Requirements

- What are the maintenance requirements for equipment and/or software?
- What are the requirements for mean time between failures (MTBF)?
- What are the requirements for mean time to repair (MTTR)?
- What is the required response time from initial call for repairs?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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- Does response time differ for prime maintenance periods versus standby or on-call maintenance periods?
- Does it vary by time of day or day of week?
- What is the Contractor expected to do within the given response time? Just show up? Fix the problem? Other?
- Are there different maintenance periods (principal periods of maintenance versus secondary) with different levels of required support?
- What type of support is required? On-site? Use of remote diagnostics? Hot line support? Mail back?
- What is the requirement for availability of parts over the system life?

#### O. Preventive Maintenance

- What preventive maintenance is expected from the Contractor?
- What is included?
- When will it be performed? Business hours or after?
- How long does it take?
- What is the system downtime during preventive maintenance?

#### P. Warranty

- What warranty provisions will be acceptable from the Contractor?
- What is the time period for the warranty?
- Do you want the warranty to include consequential damages?
- Do you require the Contractor to warrant the equipment or software as fit for a given use?
- Do you require the Contractor to warrant software as bug free? Virus free? Free of "harmful code"?
- Do you require the Contractor to warrant that the seller has the right to sell the software?
- Do you require a warranty for free repair for defects appearing within a given time? Or for repair of defective parts?
- What about post warranty maintenance?

#### Q. Technology Refreshment

- Will the contract require or allow for technology refreshment?
- Before or after initial delivery?
- At same or lower cost only?
- Will cost increases be allowed if improved functionality is provided?

#### R. Security Requirements

- What are the security issues? (Security issues range from simple preventive measures to prevent laptops from "walking off," to protection of sensitive data about the public, as in a drivers' license database, to protection of politically sensitive information.)
- What are the threats?
- How much security is desired?
- How much security can be afforded?
- What is the tradeoff between risks and costs?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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#### S. Compatibility and Interface Requirements

- What are the compatibility and interface issues?
- What IT or software is already in use with which the new equipment or software must interface?
- Are existing files in hard copy or electronic?
- Will existing files work with new hardware/software?
- If not, who will do the data conversion?

#### T. Performance Measurement

Once the government has specified the product or service to be acquired, you need to decide how results will be measured and how performance will be judged. Is timeliness an issue? What about the quality of the product or service? Products, such as hardware and software, and services are discussed individually in the following section. Procedures for measuring the quality of hardware and software include the following:

- Having a live test demo. This can be held before or after selection of contractor.
- Having a benchmark test to see if the system does what you need it to do in your environment.
- Requesting an acceptance test. You will need to decide the criteria for passing it.
- Having an acceptance test period with given requirements for performance during that period.
- Specifying the system availability requirements for system acceptance.
- Specifying the requirements for system availability during system operation after system acceptance.
- Deciding how to define system availability; for example: "total time available less downtime divided by total time available."
- Defining-system downtime, for example, when starts, and how to decide if the given item is the direct/only cause of the downtime.
- Deciding when and how government will be compensated for downtime.

#### Performance Measurement for Services

Services can be harder to measure than computer system performance. For example, the government needs to decide how to measure the Contractor's performance in comparison with the agency or government past performance of the given function. Performance requirements should be realistic and the measurement system needs to be fair to avoid holding the Contractor to a standard that is too high or too low.

If the government is contracting-out an entire function rather than just meeting a temporary need or supplying software development or a product, here are some questions to be answered:

- What was agency past performance?
- How was it measured?
- Was past performance formally measured? Or was it simply a question of public perception?
- Are standards of performance the same for the Contractor as they were for the agency?
- In performing the service evaluation, could there be an attempt on the part of agency personnel to make the Contractor "look bad" or fail?

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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- Is the Contractor expected to work at the peak level of performance immediately, or is there a transition period with an anticipated improvement over time?
- What incentive for the Contractor to continue a high level of performance or to improve the performance level?

#### U. Quality Control/Quality Assurance

Existing laws of the government may mandate specific quality control or quality assurance oversight. For example, the government may require in-plant inspections during manufacture or may require the use of test labs or other facilities to identify nonconforming deliveries. These requirements may be beyond what the seller normally would allow.

