

# U.S. Army Corps of Engineers

## Small Business Week of Eastern Missouri, Inc.

“Building a Winning Team the Right Way”

Glenn Chatman  
*Small Business Program Manager*  
11 May 2011



# **Small Business Week of Eastern Missouri**

**“Building A Winning Team The Right Way”**

**May 11, 2011**

**9:00 am to 12 Noon**

<b>9:00 – 9:10</b>	<b>WELCOME (LTC Colonel Bitner – Deputy Commander, St. Louis District, United States Corps of Engineers)</b>
<b>9:10 – 9:15</b>	<b>Opening remarks (Glenn Chatman, Small Business Program Manager, St. Louis District – COE)</b>
<b>9:15 – 9:45</b>	<b>District Overview (Brenda Wynne-George, Chief of Contracting) Davis Bacon / Service Contract Act (Beth Pitrolo, Legal) SBA’s Perspective (Patricia Guttman)</b>
<b>9:45 – 10:00</b>	<b>15 Minute Break</b>
<b>10:00 – 11:00</b>	<b>Guest Speakers: Kevin Potter / KPC Contractors B-Next / Frank Robinson Contractors</b>
<b>11:00 – 12:00</b>	<b>“Building a Winning Team The Right Way” (Glenn L. Chatman)</b>



Presentation to:  
**Small Business Week of Eastern  
Missouri, Inc.**

**St. Louis District  
Program Overview**

**Brenda Wynne-George**

**Chief of Contracting, St. Louis District**

**May 11, 2011**



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# *Agenda*

- **MVS Boundaries and Missions**
- **ARRA Work update**
- **District Priorities**
- **Projected Program Strength**
- **Contracting Opportunities by Mission**
- **Partnering Opportunities**

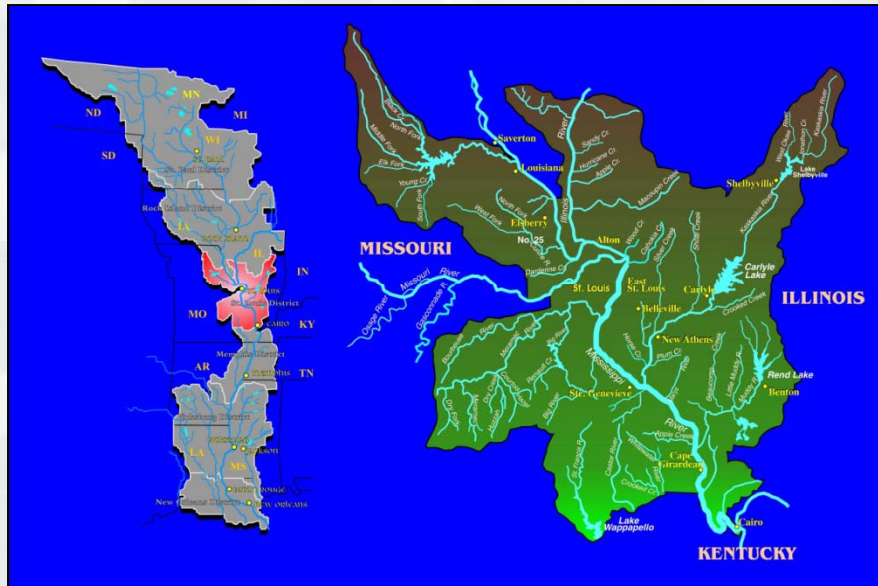


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# *St. Louis District*

The St. Louis District supports water resource development and provides engineering and technical services within the Mississippi River watershed, throughout the region and world to foster economic development, sustain the environment, and provide for national security.



