

CONTRACT MEDIATION SCENARIO

General Information

The Defense Supply Center (DSC) provides food and fuel to the military services. One DSC program, called the "aircraft support" program, covers certain plane support requirements at Air Force bases in the United States. Aircraft support contracts require the contractor to refuel planes landing at the base, and to replenish the plane's food supply of meals and snacks for the crew.

In 1997, DSC issued an RFP for aircraft support at Skyways Air Force Base (AFB), California. This was a requirements contract, for a one year base period with two one year options. The RFP contained estimates of the amount of fuel and food that would be required for the entire contract period, based on information provided by officials at Skyways AFB.

On June 1, 1997, DSC awarded the contract to Quality Contractors, a small, disadvantaged business located in California. The contract stated the Government was not required to order a minimum quantity of fuel or food. Due to unusually heavy air traffic at Skyways AFB, the requirements for fuel and food far exceeded the estimates in the RFP during the first year of the contract (June 1997- May 1998). This caused the contractor to hire more personnel and stock extra quantities of fuel and food.

The DSC Contracting Officer exercised the option in June 1998. Around that time, Quality asked the Contracting Officer to verify rumors of a major construction project that was about to take place at Skyways AFB. The Contracting Officer said that he would check out the rumors and call the contractor back. Due to a heavy workload, the Contracting Officer failed to contact officials at Skyways AFB about the rumors.

In August of 1998, officials at Skyways AFB notified Quality that the base runways were about to undergo a long-awaited repaving program. Quality was told that only one runway, out of the three at the base, would be immediately affected. Later, Quality learned that two runways would be closed indefinitely to comply with new DoD safety requirements. As a result, the number of military aircraft landing at Skyways AFB declined significantly.

In February of 1999, Quality submitted a claim to the Contracting Officer in the amount of \$250,000. Quality alleged the decline in military aircraft landing at Skyways AFB resulted in a significant loss of revenue and that the Government breached the contract by failing to warn Quality of the impending construction project and by not revising estimates based on Government information. Before the issuance of a final decision, Quality requested mediation of the claim. The Contracting Officer agreed.

Confidential Information for Contractor Representative:

There are two pieces of information that Quality does not want revealed to the Government but will share with the mediator in caucus. The first piece of information relates to Quality's notice of the construction project at the base. One of Quality's employees, the Office Manager, has been dating an employee of the Air Force Base for several months. Sometime in early 1998, the Office Manager, while on a date, was told that a major construction project was imminent and that the base would probably have to be "closed down" for a number of months. Shortly thereafter, the Office Manager informed her boss, the President of Quality Contractors, of this information. The Office Manager requested that she not be identified as the source of this information since she was in the process of a divorce and she did not want the fact of her dating made public. The second piece of confidential information is that Quality has been experiencing severe financial difficulties and does not want to engage in protracted litigation over this matter. The President of Quality wants the claim settled quickly.