

U.S. Army Corps of Engineers

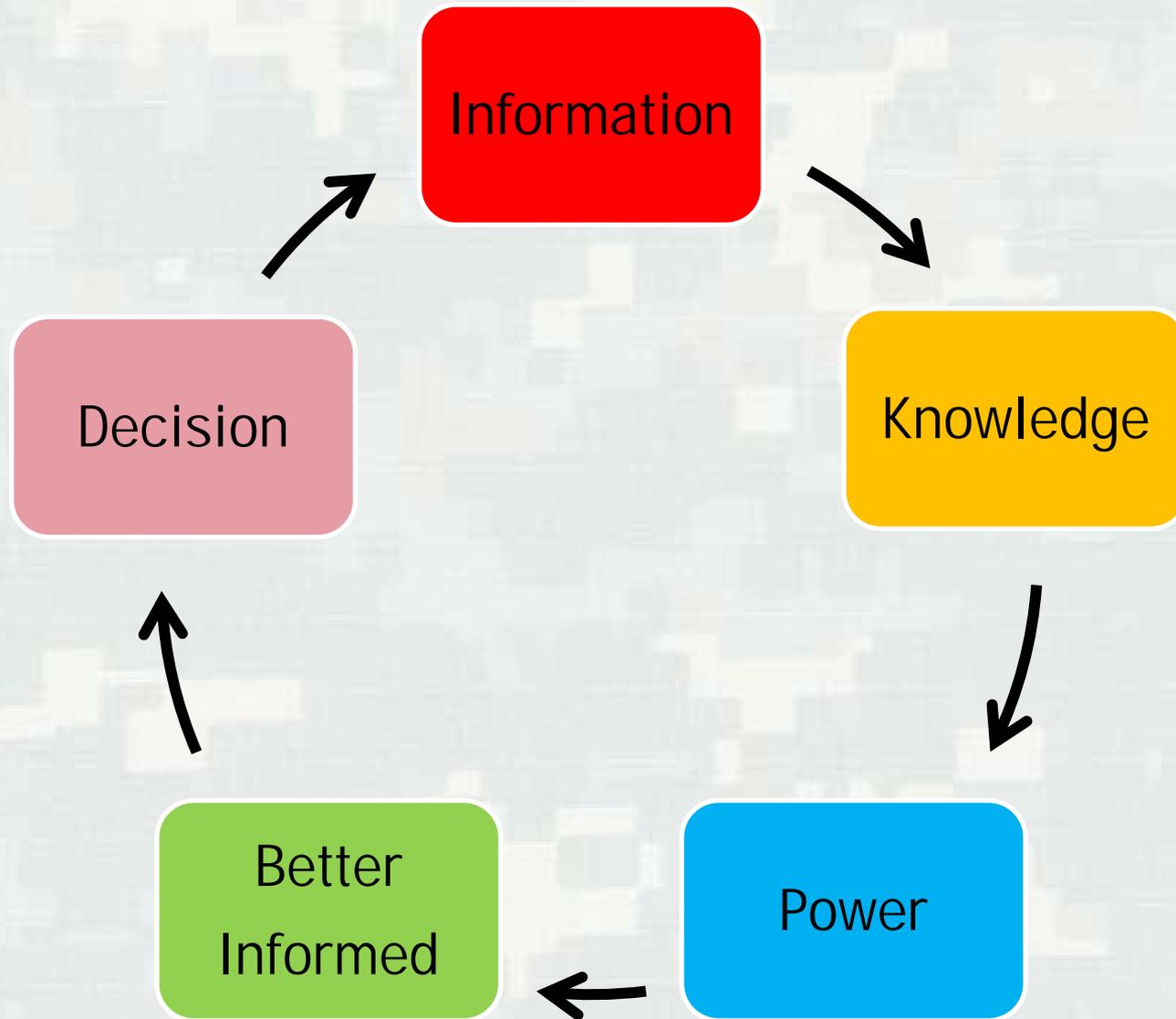
- Illinois Procurement Technical Assistant Center (PTAC)
- Small Business Administration
- Southern Illinois Builders Association
- Leadership Council Southwestern Illinois

St. Louis District & Contractor Partnership Symposium

“How to do Business with the Corps of Engineers”

