CHAPTER 1 MANAGEMENT GUIDANCE

MISSION OF THE ROICC

The ROICCs mission is to obtain quality facilities in a timely fashion and to meet customer operational requirements at the lowest reasonable cost. We, as the tip of the spear for building the Navy's shore structure, are the Navy's facilities, installation, and contingency engineers. We serve the Navy and Marine Corps team, Unified Commanders, DOD and other federal agencies. We plan and deliver innovative, technology-leveraged solutions and alternatives to meet our clients' needs. We are an integral member of the Navy and Marine Corps Team. We are valued for our ability to offer and deliver timely and effective facilities engineering solutions. While these statements are simple, the tasks involved in fulfilling these functions can be a challenge. We sometimes become so involved in performance of the task that we lose sight of the basic function.

This ROICC Handbook provides the ROICC's guidance during the procurement and administration of construction contracts. It is a guide; there is no cookbook formula for a successful ROICC. A ROICC Handbook cannot answer every question that may arise in the field, but it can provide the guidelines necessary to make quality decisions. This Handbook is not intended to restrain change or improvement. There is always a better way to do something—sometimes we just need to recognize it.

The LANTDIV mission statement provides our focus:

> Our Mission is to provide quality facilities, proactive operational support and expert Engineer services to our Nation's military forces.
>
> - Clients are our focus.
> - We are an agile, global organization, committed to quality, speed, innovation and professional excellence.

LANTDIV ORGANIZATION

The Atlantic Division of Naval Facilities Engineering Command is an Echelon III Command. The Commander, Atlantic Division, Naval Facilities Engineering Command reports to the Commander, NAVFACENGCOM (NAVFAC), see Appendix Tab (1).

The Engineering field Division, Atlantic is comprised of a Headquarters function located in Norfolk, Virginia, four subordinate components, and one reserve component:

- Engineering Field Activity Northeast (EFA Northeast), Philadelphia, PA
- Engineering Field Activity Chesapeake (EFA Chesapeake), Washington, DC
- Engineering Field Activity Mediterranean (EFA Med), Naples, Italy
- Engineering Field Activity, Atlantic (Reserve Component)
- Officer in Charge of Construction, (OICC NAPLES), Naples, Italy

The Commander, Southern Division, Naval Facilities Engineering Command reports to Commander, Atlantic Division for additional duty support for CINCLANTFLT shore civil engineer matters to ensure a single "Engineer Voice" to the Fleet CINC. The Commander, Southern Division sits on the Atlantic Division Board of Directors.

Atlantic Division is closely aligned with operational Fleet Commands, with the following Commander, Atlantic Division additional duty assignments:

- CINCLANTFLT Fleet Civil Engineer
- CINCUSNAVEUR Facilities Advisor
- SOUTHCOM Force Civil Engineer
- NAVCENT Force Facilities Advisor
- USJFCOM Force Civil Engineer

Atlantic Division coordinates closely with following Navy Regional Commanders through senior military and civilian managers:

- CNR Mid-Atlantic
- Commander, Naval District Washington
- CNR Northeast
- CNR Southeast
- CNR Europe

The LANTDIV Command, the operations and policy thereto, are uniform in application across the organization and the AOR. All components align with Command Headquarters in strategic and resource planning, military and civilian personnel policy, operational concepts, business practices, and integrity of our execution of programs and projects. This reflects the concept that the LANTDIV HQTRS element, components, field offices and other supporting units make up the Atlantic Division.

LANTDIV Command, operations and policy are uniform in application across the organization and the AOR. All components align with Command Headquarters in strategic and resource planning, policy, operations and execution of programs.

AUTHORITY FOR CONTRACTING

Authority for procurement within the Navy is vested by statute (10 USC 5031) in the Secretary of the Navy (SECNAV), who can establish contracting activities and has established NAVFACENGCOM as a Contracting Activity. The Commander NAVFACENGCOM, is Head of the Contracting Activity and can appoint contracting officers. Depending on level, contracting officers can enter into, administer and terminate contracts and are responsible for ensuring performance of all necessary actions for effective contracting. NFAS addresses contracting authority and describes the responsibility of each level-contracting officer. The appointment letter, or warrant, states the authority granted and any limitations other than those provided by law or regulation. Typically, for each ROICC office, the ROICC and the Supervisory Contract Specialist hold warrants.

AROICCs, SAROICCs, AREICCs, SAREICCs, and SGEs will have COAR authority up to $100,000 based upon experience and training in contracting issues.