#### OTHER AREAS TO CONSIDER

In addition to the areas specific to IT mentioned above, there are other issues that should be addressed in developing the SOW, including some personnel and contract administration issues, such as:

- Personnel: What personnel have been available to perform the function in the past? Number? Skill levels?
- What is anticipated for the future?
- What life cycle costs (purchase, operations, upgrades and maintenance, disposition) will be included in the evaluation?
- Have the benefits of leasing equipment compared to buying it been determined, or do you want the Contractor to do the evaluation?
- What costs should be included?
- Will contract be fixed price or cost reimbursable?
- Will there be financial incentives (or penalties) for good (or bad) performance?
- What are the line items to which given costs and payments will be attached?
- How will travel and other expenses be reimbursed?
- Who will finance the project? The Contractor or the government in the form of progress payments?
- When is payment made? At completion? When milestone is reached? As each delivery is made? At acceptance?

#### MARKET RESEARCH

Although market research itself is not part of the solicitation, the knowledge it provides the buyer will put the government on an equal footing with the Contractor. The buyer conducts market research on a service or product to determine its commercial availability, the Contractor community, the usual service and warranty terms, the standard terms and conditions for delivery of this service or product, typical current market prices and discount schedules, product reliability, and areas of risk in acquiring the service or product. Knowledge gained from the research will enable the buyer to ask the right questions to prepare a complete and realistic statement of the work required in terms to which the Contractor can respond effectively and also will ensure the solicitation includes appropriate contract provisions. The research will give the government an understanding of what a likely solution to the problem will be and what it will cost. This will lead to a more realistic and accurate evaluation of the offers. This knowledge will enable the buyer to ensure the SOW and solicitation terms and conditions are appropriate to the product or service to be acquired.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 2 – QUESTIONS FOR DEVELOPING STATEMENT OF WORK, Continued

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#### WHAT TO DO WHEN PREPARING THE SOW

The goal of the solicitation for IT should be to achieve certain results (whether to develop software to perform a given process, provide products that will fill a given need, or provide staff to accomplish a given function). To increase the likelihood that you will achieve your desired results:

- DO solicit the input and advice of the program people who will receive and use the product and/or service.
- DO prepare the SOW in terms of the results that are desired and the performance that is expected.
- DO tell the Contractor how such results or performance will be measured and how acceptance of the product or service will be defined and accomplished.
- DO structure the SOW so the Contractor can propose a complete solution to the stated problem rather than merely offering the individual items requested.
- DO NOT tell the Contractor how to do the job; for example: "staff the project with this number of people with the following qualifications."
- DO determine the full range of the problem to be solved *before* issuing the solicitation. The SOW should be comprehensive.
- DO decide what is really required to meet the government's needs.
- DO determine the minimum required. How little can you do and still meet your needs?
- DO distinguish between the "must do" and the "nice to have."
- DO determine how the "nice to have" will be evaluated if they are proposed.
- DO determine the value to the government of the extras and try to quantify them.
- DO write a new SOW for each procurement.
- DO NOT just cobble together standard paragraphs from previous solicitations. There are bound to be inconsistencies, gaps, and errors. Resolving these will delay the completion of the procurement.
- DO review the SOW even if the product or service is one that has been purchased before. Perhaps the requirements have changed, or there is a newer technological solution to the problem, or the marketplace has changed and what was once a specialty product or service for the government is now commercially available off-the-shelf.

This information is based on the Article "Getting the Information You Want": "A SOW Checklist for the CO" by Sandra L. Saydah, Contract Management Magazine, (November 1997). Reprinted by permission of the National Contract Management Association.

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# STATEMENT OF WORK (SOW) INFORMATION

## SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES

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### EXHIBIT 1

#### SCOPE OF WORK

##### A. STUDY OBJECTIVES

To gather opinion-based data from a sample of California small business owners/executives relative to:

- Current general knowledge and awareness regarding the small business component of the State's procurement efforts.
- Observations and reactions to the State's small business procurement processes from those small businesses that are either currently State certified or who once were certified and no longer are.
- Perceived barriers to small business certification and, in general, the State's procurement process as it relates to small business.
- Suggestions as to system (human and electronic) improvements that might make "doing business with the State" easier for small business.
- Suggestions as to effective ways to provide information about the State's small business procurement efforts to small businesses, and encourage them to become California Certified Small Businesses.

##### B. FOCUS GROUP PARAMETERS

To conduct and report findings on a total of five focus groups selected from San Francisco/Bay and Los Angeles areas:

Three groups composed of small business owners/executives who either currently are, or who have been in the past but who are not currently, certified as California Small Businesses.

Three groups composed of small business owners/executives who are *not* currently, and have never been, certified as California Small Businesses.