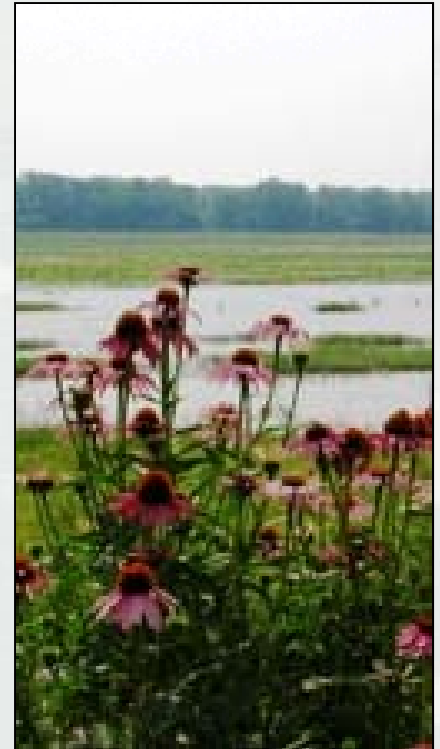
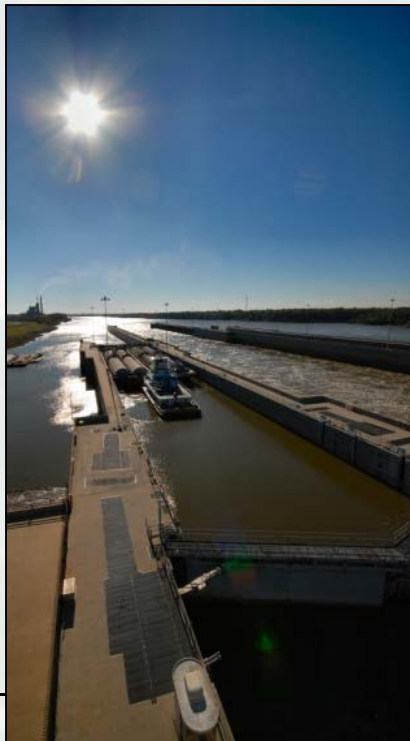
- 10 rivers
- 5 lock & dam sites
- 5 Reservoirs
- 750 miles of levees
- 92 flood control systems
- 416 miles of navigable channel
- 70 pumping plants
- 162 recreation areas
- 1 hydropower plant



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# *Mission Areas*

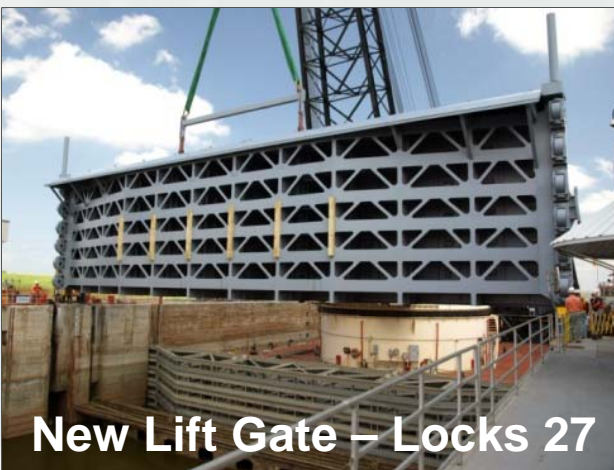
- Navigation
- Flood Risk Management
- Ecosystem Restoration
- Environmental Stewardship
- Emergency Management
- Water Supply
- Hydropower
- Recreation
- Regulatory
- FUSRAP