COMPONENT COMMANDS AND DIVISION INTERFACE PRECEPTS

Components are established to provide a forward deployed presence in major Navy and Marine Corps shore concentrations and/or Regional Command Headquarters of the Navy Command structure. The concept of Component (Echelon IV) Commands is designed to be client-driven "front doors" to the Division. LANTDIV HQTRS Business Lines provide the planning, policies, processes, resources, technical standards and support to effectively provide Client needs and expectations. The Component "front door" is represented by Integrated Product Teams that tailor products and services to respond to individual clients from definition of requirements through the delivery process. Component technical/professional expertise and production capability to deliver products and services are resourced to the extent that workload exists, with consideration of the client needs and expectations as financially sound from a strategic business perspective. Strategic resourcing is necessary to ensure the Division sustains a viable organization to not only survive, but prosper. There are multiple strategic considerations in the planning and allocation of resources including the priority of positioning Division elements to best serve Navy shore readiness requirements, balance Division support capabilities across the AOR to respond to changing needs, sustainability of Components for the workload in terms of volume and character, and leveraging technical and managerial competency through establishing and maturing interdependencies.

Changing Navy Command structure, BRAC realignments, workload and other evolving dynamics can and will affect the preferred role of Components and the Division HQTRS element. All resourcing in the future is necessarily a strategic business concern. The Board of Directors (guided by the Strategic Business Office and Resources Office), with HQTRS Business Line Managers, will provide responsive planning in resourcing to ensure to the greatest extent possible that all components of the command can sustain service support expectations of clients in their AOR, recognizing increased efficiencies will be needed to sustain Business and Product Line core competency if resources do not parallel workload demand.

EFA Components have a Commanding Officer (CO) that reports to the Commander, Atlantic Division. The CO is responsible to the Division Commander for delivery of products and services to clients in their AOR. The Division Operations Officer and Deputy Operations Officer have a Headquarters role in the command's execution of products and services required and promised to clients. Integrated Product Teams (IPTs), guided by senior military or civilian leaders, function to serve a diverse mix of clients across the AOR. Liaison Officers serve clients, and their respective IPTs, by helping them to understand needs, plan for the future and align products and services to meet shore facility requirements.

EFA Components are located forward, in areas of Navy concentration to be accessible to clients. Components undergo reshaping in terms of organization staffing and emphasis to

best balance fiscal year resources with client needs and expectations. For economy of scale, technical synergy, and flexible response to clients across the largest AOR of the four NAVFAC field divisions, components are not full service production units, relying on the Division Headquarters for interdependent support. Technical and managerial staffing is committed forward at components, when justified by sufficient size and character of workload, extending over a long period of time and where process economies can be realized in low overhead over a long period of time and where process economies can be realized in low overhead support costs. Where this is not the case, the component IPTs draw virtually from the Division Headquarters Business Line and support staffs. As an example, EFA Med leverages the Base Operations Support and Capital Improvements Business Lines from the Division Headquarters, as well as financial management functions from the Resources Office.

The Components are consistent in the basic organization structure with CO/XO, an Operations Group (Ops) serving as the execution platform and consisting of Integrated Product Teams that are responsible for delivery of products and services to their clients, Business Line Coordinators (BLCs) serve as a link to Business Line Managers (BLMs)/Product Line Leaders (PLLs) at the Division Headquarters and support IPTs directly on technical matters where possible. Activity Liaison Officers (defined elsewhere) serve Ops and IPTs in understanding how to best serve clients needs and expectations. Field Officers distributed on or near military installations are, in concept, an extension of the IPT as an on-site representative. In this capacity, ROICCs report to OPS in the execution of construction management and other related service delivery responsibilities.

EFA NORTHEAST

EFA Northeast is located south of Philadelphia, close to the city's international airport to permit timely access for visitors and professional staff. The LANTDIV intranet link provides maps to assist visitors traveling by air, rail or automobile and a listing of hotels that best serve our personnel on TDY. The organization has been engineered around two IPTs based on geographic affinities. The majority of technical staff is situated on the IPTs providing a level of production capability resident on the teams to develop familiarity with clients and their unique requirements. As workload dynamics dictate, professional and support staff are wheeled between teams, and special expertise is shared through multiple team support roles.