Glenn Chatman
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2 April 2015





In the Beginning – Iraq 2008

- *...I felt that I was not really making a difference to their success but I contributed mightily to their failures. How could I feel that I was a contributing factor to any contractor's failure in the business community? That's when I really felt from within that I would change my way of interacting with small businesses when I returned back to my civilian job.*
- *... In many situations, how you view uncertainty dictates the degree of difficulty of being successful or being on the losing end. All anyone wants in business is an **opportunity** to participate as a viable contractor. I was determined to make a difference; I was determined to show small businesses that someone really cared for them and about them; I was determined to provide some sort of guidance, direction, leadership and become a major factor in the way the Federal Government viewed 8(a) contractors; and come up with a solid plan that could be used long after I had retired from the federal sector.*



In the Beginning – Iraq 2008

3 Guiding Principles:

1. **Allow as much time as needed for the contractor when a meeting was conducted/scheduled.**

My job is to ensure that every question, concern, and issue that they may have is addressed to their satisfaction. If they took the time to meet with me, then I should have the courtesy to allow as much time as needed. Even if the meeting took all day; and to allow the contractor to come back to the office any time.

2. **Always tell the contractor the truth about what is needed to be a successful contractor to the Federal Government** (as a disclaimer indicate to them...do not take anything that I say personally or negatively). Be honest and inform them of your true feeling of what is needed and required of them to be successful.

3. **Develop a winning plan of action** for them to follow to increase their level of opportunity to work for the Federal Government.



Three Important Changes in Government Contracting

- **Qualified Procurement/Products List (QPL)**
- **Small Business Administration Act**
 - **Public Law 112-239**
 - **15 USC 631**
 - **FAR Part 19**
- **Competition in Contracting Act (CICA) – Law in 1984**
 - **foundation for FAR**
 - **faster competition and reduced cost resulting in more small businesses to win Federal Government Contracts**
 - **established timeframe for acquisition to be published ending in contract award**





“Winning isn’t everything, it’s the only thing!”

...only if it’s played fairly and squarely and by the rules of the game”



4 Building Blocks of Business Processes

Business Theory

Business Preparation

Business Functionality

Business Presentation



Do You Know the Answer?

- 1. There are 6 Districts within the Mississippi Valley Division. What is so unique about these particular Districts in relations to the other Districts in the remaining Divisions?**
- 2. Bonding is one of the biggest issues regarding construction contracting especially for small businesses and 8(a) firms. Are there ways to off-set this major problem/concern for a small business?**
- 3. What is the greatest difference between Private Sector contracting and Public Sector contracting?**
- 4. What is the mission of the Corps of Engineers, Saint Louis District?**
- 5. When working for the Federal Government e.g. Corps of Engineers, what are the major elements (4) that are contained in your proposal? In simplistic terms, what is the composition of your rate structure?**
- 6. What is LPTA?...How does it differ from Best Value and IFB?**



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

SB	43%
SDB	13%
WO	7%
SDVO SB	4%
HUBZ	11%



← OPPORTUNITY

➤ CONSTRUCTION CONTRACTORS
vs
➤ A&E CONTRACTING [BROOKS ACT]