##### C. SUGGESTED TIMELINE

After the official "go ahead" date from the state, the Contractor shall adhere to the following timeline within the number of days indicated between each task.

Upon notification of official project "go-ahead" date.

6 days	Draft respondent screening questionnaire(s) submitted to the State.
5 days	State's comments on draft screening questionnaire(s) sent to contractor.
2 days	Final screening questionnaire(s) approved by the State.
5 days	Respondent recruiting begins.
7 days	Draft Discussion Guide(s) submitted to the State.
7 days	State's comments on Draft Discussion Guide(s) sent to contractor.
7 days	Final Discussion Guide(s) submitted to the State.
3 days	Final Discussion Guide(s) approved by the State.
4 days	Conduct focus groups.
8 days	Written Topline Summary submitted to the State.
TBD	Topline Summary Presentation to the State.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 1

15 days	Draft Report of Findings submitted to the State.
7 days	State's comments on Draft Report of Findings sent to the Contractor.
7 days	Final Report of Findings submitted to the State.

#### D. SCOPE OF WORK DETAILS

##### 1.0 Recruit Focus Group Respondents

1.1 Develop respondent specifications. Select and schedule focus group test sites. Design recruiting methodology. Prepare and submit Project Design Memorandum to the State.

Prepare draft respondent screening questionnaire(s) and submit to the state for review. Based on the state's review contractor shall finalize respondent screening questionnaires and obtain the state's approval.

Develop respondent recruiting specifications and respondent profile reporting formats.

Recruit sufficient focus group respondents from both listed sample provided by the State (currently certified and formerly certified small businesses) as well as recruiter's own databases (small businesses never certified) to ensure 8-10 respondents in each focus group.

Pay appropriate participation honorariums to each confirmed respondent who either participates in a focus group or is excused after arriving at the focus group test facility.

##### 2.0 Conduct Focus Group Interviews

2.1 Prepare draft focus group Discussion Guide(s) which appropriately shape the focus group discussion so that researchers can gather opinion based data to answer state's research questions. Submit draft Discussion Guide(s) to the State for review. Revise draft(s) based on the State's review. Prepare and obtain the state's approval on final focus group Discussion Guide(s).

2.2 Provide focus group test facilities, which allow state's observation of focus group sessions, audio and video recording of the interviews, and appropriate hospitality for both respondents as well as the State.

2.3 Professionally moderate each focus group using the discussion guides as a framework for the interview; moderators to probe responses as needed, and allow the interview to move in directions appropriate for each group. Meet briefly with the State at the conclusion of each focus group for the purpose of sharing immediate observations and insights. Provide the State with videotape documentation of the focus group testing from the respondent screening questionnaires. Present Topline Summary as a written Memorandum as well as verbally to the State.

##### 3.0 Data Analysis and Reporting

3.1 Prepare a Topline Summary Memorandum following the conclusion of the final focus group. In this Topline Summary capture preliminary key findings and initial recommendations. The Topline Summary will also include basic respondent demographic information assembled.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 1

3.2 Transcribe and fully analyze audiotapes of focus group proceedings. Prepare and submit to the State a draft Final Report of Findings including respondent verbatim to document the findings. This draft Final Report of Findings will include sections on Study Methodology; Respondent Demographics; Summary of Key Findings (including verbatim); Recommendations.

3.3 Based on the State's review of the draft Report of Findings, prepare and submit the final Report of Findings, prepared as the final "public" documentation of this study. In the appendices to the report include samples of the respondent screening questionnaire, focus group Discussion Guide, and transcripts of the focus group interviews.

#### 4.0 Deliverables

4.1 The final study deliverable will be two bound copies of the Final Report of Findings (including transcripts); audio tapes of all focus groups; a PC (MS WORD) disk containing a file of the report.

4.2 Deliverables will be accepted when presented complete as noted in 4.1.

#### E. RESPONSIBILITIES OF THE STATE:

Locations of services to be performed will be mutually agreed upon by both parties.

The State is responsible for providing required information, data and documentation to facilitate the Contractor's performance of the work, and will provide such additional assistance and services as is specifically set for in the scope of work.

Should the Contractor determine that a delay exists, or is probable due to failure of the State, the Contractor will notify the State in writing immediately.

#### F. MEETINGS:

The Contractor will be requested to participate in joint meetings with representatives of the State to discuss the issues and project status. These meetings will be held in Sacramento at a site to be determined by the State.