The AOR for EFA Northeast generally includes Pennsylvania, Delaware, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Jersey, New Hampshire and Maine. Uniquely, while Pennsylvania and Delaware fall within the AOR of CNRMA region, they are served by the Delaware Valley IPT. EFA Northeast provides the northern exposure of the Atlantic Fleet in the Northeast, however reduced that presence is today.

Delaware Valley
NAU Scotia
NAS/JRB Willow Grove
NSA Mechanicsburg
NSA Philadelphia
NWS Earle
NAWC Lakehurst
NSWC Philadelphia
Reserve Centers

New England
SERE School Rangely
NAS/JRB Willow Grove
NCTC Cutler
NSGA Winter Harbor
NAS Brunswick
NSY Portsmouth
NAVSTA Newport
NUWC Newport
NSB New London

The current organization structure for EFA Northeast includes a Command staff (Commanding Officer and Executive Officer), Operations, which includes Activity Liaison Officers (ALnOs), Integrated Product Teams and field offices, for which there are currently seven, situated in the six states. A generic diagram is provided in Appendix Tab (1) and reflects the Command relationship to the EFD Headquarters.

The EFD LANT Headquarters key senior leaders, Strategic Business Officer, Resources Officer, Operations Officer and Contracts Officer, as well as the seven Business Line Managers interface with the key senior leadership of EFA Northeast. In addition, the Chief Engineer engages across the Division on Community Management for the engineering workforce. Key senior leaders have connection points with Components; i.e., the Strategic Business Officer has a counterpart at the Component in the Component Business Coordinator; the Business Line Manager has a counterpart in the Business Line Coordinator.

Resident capabilities include Real Estate, Capital Improvements and Environmental Services. Planning and Base Operations Support are supported fully from the LANTDIV HQRTS Business Line Group. Capital Improvements workload is designed based on a specific set of objectives; execution of O&MN projects important to clients in AOR, selective MCON and other fund source projects that provide desired community management experience/training and those projects desired by EFA Northeast field offices which cannot be accomplished expeditiously through other component interdependent support. Major, large/complex and high technology projects may be handled from EFD LANT, with its more robust engineering staff. EFA Northeast component IPTs will remain cognizant of the all projects and responsible through delivery to Clients.

The Division's technical business line staff at EFD LANT, working through the Component IPT, more appropriately executes major program initiatives, such as utility privatization and AOR-wide planning studies.

EFA CHESAPEAKE

EFA Chesapeake is a tenant activity at the Washington Navy Yard, which resides within the District of Columbia in the southeast quadrant within a block of NAVFAC Headquarters. The LANTDIV intranet link includes maps for travelers arriving by air, rail or automobile and highlights their location on the Navy Yard property. In addition, information on convenient, within per diem lodging is provided for personnel on TDY.

The organization has been engineered around these three Integrated Product Teams based on both client segmentation and geographic affinities. A diagram of the organization is reflected on the next page. Most technical staff is situated on the IPTs, leaving no "core" in any business line. EFA Chesapeake uniquely has a broader mix of clients as the U.S. Naval Observatory and U.S. Naval Academy, the White House, Andrews Air Force Base, VIP Visitors Center/Flag Quarters, and Bethesda Naval Hospital. As workload dynamics dictate, professional and support staff are wheeled between teams and special expertise is shared through multiple team support roles in key business lines of Base Development & Planning, Real Estate, and Environmental Services as well as the Contracts Office.

EFA Chesapeake's AOR coincides with the Commander NDW and the facilities acquisition and engineering is increasingly a coordinated effort with interdependent support required to serve clients in the DC area. The National District Washington is unique as NAVFACENGCOM is assigned special support requirements for special federal agencies, including the Executive Branch of the federal government. As a result, EFA Chesapeake retains a unique mission that is greatly facilitated by their presence in the DC area and environment to be effective and timely.

The AOR for EFA Chesapeake generally includes Maryland, District of Columbia, and Northern Virginia (within 50 miles of DC, north of Richmond).

The current organization structure for EFA Ches includes a Command staff (Commanding Officer and Executive Officer), Operations, which includes Activity Liaison Officers (ALnOs)), Integrated Product Teams and field offices, for which there are currently seven, situated in the two states and the District of Columbia. A generic diagram is provided in Appendix Tab (1) and reflects the Command relationship to the EFD Headquarters.