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# Navigation

**Vision:** Provide for the reliable, safe & efficient movement of products on the District's waterways.



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# *Flood Risk Management*

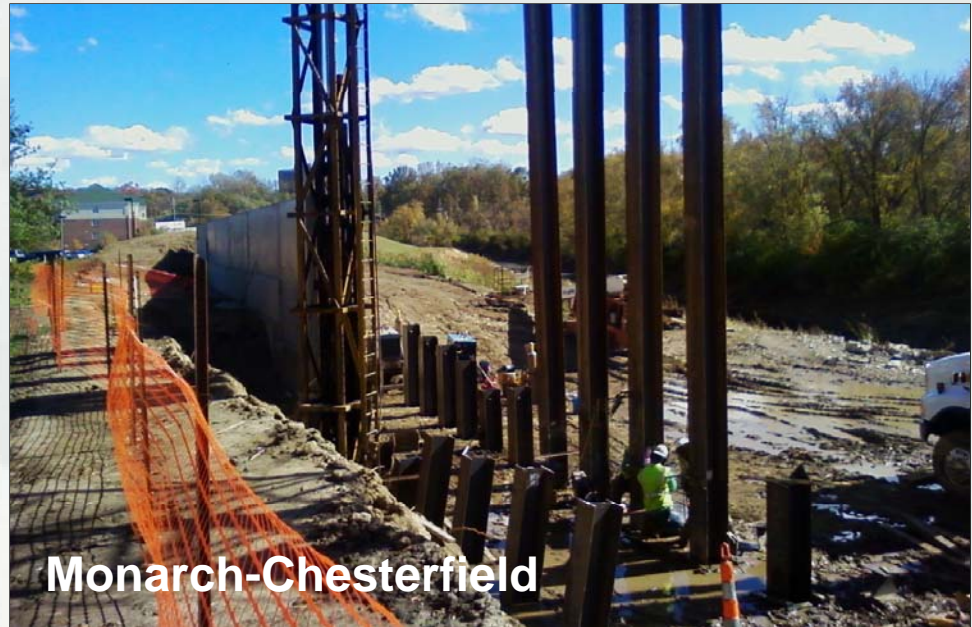
**Levee Slide Repairs**



**Vision:** Provide a highly effective and continuously maintained comprehensive risk reduction system.



**Drilling Pilot Holes**



**Monarch-Chesterfield**

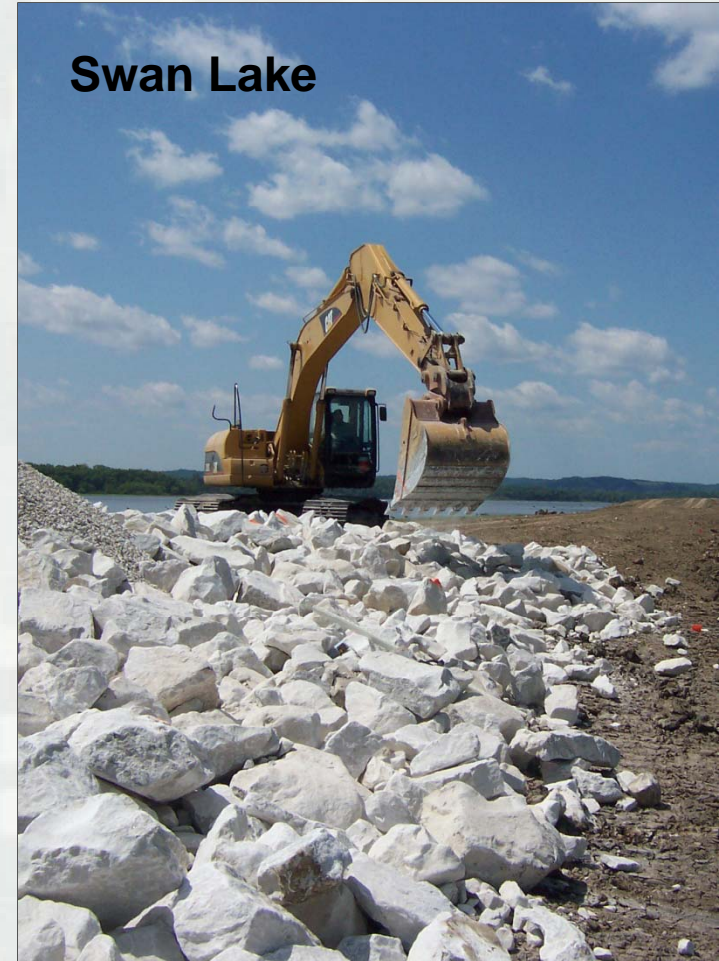


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# *Ecosystem Restoration*

**Vision:** Support a healthy and sustainable ecosystem which works in harmony with the multiple uses of the rivers, lakes, and land.



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# *American Recovery and Reinvestment Act*



Photo courtesy of Alise O'Brien



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# St. Louis District U.S. Army Corps of Engineers

## SHORT-TERM PRIORITIES

- Support Overseas Contingency Operation
- Support HSDDRS/NOLA work
- ARRA Project Completion
- Energize Metro-East Levees Rehab
- Southern Illinois Levees: Coordination with DRA and local L&DD

## LONG-TERM PRIORITIES

- Infrastructure Rehabilitation
- Comprehensive Risk Reduction
- Significant Future Levee Investment
- Balanced Watershed Management
- Relevant Public Service
- NESP – Begin Blueprint for Action

### **FY11 Focus**

**Complete Locks 27 Major Rehab  
Improvements to Metro East levee system Rehab  
ARRA Project Completion  
Communicating Value to the Nation**