➤ INDEMNIFICATION
➤ TRIPARTITE

➤ PERFORMANCE REQUIREMENTS
↓
- Construction 15%
- Service 51%
- A&E 50%

➤ PRIME/SUB
➤ JOINT VENTURE
➤ MENTOR PROTÉGÉ



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
- JOB (lump sum)
- IGCE

Public / Cost Share

Proposal Rate Structure

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

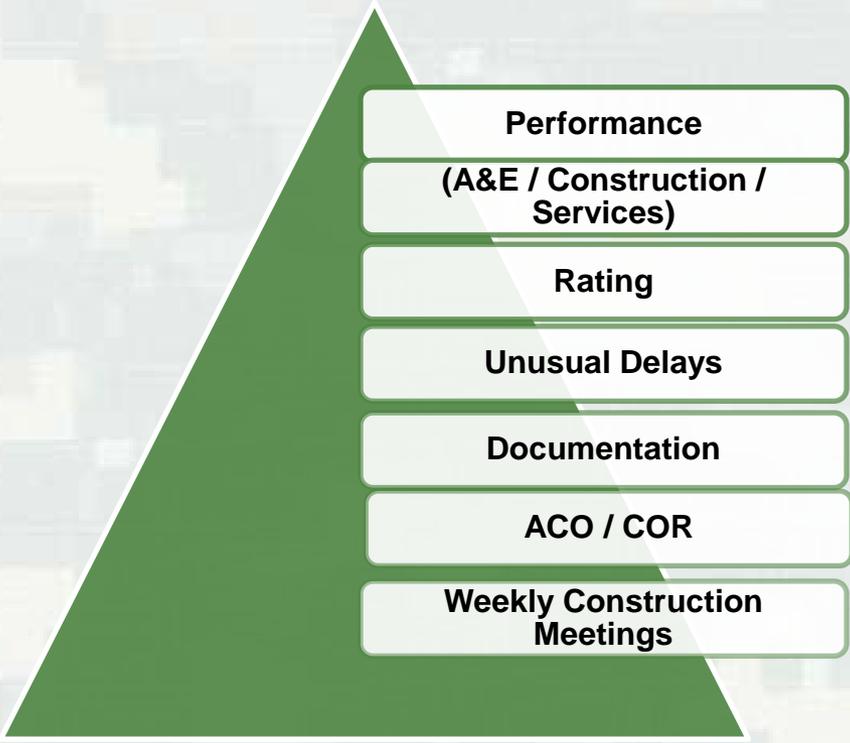
Acquisition Process

- IFB
- RFP
- Best Value

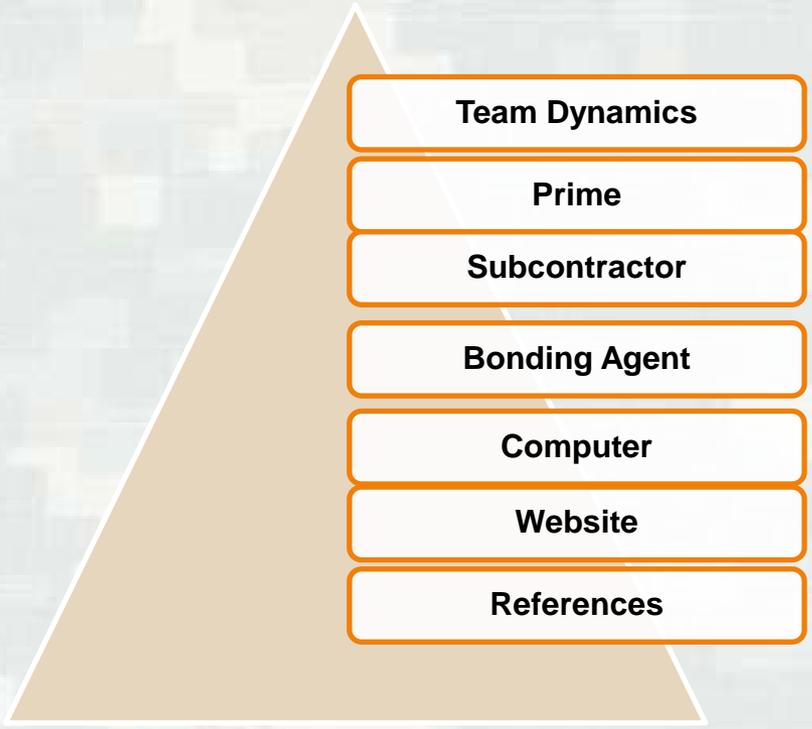
Negotiations



BUSINESS FUNCTIONALITY



BUSINESS PRESENTATION



Joint Venture - Concerns

Successful JV

vs.