#### G. POINTS OF CONTACT

Contractor and agency contacts.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 2

##### STATEMENT OF WORK

This Statement of Work (SOW) reflects the services to be provided by Contractor, Inc., hereinafter referred to as "Contractor," for the State of California, Department of Blue.

##### A. INTRODUCTION

Contractor will create for the Department of Blue a Statement of Work (SOW) that will:

1. Serve as the "Request for Offer" to acquire the services of a Master Services Agreement supplier to conduct a 90-day "Diagnostic Review" of the State of California purchasing and contracting policy, procedures, practices and governance structure that is currently utilized in the administration of solicitations and contract awards by state agencies.
2. This shall provide a review of current State of California statutes, and Department of Blue regulations and policies, procedures, guidelines, and practices governing the acquisition of goods, services and information technology, and shall identify opportunities for improving consistent application of these procurement rules.
3. A clear delineation of the roles, responsibilities, and authorities vested (whether by statute, policy, or delegation) in each entity involved in the acquisition of goods, services and information technology by state agencies.
4. A clear delineation of the roles, responsibilities, and authorities vested in each entity involved in the issuance of notices of intent to award contracts, and protests of state agency solicitations and contract awards. This section of the "Diagnostic Review" shall also include analyses of the various procedures and processes, along with recommendations for changes that would improve their effectiveness.
5. A clear delineation of the authority of Department of Blue, and the Departments of MotorEase and Airways, in the acquisition of information technology.
6. A clear delineation of the Department of Blue' authority to enter into various types of contracting vehicles for use by state and local agencies (examples: Master Service Agreements, California Multiple Award Schedule (CMAS) agreements, Statewide Commodity Contracts, etc.
7. A clear delineation of the authority of Department of Blue and the Department of Defense to enter agreements for pharmaceuticals.
8. A clear delineation of the Department of Blue' authority to enter sole source contracts.
9. A clear delineation of the rules, agreements, standards and roles that describe the basis for interaction between state agencies, business functions and individuals within the State of California's procurement processes.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 2

10. Recommendations for changes that would improve the clarity and effectiveness of statutes, regulations, policies, procedures, guidelines, and practices governing purchasing and contracting by state agencies.
11. By conducting this independent and objective review, the Department of Blue will have the information necessary to propose changes to current purchasing and contracting statutes, regulations, policies, procedures, guidelines, and practices that will assure consistent and equitable administration through out the State.
12. In addition, Contractor will develop any transmittal letters necessary to coordinate the appropriate interviews and final review and approval of the Request for Offer.

#### B. PERIOD OF PERFORMANCE

The period of performance for this Agreement shall be for a period of 30 calendar days, commencing on the date the Agreement is signed.

#### C. AMOUNT

The hourly rate is \$200 per hour. The total amount of this Agreement shall not exceed \$14,000.

#### D. DESCRIPTION OF SERVICES

##### Task 1: Project Initiation and Management

- Conduct a project scope meeting with the Department of Blue project sponsor(s) and designated staff to confirm the project objectives and approach.
- Review pertinent background materials.
- Interview at least six key participants. Interviews will be conducted either in person or by phone.
- Conduct debriefing sessions with the Department of Blue project sponsor(s) and appropriate staff upon completion of the interviews, to share the findings.

##### Contractor Responsibilities

- Request background materials.
- Conduct at least six key participant interviews.
- Establish feedback points with project sponsor.
- Develop transmittal letters discussing the project and requesting participation of key stakeholders.

##### Department Responsibilities

- Gather background materials that will assist the Contractor in their preparation.
- Identify participants for interview by contractor.

##### Task 2: Develop Draft Statement of Work

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 2

Task 3: Present Draft Statement of Work

The purpose of the meeting is to:

- Present the draft SOW to stakeholders.
- Identify any outstanding issues stakeholders may have with draft SOW.
- Identify actions that the Department of Blue must complete prior to the finalization of the SOW and release the Request for Offer.
- Develop an implementation plan (next steps) for the procurement of services described in the SOW.

Task 4: Finalize the Statement of Work and Cover Letter.

Prepare any required transmittal memoranda or letters to accompany the SOW as it is routed for various approvals.

Task 5: Present Finalized Statement of Work.