The EFD Headquarters key senior leaders, Strategic Business Officer, Resources Officer, Operations Officer and Contracts Officer, as well as the seven Business Line Managers, interface with the key senior leadership of the Component. In addition, the Chief Engineer engages across the Division on Community Management for the engineering workforce. Key senior leaders have connection points with Components; i.e., the Strategic Business Officer has a counterpart at the Component in the Component Business Coordinator; the Business Line Manager has a counterpart in the Business Line Coordinator.

Resident capabilities include Planning, Real Estate, Capital Improvements and Environmental Services. Capital Improvements workload is designed to meet what has been a steady workload of both DoD/Navy and non-DoD agencies.

The Division's technical business line staff at EFD LANT, working through the component IPT, more appropriately executes major program initiatives, such as utility privatization and AOR-wide planning studies.

EFA MEDITERRANEAN

EFA Mediterranean (EFA MED) is located in Naples. The LANTDIV intranet link provides maps and other information to serve personnel on TDY including specific best travel approaches from Rome, Capodachino airfield, and downtown Naples as well as lodging alternatives within per diem and convenient for personnel on TDY.

The AOR for EFA Med generally includes Spain, Portugal (except the Azores), France, Greece, Italy (except areas covered by OICC Naples), Southwest Asia (Bahrain, Saudi Arabia, United Arab Emirates, Somalia, Oman, Kuwait and Israel), Northern Africa and Gambia. EFA Med AOR has also been selectively expanded to include territories in the Balkans region.

The organization has been engineered around three Integrated Product Teams based on geographic affinities. However, unlike the other Components of the Division, EFA Med's IPTs are leaner with minimal production capability in major business lines. EFA Med relies heavily on the virtual IPT membership through interdependent support of the Headquarters BL staff and selectively from other EFAs and the NFESC in some special areas. Two IPTs respond to the Mediterranean theater and are similar in basic design. The third IPT serves Bahrain/U.A.E., fundamentally a singular client, ASU Bahrain and the tenant Command NAVCENT which resides on the base at Jafair, Saudi Arabia. The IPT is largely situated at the Headquarters with Base Development & Planning, Real Estate and Capital Improvements providing primary support, Base Operations Support in the areas of utility and energy planning, transportation and limited support in Housing assistance in Flag Quarters. The workload in theater would support substantially larger staffing of IPTs and technical core in major business lines, the cost of operations and other factors related to a forward presence in Naples, has led to staffing of EFA Med with field staff in the range of 145 to 160. The majority of technical staff situated on the IPTs consult with clients to define requirements, assist in production of some products and services while providing oversight for those produced at the Headquarters and finally is responsible for the final delivery to meet client needs and expectations. As workload dynamics dictate, professional and support staff are wheeled between teams and special expertise is shared through multiple team support roles.

Current organizational structure for EFA Med includes a Commander (Commanding Officer and Executive Officer), Operations, which includes Deputy Operations Officer and Activity Liaison Officers (ALnOs), Integrated Product Teams and field offices. A generic diagram is provided in Appendix Tab (1) and reflects the Command relationship to the EFD Headquarters. EFA Med serves in some unique capacities including the Mixed Commission which serves as recognized formal body of bilateral (U.S. Navy and Italian MOD officers) commission to coordinate on procurement in Italy.

The EFD LANT Headquarters key senior leaders, the Strategic Business Officer, Resources Officer, Operations Officer and Contracts Officer, as well as the seven Business Line Managers, interface with the key senior leadership of EFA Med. In addition, the Chief Engineer, engages across the Division on Community Management for the engineering workforce. Key senior leaders have connection points with Components; i.e., the Strategic Business Officer has a counterpart at the Component in the Component Business Coordinator; the Business Line Manager has a counterpart in the Business Line Coordinator (which in the case of EFA Med is the Deputy Ops Officer).

OICC NAPLES

The OICC Naples was established to provide an on-site agile organization that could effectively execute a large lease-construction real estate contract with a diverse range of facilities in a unique overseas environment. The OICC is located on the site, north of Naples near the township of Aversa.

The concept of standing up the OICC was based on task-oriented objective of responding to a well-defined, concentrated workload at a specific site and for finite period of time. The OICC is configured and resourced to support the workload in terms of volume and character, contract type, unique geolocation and other factors. While forward expertise is positioned to ensure adequate support of the delivery process, the EFD LANT Headquarters is viewed as responsible for fully supporting the project across multiple business lines, such as planning, real estate, capital improvements and base operations support. The phase-down of the OICC will be managed by the Operations Officer of the Division. Like other Components, the OICC has its own Executive Steering Group and participates fully in the Board of Directors roles and responsibilities. It is anticipated that upon completion of the construction work on the site the OICC will stand down.