Unsuccessful JV

Integrity

Legality

Ethics

Dishonesty

Fraud

Greed



Joint Venture (JV)





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**



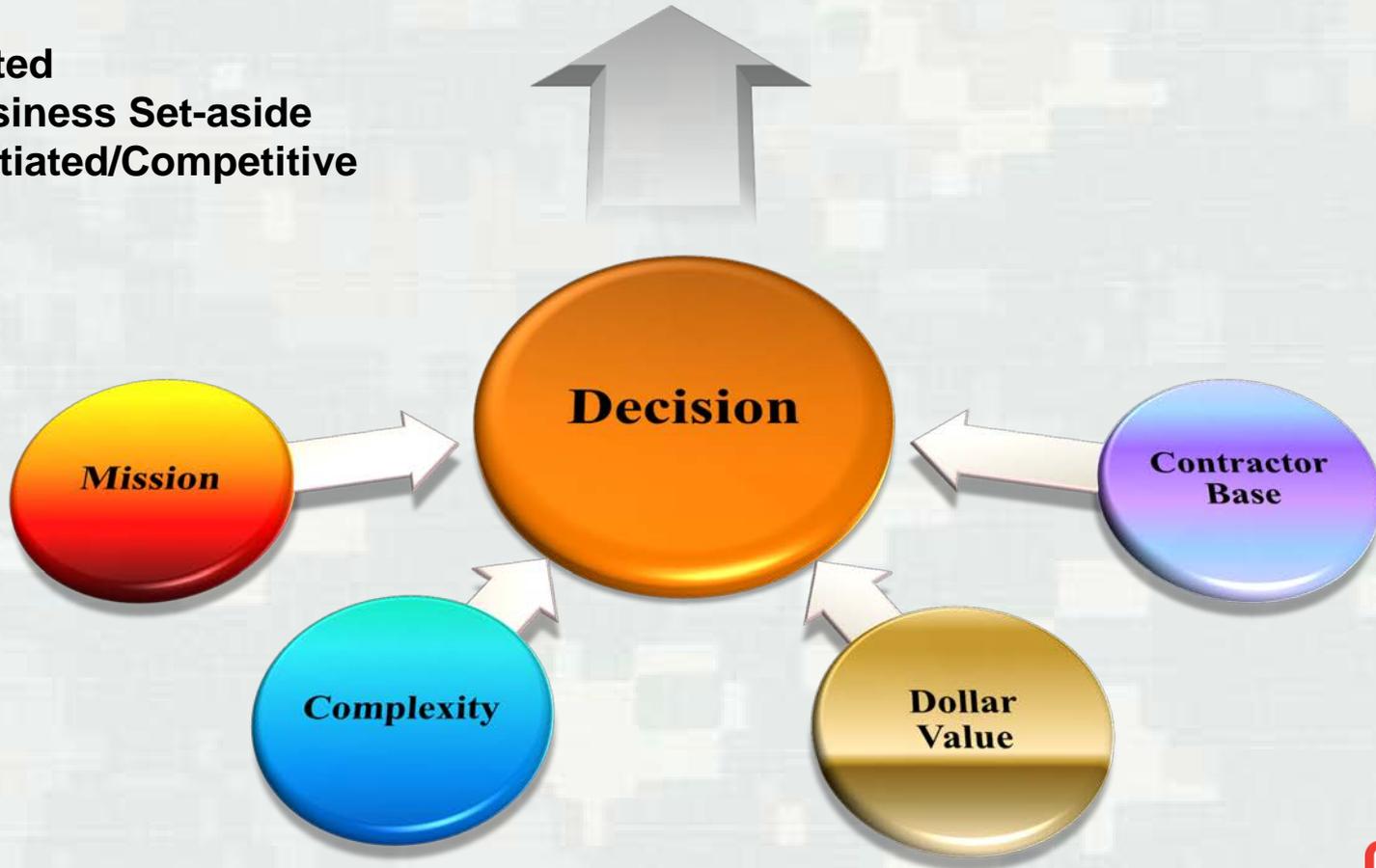
SB Participation Factor Differences for Large & Small Business Offerors

- RFPs should be structured to allow small businesses to submit their own participation as a prime under the FAR Part 15 Evaluation Factor.
- A common mistake is asking (small and large businesses) to submit **SUBCONTRACTING** goals, because this requires a small businesses to **SUBCONTRACT** to attain the goal. Instead SBs should be allowed to submit their own **PARTICIPATION** as a PRIME. Therefore, under the SB Participation Factor, you should see “SB Participation Goals”...meaning...
 - ▶ **Large businesses** achieve the goals through subcontracting;
 - ▶ **Small businesses** can achieve goals through their own performance/participation as a prime ...without having to subcontract.