### **KEY COMMITMENTS**

**Deliver What We Promise  
Work Collaboratively  
Shared Vision... Shared Responsibility  
Make a Positive Impact**



# FY 11 Potential Contracts

## Navigation

<i>Project:</i>	<i>Description:</i>	<i>Award Date</i>	<i>Cost Range</i>
<b>Regulating Works</b>	Dike and revetment	FY12	\$5-10M
<b>Lock &amp; Dam 25</b>	High mast lighting	3 <sup>rd</sup> Qtr FY11	\$500K-1M
<b>L&amp;D 25</b>	Bulkhead crane repairs	4 <sup>th</sup> Qtr FY11	\$5-10M
<b>IDIQ</b>	Vegetative Maintenance	3 <sup>rd</sup> Qtr FY11	\$10K-2.5M
	Mechanical	3 <sup>rd</sup> Qtr FY11	\$10K-1M



# *FY 11 Potential Construction Contracts*

## *Flood Risk Management*

<i>Project:</i>	<i>Description:</i>	<i>Advertise Date</i>	<i>Cost Range</i>
<b>Monarch-Chesterfield Levee</b>	Pump Station	FY11 3 <sup>rd</sup> Qtr	\$1-5M
	RR Closure (Centaur Rd)	FY11 4 <sup>th</sup> Qtr	\$250-500K
<b>Bois Brule</b>	Relief Well #4 (MATOC)	FY11 4 <sup>th</sup> Qtr	\$1-5M
<b>Chain of Rocks</b>	Pump Station	FY11 3 <sup>rd</sup> Qtr	\$1-5M



# *FY 11 Potential Construction Contracts*

## *Environmental Management/ Ecosystem Restoration*

<i>Project:</i>	<i>Description:</i>	<i>Advertise Date</i>	<i>Cost Range</i>
<b>East St. Louis &amp; Vicinity</b>	Grade Control	FY11 4 <sup>th</sup> Qtr	\$100-250K
<b>St. Louis CSO</b>	Sewer rehab and reinforce	FY11 4 <sup>th</sup> Qtr	\$1-5M
<b>EMP</b>	Batchtown Dredging Ted Shanks (Phase 1)	FY11 3 <sup>rd</sup> Qtr FY11 3 <sup>rd</sup> Qtr	\$1-5M \$500K-1M





# *Partnering*

***Partnering with the construction community is critical to meeting our missions.***

- **Industry Day**
- **Communication**
- **QC Training**
- **Continuing Resolution Authority**



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# Legal Aspects of Contract Classification

Beth Pitrolo

Assistant District Counsel



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# Service Contracts

- Defined in FAR 37.101
  - ▶ Contract that directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply
  - ▶ Specific examples:
    - Maintenance
    - Overhaul repair
    - Servicing
    - Rehabilitation
    - Salvage
    - Modernization or Modification of Supplies, Systems or Equipment
- Contracting Officer is responsible to determine whether an acquisition is classified as a service contract procurement, in consultation with legal counsel
- Rates under the Services Contract Act of 1965 are required





# Construction Contracts

- Payment of Davis-Bacon Act Wage Rates Required (FAR 22.403-1)
  - ▶ Mechanics and Laborers Paid "Prevailing Wage Rate"
    - for work in US and for contracts > \$2,000
    - rates determined by the Department of Labor
    - based on wages paid locally to "majority of a class of employees"
  - ▶ When and What For?
    - contracts involving "construction, alteration or repair (including painting and decorating)" of public buildings or public works
    - "construction, alteration or repair" defined as all types of work including:
      - ▷ Altering
      - ▷ Remodeling
      - ▷ Painting and decorating
      - ▷ Manufacturing of materials on the site of the building by persons employed by the contractor. FAR 22.401.
    - "building or work" is defined as **construction activity** and includes structures and improvements such as:
      - ▷ Bridges, dams, plants
      - ▷ Highways, parkways, streets, subways, tunnels
      - ▷ Sewers, mains, power lines, pumping stations
      - ▷ Railways, airports, terminals, docks, piers, wharves, ways, lighthouses, buoys, jetties, breakwaters, levees, canals



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# Non-Construction Items

- Manufacture or furnishing of materials, articles, supplies or equipment unless conducted in connection with and at the site of such building
- Servicing and Maintenance
- Dismantling, demolition or removal of improvements, UNLESS:
  - ▶ The work is part of a construction contract, or
  - ▶ If construction at the site is anticipated by another contract. (FAR 22.402)