ENGINEERING FIELD ACTIVITY (EFA) ATLANTIC

EFA Atlantic is a component of LANTDIV whose commander is a Naval Reserve Civil Engineer Corps Rear Admiral. EFA Atlantic is comprised of four distinct units within a matrix organization which allows great flexibility while maintaining unit structure for leadership, management, and administrative issues. The four units are Naval Reserve Officer in Charge of Construction, Atlantic (NR OICCLANT), Naval Reserve Environmental Engineering Unit, Atlantic (NR CEULANT) and Naval Reserve Volunteer Training Unit, Atlantic (NR VTU LANT). In total, the EFA Atlantic billet structure provides for 98 officer and 53 enlisted Naval Reserve personnel.

EFA Atlantic is oriented to “mirror” the seven Strategic Business Lines, five other components, and 11 Integrated Product Teams (IPTs) within LANTDIV. To provide focus on the various services sectors, or businesses, defined by the Strategic Business Officer and Business Lines Managers, the following liaisons are provided:

NR CEULANT----- Contingency Engineering/Military Operations & Real Estate Services Managers

NR OICCLANT----- Base Development/Planning, Capital Improvements & Base Operations Managers
NR EEULANT------ Environmental Services Manager
NR VTU LANT ----- Available for any Business Line

Operations and their IPTs are the channels where services are coordinated with or provided for the Components by EFA Atlantic. The Division Operations Officer/Deputy Operations Officer and the Contingency Engineer Business Line Manager, with collateral responsibility for Military Ops maintain an oversight role for the three units. NR OICCLANT and NR EEULANT personnel are assigned to provide services in coordination with, or for, IPTs that apply to the other specific LANTDIV Components. As an example, NR OICCLANT personnel geographically assigned to EFA Ches would be available to provide services through any of the following IPTs:

CNO / ONR
NAVSEA / NAVAIR
MC/AF / DDIA

As EFD LANTs reserve component, the EFA Atlantic units align their mission focus with the gaining command's (client's) mission statement. This mission is dual and is best described as a peacetime mission (establish and maintain readiness through formal training; contributory support; deliberate planning; exercise support; execute peacetime operations for LANTDIV by assisting in delivery of products and services; and administer reserve programs) and as a mobilization mission (develop and maintain a forward deployed engineering/contracting capability in order to provide Engineering, Design, Consulting, and Contingency Construction Services; Environmental Design and Consulting Services; Homeland Defense/Weapons of Mass Destruction Expertise; Real Estate Contracting, Leasing, and Consulting; Base Operating Support, LANTDIV Emergency Operations Center (EOC) Operational Support).

The principle division interface for coordination of activities of reserve personnel is the EFD LANT Contingency Engineer (CE).

As the reserve component for EFD LANT, EFA Atlantic assignments may include any region within the LANTDIV and SOUTHDIV AOR (including all components).

Orientation with the other Components throughout LANTDIV's AOR is provided for within NR OICCLANT and NR EEULANT by assignment of personnel geographically by Component. NR CEULANT personnel are not geographically aligned because of the small number of assigned personnel and because the units primary support is to Contingency Engineering / Military Operations in its operations role.

Each unit specific areas of responsibility assigned to it. Specifically, NR CEULANT is responsible for supporting operation of the Emergency Operations Center during periods of crisis. NR CEULANT will also provide all contingency and deliberate planning, as well as oversight of the JTF Response cell. NR OICCLANT, as the primary construction arm, has

the mission of serving as the Contingency Construction Contracting agent within the assigned theater. NR EEULANT, as the primary vehicle for environmental services and support, will assume mission responsibility for assuring Regulatory Compliance within the contingency theater of operations. Additionally, NR EEULANT will have mission responsibility for providing Homeland Defense / Weapons of Mass Destruction Expertise. These specific mobilization missions enable each unit to focus on operational training priorities.

HQ OPERATIONS

The HQ Operations is fundamental to the Division concept of operations whereby organization entities consisting of Integrated Product Teams establish a long-term service relationship with specific geographic clients in the AOR. In this regard, HQ Operations is conceived of as a "component" similar in theory to an EFA in terms of its mission, role and functioning and is best thought of as a component in concept, in its process-centered operations and its customer-driven orientation. The Headquarters Operations Officer, reporting to the Commander/Vice Commander of the Division, heads the HQ Operations organization. Its character in terms of staffing will vary based on strategic initiatives to best serve clients and the workload they generate in terms of both type, character and volume.