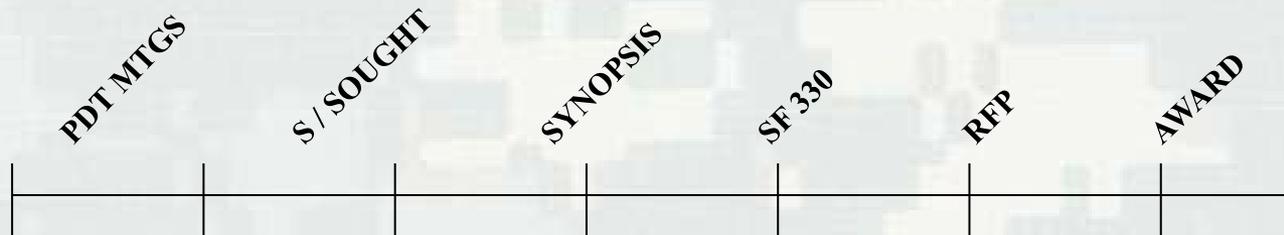
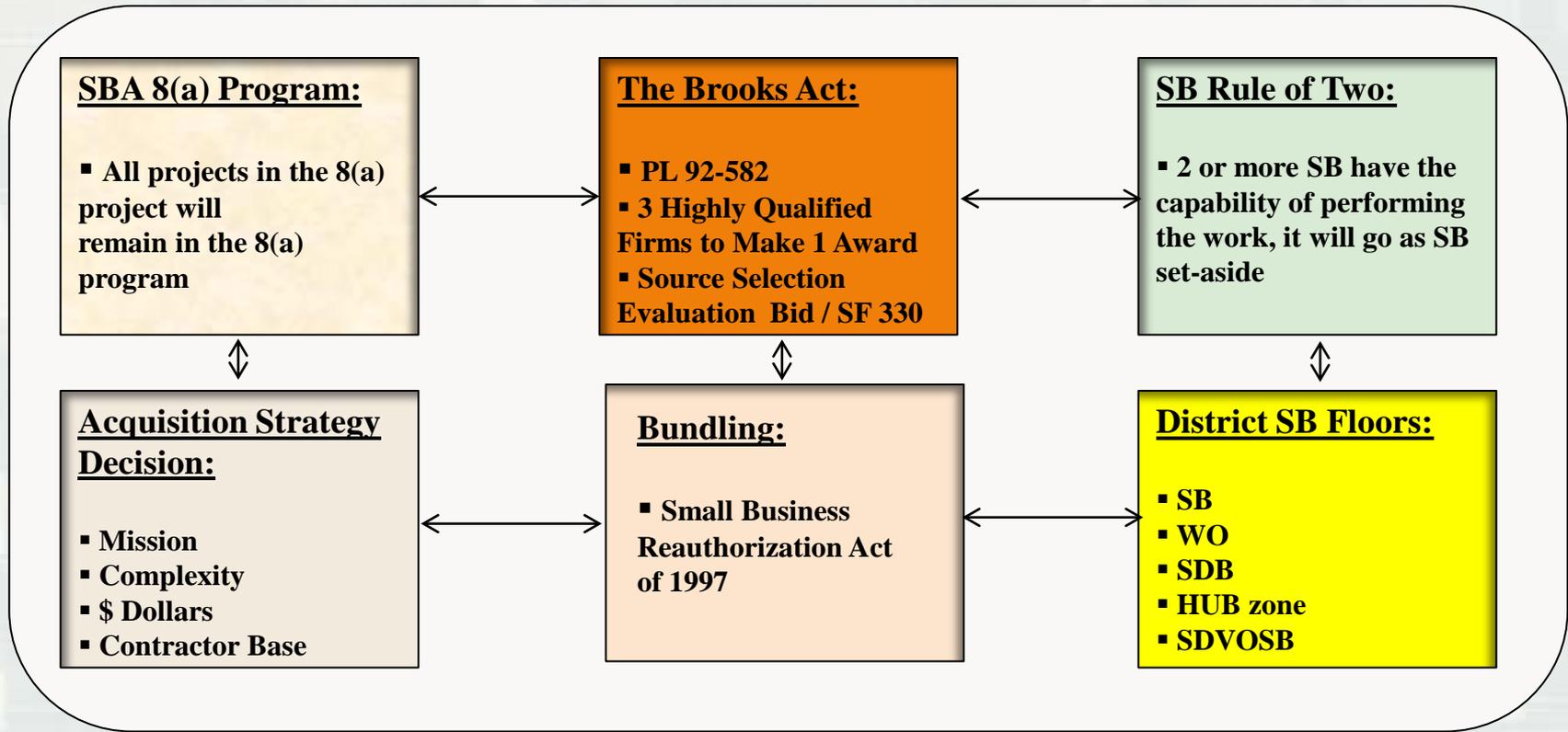


