



AMERICAN COUNCIL OF ENGINEERING COMPANIES

Notes From Meeting of NAVFAC and ACEC Representatives Washington, DC (January 13th at 9 AM)

Attendees:

NAVFAC

Joe Gott, Chief Engineer

ACEC

James Blake, JMT

Mickey Jones, Mason and Hanger

Mark Steiner, ACEC

Started the meeting with a brief review of the NAVFAC/ACEC Partnering Agreement. Joe provided the attached update to the earlier draft developed by ACEC. RADM Mossey and Joe are ready to sign. The meeting proceeded to address the following priority items:

1. What is the NAVFAC current policy on doing work in-house? What is the current policy on contracting out to private sector? How is the Obama Administration's "in sourcing" policy affecting NAVFAC?

NAVFAC's only percentage goals were for 75% of their work to be done as d-b and 25% d-b-b. Otherwise they retain enough work in-house to allow their staff to progress through to fully capable engineers. A new ECB was issued recently that removes all percentage goals and allows districts to decide what work they want and need to do to retain capability and staff. There is an acquisition planning committee for each field engineering center that determines which projects will be contracted, on a case-by-case basis. The only in-sourcing involves staff support functions, not design activities. Selection boards must have P.E.s in order to properly function.

2. What changes can the A-E industry expect regarding the implementation of varying Federal Sustainability policies?

Energy and water use, security and resilience, environmental impact reduction (or reversal) and climate change adaptation, performance and life-cycle cost reduction, and other sustainability issues can conflict with each other. NAVFAC published a Navy Energy Standard as an ECB. Since all sustainability criteria are unfunded, NAVFAC must weigh compliance with budget. While the criteria must be complied with, the CNO will not allow costs of compliance to impact military operations and readiness. The ASN pushes toward criteria compliance. Climate change impacts have no criteria yet. Since sea level rise and storm intensities severely impact naval infrastructure, the Navy is studying what criteria they need.

Floating versus pile supports and modular hybrid piers are being used. There is another level of frustration here again since no funding is being provided to adapt to climate change impacts.

NAVFAC welcomes ACEC attention to bringing visibility and funding to this area, as well as encouraging the scientific community to provide projections.

3. IDIQ and single award contracts vs. multiple award contracts. How does competition (and cost) enter into the contracting method and task order selections; need simplified and consistent Brooks Act compliant task order competition procedures and forms (not SF 330 again).

NAVFAC believes in competing every element of task orders. They cannot ignore lowest price technically acceptable offerors. Often the work they put out allows for no flexibility in design (follow criteria) and therefore price is the overriding factor. They won't award a contract to offerors that have high overhead and rates when there is no obvious need for unique capabilities. Their attorneys are very conservative and still approve this position. QBS on task orders can also delay projects (along with total owner costs and sustainability factors). ARRA swamped the system and the time pressures reinforced their positions.

4. How will the Navy's Preferred Supplier Program (PSP) and designations of Preferred Supplier Status (PSS) impact firms in the engineering industry?

NAVFAC lawyers say they cannot use PSP or PSS for engineering services, due to the restriction of competition. They believe GAO would come down on them if they did. Congress may still pressure some application. They are looking into alternative approaches, but can't share them at this time.

5. Navy and Marine Corps Contracting Officers setting overhead and pay ceilings when negotiating contracts. The Navy has budgets and will negotiate rates for IDIQ contracts with firms that have reasonable rates in comparison to other firms. The fact that a firm has DCAA audited rates does not bear on the decision that their rates put them out of the running for "common" work. They have no bulletins prescribing acceptable rates, but do not discourage contracting officers from rejecting rates that are unreasonably high. Much of their work requires a standard level of competency and level of software. They may have a NAVFAC/Industry Forum on standard delivery formats and data requirements. They want useable data to feed MAXIMO and other operating systems.

6. The proposed National Defense Authorization Act includes requirements for the Department of Interior to provide assistance to the government of Guam in defining and developing utilities infrastructure to handle the influx of Defense missions and personnel to the territory. Has the Navy been involved? Since the funding would come from the DOD, is the Navy

budgeting for this? The action appears to have the government taking work from the private sector that the private sector does best.

Can't answer, try the Joint Guam Office (Joe Ludevichi). NAVFAC only executes.

7. What design-policy changes are being considered by NAVFAC and when might we expect to see them? Can ACEC help by acting as the industry "sounding board" in the process of formulating alternatives?

Looking into energy savings in public works pieces (in energy ECB). Replacement systems are attractive and NAVFAC wants to retain QBS and P.E.s involvement. They just completed a study and GAO is looking into benefits. They are already using Seaport-e for engineers and architects.

8. Small business participation measurement based on all prime and subcontract work going to small businesses, by type of work and category of small business, and establishing subcontracting goals based on a percent of prime contract value versus a percent of subcontracted work.

No position.

9. Use of Navy Supply Schedule for engineering services. Is it intended?

No.

Follow on planning:

Plan regular NAVFAC/ACEC meetings for open discussion of items

influencing the ACEC community. Joe wants quarterly small group (consistent) meetings and would like them established in advance for the full year. Work with Carolyn Wilber on scheduling.

**U.S. NAVAL FACILITIES ENGINEERING COMMAND
and
AMERICAN COUNCIL OF ENGINEERING COMPANIES**

PARTNERING AGREEMENT

Statement of Purpose

The U.S. Naval Facilities Engineering Command (NAVFAC) and the American Council of Engineering Companies (ACEC) seek through this agreement to sustain a meaningful partnership between our organizations in order to ensure that the highest professional and business standards for consulting engineers.

Goals and Objectives

- Ensure a cooperative dialogue between ACEC and NAVFAC.
- Clarify and understand the changing roles of NAVFAC and the private sector.
- Foster an attitude that explores opportunities and resolves issues.
- Enhance professionalism and integrity throughout the design and construction industry.
- Promote improved business practices that enhance quality, value, sustainability, and secure public infrastructure.
- Invest in the future by promoting new technology, continuing education, and research and development.
- Promote qualifications-based-selection procurement of A-E services.
- Promote the use of project delivery methods that best serve the public interest.

This agreement is a framework for action to achieve the above goals and objectives. It updates the original partnering agreement signed on March 11, 2002 and shall be reviewed in April 2013 to ensure that its objectives are being met. All actions taken under this Partnering Agreement shall be in accordance with all applicable laws and regulations.

Agreed to this day
March XX, 2011

NAVFAC

ACEC

RADM Christopher J. Mossey, USN, P.E.
Commander and Chief of Civil Engineers

Gerald Stump
Chairman

Joseph E. Gott, P.E.
Chief Engineer

David Raymond
President and CEO