HQ Operations is positioned to support three key areas:

- Hampton Roads Region, seat of the Regional Commander (CNRMA)
- North Carolina (home to two major Marine Corps Bases)
- Caribbean Region (predominantly CINCLANTFLT field or supporting bases and facilities)

HQ Operations has organized clients into three groups served by three Integrated Product Teams: Virginia/West Virginia, Caribbean, and North Carolina.

HQ Operations is tasked with the following expectations:

- Responding to strategic shore facilities initiatives of Regional Commander (CNRMA)
- Coordination of the interface of Regional Engineer (CO, PWC Norfolk with EFD
- Effective deployment of liaison officers to help clients identify needs and expectations
- Ensuring all product and services requirements are identified and on-time delivery guaranteed
- Directing of field office operations
- Providing limited capability for contracting of AE and other services
- Providing contracting for construction and FSC
- Providing construction management oversight functions in AOR

HQ Operations will secure product and services production (and support to delivery) from the Division to support all clients/activities in the AOR. HQ Operations will have limited production capability resident on the IPTs, with the exception of regional contract support.

THE MANAGEMENT TEAM

The management team for our construction effort includes five vital components; ROICC, customer, designer, contractor and the EFD/EFA. Success depends on the contributions form each and every member.

THE ROICC

The Resident Officer in Charge of Construction (ROICC) is NAVFAC's first line of continued contact with the contractor after contract award. The ROICC also represents the entire LANTDIV to the customer whether in the Procuring Contracting Officer (PCO) or Administrative Contracting Officer (ACO) capacity. Many times, how the customer perceives the ROICC becomes his opinion of LANTDIV. As this first line of contact, all members of the ROICC team must conduct themselves in a professional business manner and strive to fulfill the goals of this Command. Professionalism is a key to cooperative relations with contractors and customers. It enhances the reputation and esteem of government personnel.

The ROICC administers construction contracts and in doing this, "obtains quality construction, that meets the customer's needs, in a timely manner and at the lowest reasonable cost." THIS IS NOT EASY. It requires detailed planning, effective organization, careful monitoring, and efficient use of available assets. Each member of the ROICC manages a constant flow of information between all members of the team. It is therefore necessary to understand the EFD/EFA organization and to take advantage of the many resources located at the EFD/EFA. It is also essential to keep the activity properly informed; that communication not only helps during construction, but also enhances the customer's satisfaction. Your primary job in the ROICC office is the administration of "change" – in requirements, in the contract, in personnel, and in design. The ROICC office administers all changes to a contract.

ROICC organizations are based upon the NAVFAC ROICC Office Model. The ROM is discussed in detail in Chapter 2, and a presentation of the model may be found in Appendix Tab (2). The structure of the ROM ensures the client and the contractor or professional support for all ROICC offices.

THE CUSTOMER

The customer is often the most neglected party during the construction phase, yet is the one whom we must ultimately satisfy. Often the customer does not have an engineering background and may have difficulty in visualizing what the completed facility will look like from a review of plans and specifications. Complications continue when the user's Commanding Officer may have changed a number of times between design concept

development and beneficial occupancy. The customer is still, however, the most knowledgeable party as far as facility operational requirements, and is the recipient of our final product.

During construction we must be proactive, not just responsive, with respect to the customers' concerns and needs. Often we receive a "black eye" with a customer because we fail to communicate timely and accurate information on the status of a particular customer request or the project as a whole. If we cannot honor a customer's request, we owe him the reason why. The activity depends on this information to schedule follow-on contracts, equipment contracts and their actual takeover of the facility.

Regularly scheduled meetings with customers, especially with those who are displeased helps establish a personal relationship between members of the ROICC and the activity. This in turn reduces the "we" and "they" syndrome that develops when people don't know each other or do not attempt to understand each other's problems. We must attempt to understand the needs of our customers and have our customers understand why our acquisition system may limit the options to provide everything they desire.

A follow-up contact with the user six months after BOD will assure that we don not appear to have forgotten our customer and his actual or perceived problems after the contract completion.

THE DESIGNER

The designer has taken the customer's requirements for a facility and placed it in a contract package format. The designer knows what the activity wanted when the project was in the concept phase and should participate in the construction process. He possesses a great deal of knowledge and may help resolve many potential field conflicts or solve problems at a minimal cost.