ACQUISITION STRATEGY

- Unrestricted
- Small Business Set-aside
- 8(a) Negotiated/Competitive



Acquisition Strategy Determination (Rules of Engagement)



ACQUISITION PROCESS



Example 1:

Scope of Work: Effort requires removal of **Rock Pinnacles** in the **Mississippi River** at Charles Melvin Price L&D. Contractor is responsible for providing **work/performance plan** in accordance with **closing/opening of river traffic**; ALSO must provide a methodology that doesn't harm, kill or disturb fish as they travel up and down the river.

Example 2:

Scope of Work: Effort requires building of a **road** located in Wood River Illinois off of route 111 east of the old Monsanto plant. In addition, contractor must construct a **culvert** with **drainage pipe**; and install 10 relief wells. Oh, by the way there is a **railroad** that runs parallel to the job site.

Example 3:

Scope of Work: Effort requires **repair of 7 levees** throughout the Metro East location. Work includes the **repair of slides and breeches** at the site location. The use of **hydrated lime** is not required for this repair effort. Period of Performance is 45 days from NTP



MVS Funding 2012 - Present

		2012	2013	2014	2015
Total Dollars Obligated	→	\$132,491,143 (\$16,474,321,245)	\$102,657,067 (\$13,317,995,230)	\$147,098,676 (\$15,252,949,193)	\$17,560,139 (\$2,645,281,770)

	MVS	2012	2013	2014	2015
Total 8a Dollars Obligated/%		\$23,107,630 17.4%	\$9,869,848 9.6%	\$14,315,936 9.7%	\$1,401,340 7.9%
Total MVS & 8a Actions/ 8a Actions %		1,847 202 10.9%	1,702 127 7.5%	1,872 143 7.6%	432 32 7.6%
Total New Contracts/%		15 .8%	6 .4%	10 .5%	0 0%

Size Comparison: MVS/COE

↓ 35th ↓ 42nd ↓ 33rd ↓ ?



MVS Dollar Obligations 2012 - Present

	MVS FLOOR	2012	2013	2014	2015
Large		\$55,051,563 41.5%	\$39,500,888 38.5%	\$74,433,285 50.6%	\$5,511,097 31.4%
SB	43.3%	\$77,439,578 58.5%	\$63,156,179 61.5%	\$72,665,391 49.4%	\$12,049,042 68.6%
SDB	18%	\$38,138,651 28.8%	\$22,368,442 21.8%	\$19,501,020 13.3%	\$1,591,575 9.1%
HUB - Zone	11%	\$6,374,955 4.8%	\$10,206,828 9.9%	\$5,223,287 3.5%	\$344,648 1.9%
SDVOSB	4%	\$18,471,113 14%	\$13,599,768 13.2%	\$7,094,747 4.8%	\$701,116 4.5%
WO	7%	\$20,184,854 15.2%	\$9,732,397 9.5%	\$22,568,086 15.3%	\$3,772,841 21.5%
Total Dollars Obligated		\$132,491,143 (\$16,474,321,245)	\$102,657,067 (\$13,317,995,230)	\$147,098,676 (\$15,252,949,193)	\$17,560,139 (\$2,645,281,770)



MVS Obligations by Division 2012 - Present

	FY12	FY13	FY14
A&E	\$16,877M (13%)	\$16,481M (16%)	\$23,984M (17%)
O&M	\$35,278M (27%)	\$18,446M (18%)	\$43,726M (30%)
FUSRAP	\$12,679M (9%)	\$18,521M (18%)	\$7,914M (5%)
Construction	\$28,689M (22%)	\$24,555M (23%)	\$28,274M (19%)
Other	\$38,968M (29%)	\$25,644M (25%)	\$43,201M (29%)