#### E. DELIVERABLES

Deliverables for this project include:

Task	Deliverable	Completion Timeframe
Task 1	Project Initiation & Conduct Interviews	36 hours of effort
Task 2	Develop Draft SOW	18 hours of effort
Task 3	Present Draft SOW	4 hours of effort
Task 4	Finalize SOW	8 hours effort
Task 5	Present Finalized SOW	4 hours of effort

#### F. POINTS OF CONTACT

Contractor and agency contacts.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 3

##### A. SCOPE OF WORK

General Description – As a result of recent legislation, the State of California has been mandated to research its current policies and procedures on pharmaceutical products and services, and develop a plan to improve upon them. Contractor will study issues pertaining to prescription drugs and identify an alternative benefit program(s) for the State.

##### B. FOUR BASIC ISSUES THAT WILL BE EXAMINED BY THE CONTRACTOR:

1. Whether or not the State should establish or expand a third-party prescription benefit program or programs. If so, for whom: seniors (low-income or all seniors), non-seniors (low-income or all Californians), children (low-income or all-Californians), individuals in certain employment categories (such as unemployed, transitionally unemployed, employees of small businesses, state employees)?
2. Whether or not the State should impose price controls on prescription drugs. If a third-party program is established, price controls will become almost a necessity to keep program costs from spiraling out of control. Even in the absence of third-party payment, some states have pursued this option for the general market. This issue would include the question of whether statutorily-mandated lower-price provisions, such as that required under federal law for Medicaid beneficiaries, should be extended to other populations, as California did recently for all Medicare-eligible. The impact of each strategy must be considered not just for consumers but also for industry sub-segments such as pharmacists (chain or independent), separate from drug manufacturers, and how best to address the economic realities of each.
3. Use of other cost-containment strategies such as substitution of generic drugs, prescription benefit management, or therapeutic review system. Aggregation of purchasing power either through state-created purchasing programs or authorization of private purchasing cooperatives. If such an approach is utilized, for whom: seniors (low-income or all seniors), non-seniors (low-income or all Californians), children (low-income or all Californians), individuals in certain employment categories (such as unemployed, transitionally unemployed, employees of small businesses, state employees)? Again, the impact of such strategies must be considered not just for consumers but also for industry sub-segments such as pharmacists (chain or independent), separate from drug manufacturers, and how best to address the economic realities of each.
4. Each of these areas will be studied from the standpoint of economic effect, administrative implementation, legal constraints, and political feasibility. This will require, for each, undertaking a review of other states' experiences, federal limitations and requirement, and the California legal, governmental, and political environments.

##### C. DELIVERABLES:

Contractor will study each of the four enumerated subject areas for a period of three weeks each, resulting in a short background/decision memo being delivered to the State at the end of that period (Weeks 3, 6, 9 & 12 respectively). The State's responses on each of the options outlined in the background/decision memo should be returned to and discussed with the Contractor on a rolling basis.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 3

This will then allow two weeks (Weeks 13 & 14) for consolidation of the background memos and the State's responses into a draft decision memorandum; this draft product will be finalized in conjunction with the State's review during Week 14 (the 90-day mark).

#### D. FINAL PRODUCT:

The final product will be a decision memo providing sufficient background, data, and analysis to support the proposal program, and to allow legislative drafting and Budget Change Proposal development.

#### E. RESPONSIBILITIES OF THE STATE:

1. Locations of services to be performed will be mutually agreed upon by both parties.
2. The State is responsible for identifying appropriate contacts from other state agencies/departments to participate in discussions on the issues.
3. The State is responsible for providing required information, data and documentation to facilitate the Contractor's performance of the work, and will provide such additional assistance and services as is specifically set for in the scope of work.
4. Should the Contractor determine that a delay exists, or is probable due to failure of the State, the Contractor will notify the State in writing immediately.
5. Meetings: The Contractor will be requested to participate in joint meetings with representatives of the State to discuss the issues and project status. These meetings will be held in Sacramento at a site to be determined by the State.

#### F. CONTRACTOR'S MASTER AGREEMENT:

The Contractor's master agreement (contract #63-AA-99-88) with the Department of MasterMinds is incorporated by reference and made a part of this agreement by reference as if attached hereto.

#### G. PROJECT CONTACTS:

Contractor and agency contacts.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 4

##### SCOPE OF WORK

Contractor agrees to provide recyclable paper collection services to the State Recovery Center as described herein. Contractor shall remove wastepaper from the State's facilities, sell paper, and reimburse the State for the sale of its wastepaper as described in Exhibit B.

The Contractor shall pick-up baled wastepaper from the State Recovery Center located at 23 Redding Blvd., Stockton, CA.