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# Summary

- 1) The Davis-Bacon Act portion of the FAR applies to construction contracts, and requires active construction of a building or work
- 2) The Davis-Bacon Act portion of the FAR only applies to dismantling, demolition or removal of improvements if that is part of another construction contract
- 3) The Service Contract Act portion of the FAR applies to maintenance, overhaul repair, servicing, rehabilitation, salvage, modernization or modification of supplies, systems or equipment





# Serving Our Region



**Awareness**  
**Communication**  
**Seeking Solutions**  
**Collaboration**



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# KCP CONSTRUCTION COMPANY

Small Business Week 2011 Events

Session 8: Building a Winning Team - The Right Way

Presenter, Kevin Potter

## Building a Winning Team The Right Way

1. Business Model

9. Secure Project

2. Marketing Analysis

8. Prospective Projects

3. Niche

7. Select Team/Markets

4. Know Thy Customer

6. SBA Business Development Program

5. Partner Search

# Business Model

- Education
  - MoDOT Supportive Service Program
  - Advance Contractor Training
- Associations
  - APTA
  - COMTO
  - AGC
  - TDC
- Branding Strategies







# Marketing Analysis

- SBA
  - Army
  - Navy
  - Air Force
- GSA
- USACE Mississippi Valley Division
  - St. Louis District
  - Rock Island
  - New Orleans
  - St. Paul
  - Memphis
  - Vicksburg
- Support System
  - Score
  - Small Business Development Center
  - Small and Disadvantage Business Utilization Office
  - Local SBA Office

# Niche

- General Construction
- Architectural Engineering
- Supply
- Service

# Know Thy Customer

- Buyers buy what they need



NEEDS  $\longleftrightarrow$  CAPABILITIES

- Understand Division and District Mission



Partner Search

Due Diligence

# SBA Business Development Program

- Small Business
- Small Disadvantage Business
- HUB ZONE
- SBA 8 (a)
- Woman Owned
- Service Disabled Veteran

# Select Team/Markets

- Building a Winning Team - The Right Way
  - Market Selection
- Mentor/Protégé Program Established and Monitored

# Prospective Projects

Identify Projects to Bid



# Secure Project

- Outstanding Performance
- Safety Plan Executed
- Discuss Learning, Challenges, Mistakes and Create Best Practices
- Shared Wealth
- **REPEAT PROCESS!**

# Q&A



# Building a Winning Team The Right Way



USACE – St. Louis District

May 11, 2011

# Key Components

- Joint Venture Agreement (approved)
- Bonding Company Requirements
- Understand Contract Terms
- Tripartite Agreement
- Know the Needs of Your Customer



# Path to Success

- ✓ 8(a) Woman Owned
- ✓ Small Business Dynamic Search
- ✓ Negotiations
- ✓ Strengths/Weaknesses
- ✓ Risk
- ✓ Target Market

← OPPORTUNITY

"SUCCESS?"

➤ CONSTRUCTION  
CONTRACTORS →

"BONDING"

← ➤ INDEMNIFICATION  
➤ TRIPARTITE

➤ PERFORMANCE →  
REQUIREMENTS

"TEAMING ARRANGEMENT"

← ➤ PRIME/SUB  
➤ JOINT VENTURE  
➤ MENTOR/PROTEGE

"NICHE/STRATEGIC PLAN"

NEEDS → CAPABILITIES  
←

# Team Development

- Information System
- Quality Control
- Safety
- Estimating
- Understanding Project Management Procedures

# Team Development

- Team Literature – Brochures, Fact Sheets, Business Cards, etc.
- Training Conferences
- Workshop Opportunities

# Team Strengths

- 8(a) Participation / SBA Requirements
- Prime / Sub
- Information System
- Communication System
- Ongoing Training



# Know Your Team

- Trust
- Team Chemistry
- Agreement on Financial Requirements of the Team
- Financial Assistance
- Supervisory Knowledge



# Thank You!

- Questions, Comments . . .

