U.S. Army Corps of Engineers

St. Louis District & Contractor Partnership Symposium

“How to do Business with the Corps of Engineers”

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Small Business Program Manager
2 April 2015
BUILDING STRONG®

Information

Decision

Knowledge

Better Informed

Power
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) contactors; 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?
BUSINESS PREPARATION

Proposal/Bid Preparation
- Solicitation / Synopsis
- Plans / Specifications
- Prepropositional Conference / Site Visit

Bid Schedule
- Line Item Pricing
- JOB (lump sum)
- IGCE

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

Acquisition Process
- IFB
- RFP
- Best Value

Public / Cost Share

Negotiations
BUILDING STRONG®

Performance (A&E / Construction / Services)
Rating
Unusual Delays
Documentation
ACO / COR
Weekly Construction Meetings

Team Dynamics
Prime
Subcontractor
Bonding Agent
Computer
Website
References
Joint Venture - Concerns

Successful JV vs. Unsuccessful JV

Integrity

Dishonesty

Legality

Fraud

Ethics

Greed

Joint Venture (JV)
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
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 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
The Brooks Act:
- PL 92-582
- 3 Highly Qualified Firms to Make 1 Award
- Source Selection Evaluation Bid / SF 330

SB Rule of Two:
- 2 or more SB have the capability of performing the work, it will go as SB set-aside

Acquisition Strategy Decision:
- Mission
- Complexity
- $ Dollars
- Contractor Base

Bundling:
- Small Business Reauthorization Act of 1997

District SB Floors:
- SB
- WO
- SDB
- HUB zone
- SDVOSB

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Dollars Obligated</strong></td>
<td>$132,491,143 (16,474,321,245)</td>
<td>$102,657,067 (13,317,995,230)</td>
<td>$147,098,676 (15,252,949,193)</td>
<td>$17,560,139 (2,645,281,770)</td>
</tr>
<tr>
<td><strong>Total 8a Dollars Obligated/%</strong></td>
<td>$23,107,630 17.4%</td>
<td>$9,869,848 9.6%</td>
<td>$14,315,936 9.7%</td>
<td>$1,401,340 7.9%</td>
</tr>
<tr>
<td><strong>Total MVS &amp; 8a Actions/8a Actions %</strong></td>
<td>1,847 202 10.9%</td>
<td>1,702 127 7.5%</td>
<td>1,872 143 7.6%</td>
<td>432 32 7.6%</td>
</tr>
<tr>
<td><strong>Total New Contracts/%</strong></td>
<td>15 .8%</td>
<td>6 .4%</td>
<td>10 .5%</td>
<td>0 0%</td>
</tr>
</tbody>
</table>

Size Comparison: MVS/COE

35th 42nd 33rd ?
## MVS Dollar Obligations 2012 - Present

<table>
<thead>
<tr>
<th>MVS FLOOR</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollars</td>
<td>Obligated</td>
<td>Dollars</td>
<td>Obligated</td>
</tr>
<tr>
<td>Large</td>
<td>$55,051,563</td>
<td>41.5%</td>
<td>$39,500,888</td>
<td>38.5%</td>
</tr>
<tr>
<td>SB</td>
<td>43.3%</td>
<td>$77,439,578</td>
<td>58.5%</td>
<td>$63,156,179</td>
</tr>
<tr>
<td>SDB</td>
<td>18%</td>
<td>$38,138,651</td>
<td>28.8%</td>
<td>$22,368,442</td>
</tr>
<tr>
<td>HUB - Zone</td>
<td>11%</td>
<td>$6,374,955</td>
<td>4.8%</td>
<td>$10,206,828</td>
</tr>
<tr>
<td>SDVOSB</td>
<td>4%</td>
<td>$18,471,113</td>
<td>14%</td>
<td>$13,599,768</td>
</tr>
<tr>
<td>WO</td>
<td>7%</td>
<td>$20,184,854</td>
<td>15.2%</td>
<td>$9,732,397</td>
</tr>
</tbody>
</table>

**Total Dollars Obligated**
- **2012:** $132,491,143 ($16,474,321,245)
- **2013:** $102,657,067 ($13,317,995,230)
- **2014:** $147,098,676 ($15,252,949,193)
- **2015:** $17,560,139 ($2,645,281,770)
MVS Obligations by Division 2012 - Present

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A&amp;E</td>
<td>O&amp;M</td>
<td>FUSRAP</td>
</tr>
<tr>
<td>A&amp;E</td>
<td>$16,877M (13%)</td>
<td>$16,481M (16%)</td>
<td>$23,984M (17%)</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>$35,278M (27%)</td>
<td>$18,446M (18%)</td>
<td>$43,726M (30%)</td>
</tr>
<tr>
<td>FUSRAP</td>
<td>$12,679M (9%)</td>
<td>$18,521M (18%)</td>
<td>$7,914M (5%)</td>
</tr>
<tr>
<td>Construction</td>
<td>$28,689M (22%)</td>
<td>$24,555M (23%)</td>
<td>$28,274M (19%)</td>
</tr>
<tr>
<td>Other</td>
<td>$38,968M (29%)</td>
<td>$25,644M (25%)</td>
<td>$43,201M (29%)</td>
</tr>
<tr>
<td>Total</td>
<td>$132M (29%)</td>
<td>$103M (25%)</td>
<td>$147M (29%)</td>
</tr>
</tbody>
</table>

FY12: A&E = 13%, O&M = 27%, FUSRAP = 9%, Construction = 22%, Other = 29%
FY13: A&E = 16%, O&M = 18%, FUSRAP = 18%, Construction = 23%, Other = 25%
FY14: A&E = 17%, O&M = 30%, FUSRAP = 5%, Construction = 19%, Other = 29%
### Small Business Goals

**($20,893,411.00)**

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>USACE GOAL</th>
<th>MVD GOAL</th>
<th>MVS GOAL</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>• SB</td>
<td>41.5%</td>
<td>41.5%</td>
<td>43.3%</td>
<td>61.04%</td>
</tr>
<tr>
<td>• SDB</td>
<td>19%</td>
<td>19%</td>
<td>13%</td>
<td>9.01%</td>
</tr>
<tr>
<td>• WO</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>20.96%</td>
</tr>
<tr>
<td>• HUB</td>
<td>9%</td>
<td>9%</td>
<td>11%</td>
<td>1.90%</td>
</tr>
<tr>
<td>• SDV</td>
<td>4.5%</td>
<td>4.5%</td>
<td>4%</td>
<td>4.50%</td>
</tr>
</tbody>
</table>
## Illinois Contractor Statistics

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

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

**Examples:**
- Channel Construction
- Dam Construction
- Marine Construction
- Dock Construction
- Dredging
- Nuclear Waste
- Park ground
- Flood control
- Railroad Construction
- Golf Course
- Subway
- Subway
- Horizontal Drilling
- Trenching
Final Thoughts...

**BUSINESS**
- Theory
- Preparation
- Functionality
- Presentation

Is the glass half full or is it half empty?

<table>
<thead>
<tr>
<th>T</th>
<th>Together</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Everyone</td>
</tr>
<tr>
<td>A</td>
<td>Achieves</td>
</tr>
<tr>
<td>M</td>
<td>More</td>
</tr>
</tbody>
</table>
Important Addresses

U.S. Army Corps of Engineers – St. Louis District
https://www.mvs.usace.army.mil

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Questions?