##### A. CONTRACTORS RESPONSIBILITIES

1. Contractor shall perform all services specified in a safe professional manner. Contractor's equipment shall be in good working order and shall be adequate for the services required.
2. Contractor's vehicles(s) shall have sound flooring and be free from objectionable materials and odors. Vehicles must be prepared to accept materials by supplying all equipment necessary to perform the requested services.
3. Contractor's personnel shall be trained in safety measures to preclude accidents endangering state personnel or property.
4. Contractor shall have adequate office and personnel resources for responding to the State's needs, including telephone coverage, Monday through Friday, excluding State Holidays, during normal working hours between 8:00 AM and 5:00 PM.

##### B. PERFORMANCE SPECIFICATIONS

1. Contractor must pick-up baled paper within two (2) working days of request from the State. Contractor may, with the agreement of the State, develop in writing a pick-up schedule as long as such schedule does not interfere with the operation and/or storage needs of the State Records Center.
2. At minimum pick-up will be considered a full truckload (approximately 33,500 pounds of baled paper), except in the case of tab card stock, when less than full truckloads may be required (at state's discretion).
3. Upon making each pick-up, contractor is required to sign a receipt prepared by the State indicating the quantities and grade of paper.
4. The State may mark each bale with the estimated weight thereof. Such weight shall be recorded on the receipt prepared by the State for the Contractor to acknowledge by signature of acceptance. As the listed bales are loaded onto the truck, they shall be verified as loaded.
5. Contractor may, with mutual consent of the State, provide storage containers or trailers for the storage and transportation of wastepaper bales. The State disclaims, and the Contractor acknowledges ownership, responsibility for upkeep, and liability for loss of or damage to, such containers.

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## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 4

##### C. STATE'S RESPONSIBILITIES

1. The State shall load bales onto vehicle(s) supplied by the Contractor. The State shall not be responsible for weight distribution of load, but will attempt to prevent overload of baled units.

THE STATE WILL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE SUSTAINED BY THE CONTRACTOR IN CONNECTION WITH PICK-UP OF BALED PAPER.

2. When Contractor departs from the State's facility, the State reserves the right to accompany the truck to the nearest certified public weighmaster where the weight is to be confirmed.
3. Downgrades of bales after shipment must be in accordance with the following procedure:
  - After notification of a downgrade, the State will notify Contractor within two (2) working days as to which of the following procedures the State has decided upon.
  - Order reshipment of the material (return freight F.O.B. buyer's plant).
  - Contact State Transportation Management Unit for routing instructions before returning shipment.
  - Require the opportunity to inspect the quality of the rejected material within three working days from the time the State notifies contractor of procedures to be taken and during such period give contractor final disposition.
  - Outside a 100-mile radius of Sacramento, the State, at its discretion, may require samples and/or photographs of rejected bales.
  - Agree with the Contractor to a compromise acceptance and settlement.
4. Contractor will be required to provide technical assistance as requested by the State to assure desired quality level at the State Records Center. Any change resulting from such assistance shall be approved by the State prior to implementation.

##### D. DEFINITION OF GRADES

Paper grade definitions will be based generally on Circular PS-98 standards, but reflect specific materials shredded at the State Records Center.

###### 1. Computer Printouts

Consists of white groundwood free paper in forms manufactured for use in data processing machines. This grade may contain colored stripes and impact or non-impact (e.g. laser) computer printing, and may contain no more than 5% groundwood in the pack. All stock must be untreated and uncoated.

Prohibitive materials: None permitted

Total Outthrows may not exceed: 2%

Price Base: Computer Printout: CPO(42)

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*Continued on next page*

## STATEMENT OF WORK (SOW) INFORMATION

### SECTION 3 – STATEMENT OF WORK (SOW) SAMPLES, Continued

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#### EXHIBIT 4

##### E. Mixed Paper

Consists of a mixture of various qualities of paper not limited as to type of baling or fiber content.

Prohibitive materials may not exceed: 2%

Total Outthrows may not exceed: 10%

Price Base: Mixed Paper: MP(1)

##### F. Sorted Office Paper

Consists of baled paper, as typically generated by offices, containing primarily white and colored groundwood free paper, free of unbleached fiber. May include a small percentage of groundwood computer printout and facsimile paper.

Prohibitive materials may not exceed: 2%

Total Outthrows may not exceed: 5%

Price Base: Sorted Office Paper: SOP(37)

##### E. PROJECT REPRESENTATIVES

Contractor and agency contact.