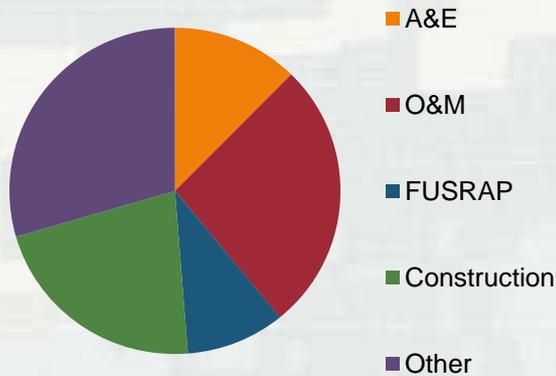
Total :

\$132M

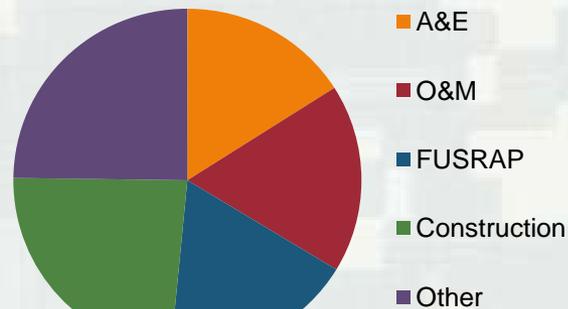
\$103M

\$147M

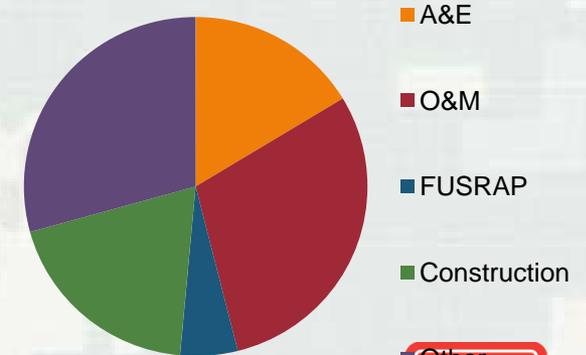
FY12



FY13



FY14



Small Business Goals

(\$20,893,411.00)

<u>CATEGORY</u>	<u>USACE GOAL</u>	<u>MVD GOAL</u>	<u>MVS GOAL</u>	<u>YTD</u>
• SB	41.5%	41.5%	43.3%	61.04%
• SDB	19%	19%	13%	9.01%
• WO	7%	7%	7%	20.96%
• HUB	9%	9%	11%	1.90%
• SDV	4.5%	4.5%	4%	4.50%



Illinois Contractor Statistics

NAICS 237990 (Heavy Construction) Registered in Dynamic Small Business Search

Category	Number of Contractors	Location
Small	243	Miscellaneous
8a, WO, HUB Zone & SDVOSB	1	Chicago
8a, WO & HUB Zone	0	
8a, SDVOSB & HUB Zone	1	Chicago
8a & HUB Zone	5	Waukegan, Rockford & Chicago
8a & SDVOSB	3	Chicago, Joliet & Flossmoor
8a & WO	7	Hillside, Burr Ridge, East St. Louis, Joliet, Tinley Park, & Brighton
8a	25	South Holland, Rockford, Tinley Park, Chicago, Aurora, Hillside, Plainfield, E. St. Louis, Bolingbrook, Barrington Country Club Hills, Waukegan, Flossmoor & Brighton
HUB Zone	12	Sesser, Crestwood, Chicago, Rockford, E. St. Louis, Earlville, Waukegan, & Harrisburg
SDVOSB	28	O'Fallon, Flossmoor, Lincolnwood, Rockford, Northfield, Chicago, Westchester, Addieville, Swansea,...

Examples:

- Channel Construction
- Dam Construction
- Marine Construction
- Dock Construction
- Dredging
- Nuclear Waste
- Park ground
- Flood control
- Railroad Construction
- Golf Course
- Subway
- Horizontal Drilling
- Trenching



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Final Thoughts...

BUSINESS

- Theory
- Preparation
- Functionality
- Presentation



Is the glass half full
or is it half empty?



T - Together
E - Everyone
A - Achieves
M - More



Important Addresses

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Questions?