- Point of Contact:

Sharon Foster  
B-Next Construction, Inc.  
412 Grover Street  
Joliet IL 60433  
(815) 723-0846 Phone  
(815) 723-0257 FAX  
sfoster@bnextconstruction.com

Kevin Robinson  
Robinson Construction Company  
2411 Walters Lane  
Perryville MO 63775  
(573) 547-8397 Phone  
(573) 547-8398 FAX  
kevinprobinson@robinsonconstruction.com



## Teaming Agreements – Who is in Control?



### 9.601 Definition.

“Contractor team arrangement,” as used in this subpart, means an arrangement in which –

- (1) Two or more companies form a **partnership or joint venture** to act as a potential prime contractor; or
- (2) A potential **prime contractor** agrees with **one** or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program



# **Top Ten Clauses to Include in a Teaming Agreement**

- 1. Designation of a Prime Contractor and a Subcontractor**
- 2. Purpose and Scope of the Agreement**
- 3. Incorporation by Reference of a Non-Disclosure Agreement**
- 4. Protection/Allocation of Technical Data/Inventions/Patents**
- 5. Division of Responsibilities Between the Prime Contractor and the Subcontractor and Definition of the Relationship of the Parties**
- 6. Duration of the Agreement and Termination Provisions**
- 7. Limitation of Liability**
- 8. No Assignment without Consent**
- 9. Exclusivity/Non-Competition**
- 10. Identify the Nature and Key Terms of the Expected Subcontract Between Team Members**





Business Theory

**#1**

Business  
Preparation

**#2**

Business  
Functionality

**#3**

Business  
Presentation

**#4**

4 Building Blocks of  
Business Processes



- ✓ 8(A) WOMAN-OWNED
- ✓ SMALL BUSINESS DYNAMIC SEARCH
- ✓ NEGOTIATIONS
- ✓ **STRENGTH / WEAKNESS**
- ✓ **RISK** ↑↓
- ✓ **TARGET MARKET**

SB	33%
SDB	18%
WO	5.8%
SDVOSB	3%
HUBZ	10%

← OPPORTUNITY

“SUCCESS?”

“BONDING”

➤ CONSTRUCTION  
CONTRACTORS

---

VS

➤ A&E CONTRACTING

➤ INDEMNIFICATION  
➤ TRIPARTITE

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➤ PERFORMANCE  
REQUIREMENTS

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“TEAMING ARRANGEMENT”

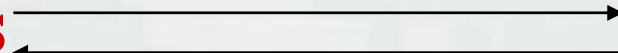
➤ **PRIME/SUB**  
➤ JOINT VENTURE  
➤ MENTOR PROTÉGÉ

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“NICHE / STRATEGIC PLAN”



**NEEDS**



**CAPABILITIES**



**Business Theory**

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# BUSINESS PREPARATION

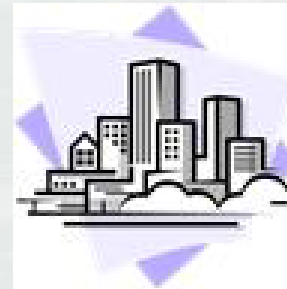
## Proposal/Bid Preparation

- Solicitation / Synopsis
- Plans / Specifications
- Preproposal Conference / Site Visit



## Bid Schedule

- Line Item Pricing
- Lump Sum
- IGCE



## Proposal Rate Structure

- Direct Cost
- Indirect Cost
- Profit
- Bonding
- Fair & Reasonable / Profit Driven?