The designer is the professional whose responsibility is to provide a quality design for use by the contractor and for administration by the ROICC. ROICC involvement with the designer and customer at the pre-final design stage is very important. The ROICC must also keep the designer an active member of the management team during construction. The designer provides a mechanism for design feedback and improved services. Trying to solve design problems in the field without involving the designer can be costly and embarrassing. Sometimes the designer may make an error in design. The designer should immediately become involved in the process of determining a solution to the design problem. Chapter 6 addresses designer's liability. Remember, though, the designer is not required to be infallible; he must be negligent to be liable. Notwithstanding any liability, designer input into design problems are critical to obtaining quality and timely solutions for use by the construction contractor.

Special mention must be made here on the designer who is a part of the contractor's team. This situation typically occurs when we award Design/Build contracts. In a Design/Build Contract, there may be two designs. One design will help the government develop a

Design/Build request for proposal. This is the document that we give to the contracting community to provide us with a concept in their proposal which meets our customers needs. The second designer is a subcontractor or, in some cases, a partner of the primary construction contractor. This second designer is responsible to provide the prime construction contractor with a set of design documents that will allow the facility to be constructed. The government expects this second design will result in a facility that is fully functional and meets the needs of its customer – the Activity.

THE CONTRACTOR

The construction contractor is not an adversary. Treat him professionally but firmly at all times. In order to foster this attitude, we have instituted the concept of Partnering. Government representatives should practice the principles of Partnering on all contracts, whether or not they include formal Partnering. Even if a contractor does not act reasonably or professionally, each representative of the government owes him conduct that is fair and unbiased. The contractor and the ROICC must communicate to ensure a professional atmosphere exists throughout the life of the contract. If the contractor asks a question, he deserves a complete, justified, timely and fair response. The contractor and the government do not always share the same point of view. However, we can both mutually and amiably agree to disagree and proceed with the business of delivery of a complete facility. If necessary, learn to disagree ***without*** being disagreeable.

Use the following guidelines to establish and reinforce contractor relations:

a) Give the contractor an answer to a question based on the contract documents. Don't give him an "off the cuff" answer.
b) Realize that there can be mistakes in the contract documents. Don't bluff the contractor on these mistakes. If we have problems with a contract, admit them and settle the issues at the lowest level.
c) Answer all questions as quickly as possible. If the questions require additional time to properly evaluate the alternative, tell him so. *Remember time is money!*
d) Use your judgment as a professional in resolving problems. You are an architect or an engineer and know how to solve problems in a logical and methodical manner. By the book solutions don't solve every problem on a construction site. Use the book, but also use your training and experience for a reasonable solution to construction problems. Tap into other resources, use your Team – SGE, ConReps, ROICC, Contract Specialists, IPT team members – and other EFD/EFA counterparts who may have experience in dealing with the exact situation you have confronted. If you find you have made a mistake, admit it and correct your error. Keep in mind indecision is the only wrong decision.
e) Although our contracts do not recognize subcontractors or suppliers as separate entities, do not ignore situations between the prime and subs/suppliers that might develop into a problem for you. It is important to understand the prime-sub relationship so you will make prudent and reasonable decisions.

f) Be friendly with a contractor, but maintain a business-like, arms-length relationship. If you are pleasant, courteous and helpful, you will present a professional posture. Realize that no one can criticize a professional attitude.
g) Always remain in control of your emotions. A contractor may lose his temper at you, but you must always keep your temper. Tell the contractor you will discuss the issue later if you begin to lose control; get yourself together before re-addressing the issue under debate.
h) Talk to the contractor frequently. Open lines of communication are the only way to resolve problems. Inadequate communication leads to misunderstandings and mistrust between the contractor and the Government. Maintain communications at the appropriate working levels; but when necessary to overcome a stalemate, raise it to the ROICC-principal level.
i) Be fair **ALL** the time!

THE ENGINEERING FIELD DIVISION (EFD)

The Atlantic Division, Naval Facilities Engineering Command (LANTNAVFACENGCOM), or LANTDIV for short, is one of four engineering field divisions under the Naval Facilities Engineering Command (NAVFACENGCOM). LANTDIV is responsible for the oversight of facilities planning, engineering and construction for about one-third of the world. As mentioned earlier in this chapter, the Atlantic Division has four operating components and one reserve component: EFA Northeast; EFA Ches; EFA Med; OICC Naples and EFA Atlantic.