## Public / Cost Share

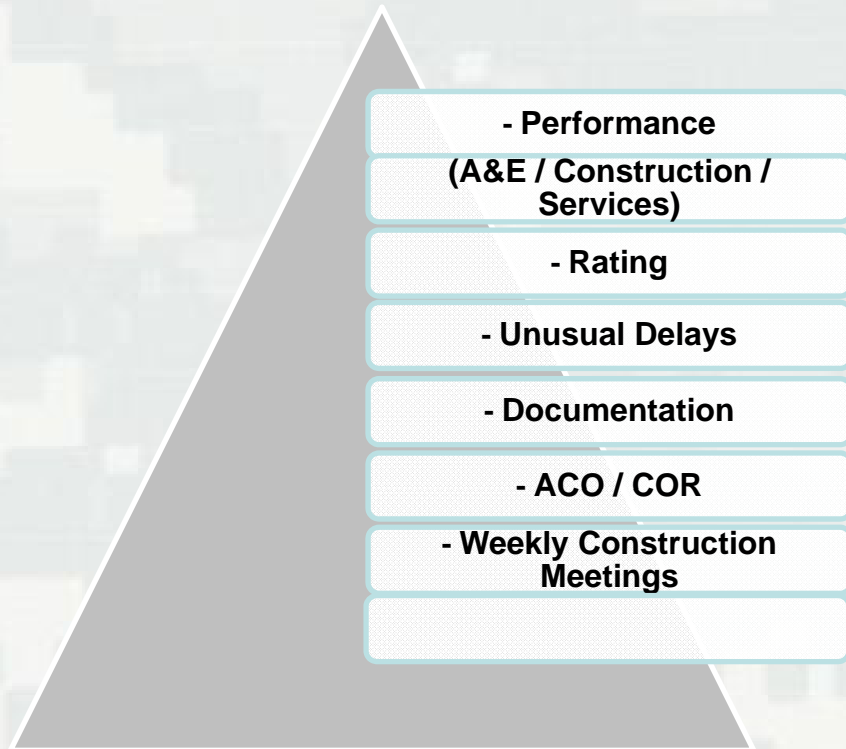
## Acquisition Process

- IFB
- RFP
- Best Value

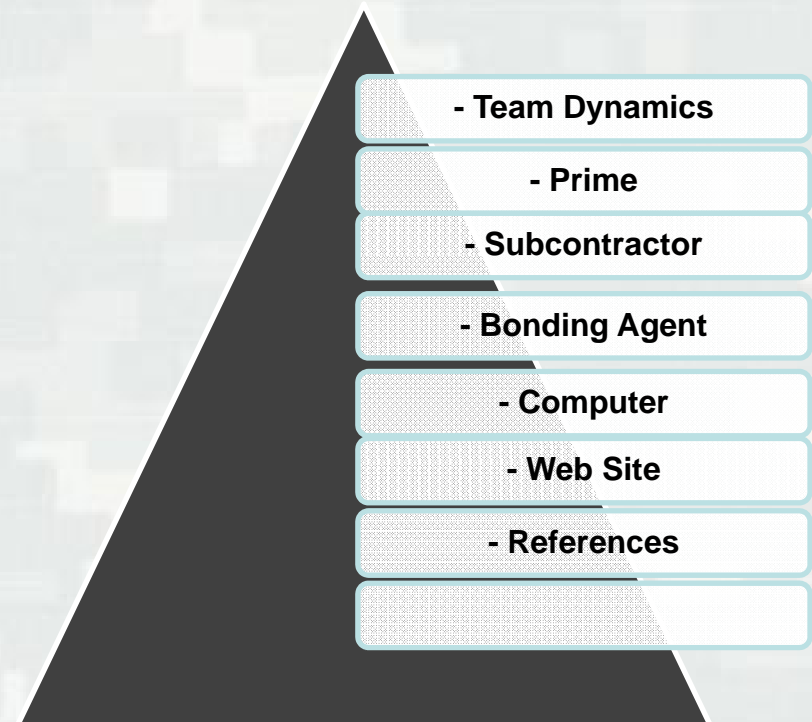
## Negotiations



## BUSINESS FUNCTIONALITY



## BUSINESS PRESENTATION



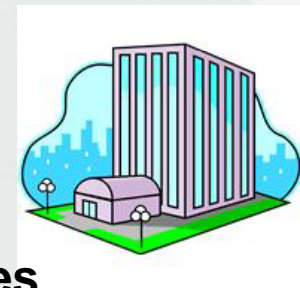
## **WARNING SIGNS!**

- ☐ **Lack of Interaction**
- ☐ **Negative Comments**
  - ...you shouldn't go for this**
  - ...not qualified**
  - ...last minute withdrawal from bidding**
  - ...unable to reach via phone/communication**
  - ...no bidding opportunities**
  - ...providing equipment / personnel**
- ☐ **Training Opportunities**
- ☐ **Teaming with multiple primes 8(a)**
- ☐ **Reciprocity in contract opportunities**
- ☐ **Exclusive vs Non-exclusive agreement**
- ☐ **FAR 19.7 Subcontracting Plan Compliance**



## Small Firms:

- ☐ Represent 99.7 percent of all employer firms
- ☐ Employ half of all private sector employees
- ☐ Pay 45 percent of total U.S. private payroll
- ☐ Have generated 60 to 80 percent of net new jobs annually over the last decade
- ☐ Create more than 50 percent of nonfarm private gross domestic product (GDP)
- ☐ Supplied more than 23 percent of the total value of federal prime contracts in FY 2009
- ☐ Produce 13 to 14 times more patents per employee than large firms
- ☐ Are employers of 41 percent of high tech workers (such as scientists, engineers, and computer workers)
- ☐ Are 53 percent home-based and 3 percent franchises
- ☐ Made up 97 percent of all identified exporters and produces 26 percent of the known value in FY2004



## 8(a) Business Activity Target (BATs)

Program Year	Year in Transition Stage	Business Activity Target
5	1	15%
6	2	25%
7	3	35%
8	4	45%
9	5	55%





## USACE FY10 SB PROGRAM(S) OBLIGATIONS

### SMALL BUSINESS (33%)

<u>DISTRICT</u>	<u>\$ OBL</u>	<u>% AWD</u>
1. BUFFALO	\$55,699,791	88%
2. <b>VICKSBURG</b>	\$135,023,533	74%
3. PHILL	\$374,788,228	71%
4. <b>DETROIT</b>	\$52,707,956	71%
5. SEATTLE	\$340,799,401	70%
6. ST. LOUIS	\$159,712,503	65%
7. USACE	\$9.7B	39%

### 8(A)

<u>DISTRICT</u>	<u>\$ OBL</u>	<u>% AWD</u>
1. HONOLULU	\$108,839,685	41%
2. SEATTLE	\$170,972,701	35%
3. SAN FRAN	\$23,129,823	30%
4. NEW ENG	\$53,626,698	29%
5. PHILL	\$142,774,672	27%
6. ST. LOUIS	\$50,176,928	20%
7. USACE	\$1.3 B	10%

### HUBZONE (10%)

<u>DISTRICT</u>	<u>\$ OBL</u>	<u>% AWD</u>
1. <b>VICKSBURG</b>	\$102,416,282	56%
2. HUNTING	\$66,665,042	43%
3. ST PAUL	\$37,764,878	31%
4. MEMPHIS	\$50,736,534	30%
5. DETROIT	\$22,105,982	29%
6. ST. LOUIS	\$41,705,219	31%
7. USACE	\$3 B	12%

### SDVOSB (3%)

<u>DISTRICT</u>	<u>\$ OBL</u>	<u>% AWD</u>
1. NORFOLK	\$57,016,146	14%
2. <b>DETROIT</b>	\$7,502,021	10%
3. NEW YORK	\$22,381,885	9%
4. <b>ST. LOUIS</b>	<b>\$22,986,943</b>	<b>9%</b>
5. LOS ANG	\$63,284,596	9%
6. USACE	\$536M	4%



## **Team Building Quotes**

**“Coming together is a beginning. Keeping together is progress. Working together is success.”**

**- Henry Ford**

**“It is only as we develop others that we permanently succeed.”**

**- Harvey S. Firestone**

**“Individual commitment to a group effort – that is what makes a team work, a company work, a society work, a civilization work.”**

**- Vince Lombardi**

**“There are no problems we cannot solve together, and very few that we can solve by ourselves.”**

**- Lyndon B. Johnson**



## **BUSINESS**

- ☐ THEORY
- ☐ PREPARATION
- ☐ FUNCTIONALITY
- ☐ PRESENTATION



**T - Together**

**E - Everyone**

**A - Achieves**

**M - More**



# POINTS OF CONTACTS

**COL Thomas E. O'Hara, Jr.**  
**District Commander (314) 331-8014**  
[thomas.e.ohara@usace.army.mil](mailto:thomas.e.ohara@usace.army.mil)

**LTC David E. Bitner,**  
**Deputy District Commander**  
[david.e.bitner@usace.army.mil](mailto:david.e.bitner@usace.army.mil)

**Joe Kellett,**  
**Deputy, Plans & Program Management (314) 331-8014**  
[joseph.p.kellett@usace.army.mil](mailto:joseph.p.kellett@usace.army.mil)

**Michael Feldmann (Acting),**  
**Chief, Engineering-Construction Division (314) 331-8202**  
[michael.feldmann@usace.army.mil](mailto:michael.feldmann@usace.army.mil)

**Dave Busse (Acting),**  
**Chief, Operations Division (314) 331-8100**  
[david.r.busse@usace.army.mil](mailto:david.r.busse@usace.army.mil)

**Brenda Wynne-George,**  
**Chief, Contracting Division (314) 331-8500**  
[brenda.wynne-george@usace.army.mil](mailto:brenda.wynne-george@usace.army.mil)

**Glenn L. Chatman,**  
**Small Business Program Manager (314) 331-8513**  
[glenn.l.chatman@usace.army.mil](mailto:glenn.l.chatman@usace.army.mil)



# Questions?