LANTDIV manages annually over $1.5 billion of construction Work-In-Place. The contracts range from small purchase repairs to multi-million dollar new facilities, from simple construction to complex, specialized systems. The location of our contracts may be on any one of five continents. The climate ranges from tropical to subarctic. The construction workers may or may not be skilled, may or may not speak English. The LANTDIV organization indeed covers a wide variety of work!

Our CONOPS envisions delivering our Products and Services with speed and agility, high quality, and cost effectiveness across the entire Division AOR. It necessarily assumes that shared resources and expertise, interdependency and synergism will be realized across the Division to succeed recognizing the changing environment in which we must operate. Our eighteen major Products and Services lines are organized under seven principal Business Lines: Base Development; Real Estate; Capital Improvements; Contingency Engineering; Environmental Services; Base Operations Support; and Housing Management.

LANTDIV is an integral part of the Navy/Marine Corps/DOD team, poised to optimize delivery of engineering Products and Services to support our client's mission accomplishment. As a team member, we strive to evolve from the concept of "client" to the perception that as a fellow team member, we stand alongside our operational Navy and

Marine Corps members to form-up and respond as team players rather than simply a separate service provider.

The EFD has a basic, conceptual, common denominator. We are a matrix organization, albeit the form, concept of specific operations and the degree varies.

Matrix organizations, by definition, are designed and implemented for the purpose of consolidating **key outcome results** vested with one system/process/management/decision chain with a set of objectives, emphasis and focus. Decisions align in one chain or line of communications. In many companies, technical criteria and quality standards are established and championed in one area of the organization while the production process is vested in another.

Leaders, managers and staff must learn to be comfortable with being able to function wearing more than one hat; they must **think and act** while balancing a mixed set of goals and objectives. Leaders and middle managers have the opportunity and responsibility to increase their **influence** while, at the same time, reducing their effective **control** in a matrix setting. It is a major paradigm shift requiring increased reliance on others functioning as an interdependent team. In today's competitive environment, many organizations have moved to matrix organizations. Leadership is essential to guide the transformation and help people understand and support it. Significant time and energy are needed to work out the "kinks", refine the processes and establish the new/crucial communications which must occur to be efficient and effective. Matrix organizations require not only more communications among key facilitators, but a higher quality of communications based on a higher level of thinking – it necessarily requires a higher agility in integrating more information, requires more trust and demands partnered teamwork.

Organizations that focus on the client place priority on understanding and responding to client needs and expectations. Client Liaison Officers (LnOs) to improve our understanding of our clients and to facilitate effective communications regarding their requirements and priorities. Integrated cross-functional production teams will then provide our clients with viable options to satisfy those requirements and carry through with delivery of the right mix of products and services. Integration of this Client Interface Process with the Production Process is the responsibility of the Operations Officer in each of our components. The Division OPS Officer coordinates work between components and other EFDs.

The supporting chain is led by Business Line Managers (BLMs) who focus on community management, coaching the people (the members of Integrated Products Teams) and constantly improving/innovating our work processes. The BLMs (Functional Managers) and key middle managers (Technical Managers/Product Line Leaders) are key players in guiding Integrated Product Teams (IPTs). IPTs integrate all of the input, technical coaching and standards of quality while keeping the OPS team focus on delivery of multiple Products & Services to a client.

In our Matrix Organization, most individuals will have two orientations ("reporting chains"):

- **Operational:** OPS/IPT Team Leaders for tasking, schedules, acquisition strategy, project resources, quality delivery.

- **Business:** BLMs for assigning people to IPTs and technical guidance, resource allocation across Division, standards of quality, professional development, personnel management (traditional recruitment payroll management, personnel evaluations, etc.).

In Appendix Tab (3), these concepts are presented in graphic diagram.

Our functional services are defined by seven primary Business Lines. We have identified the specific Products and Services associated with these Business Lines and built our operations around the processes that deliver them across our AOR. Business Lines are the fundamental "business" we market and for which we have developed and strive to main core competency to respond to the requirements of our clients. The Products and Services form the fundamental building blocks of our resource planning and execution. Business Lines are responsible for continuous improvement of our Products and Services, the quality and criteria standards and processes by which they are produced…the IPTs are responsible for delivery to Clients and thus coordinate with BLMs and PLLs to ensure that resources, staffing and other requirements are adequate to serve IPT needs in satisfying Client needs and expectations on specific services.

BASE DEVELOPMENT PLANNING

The Business Line Manager for Base Development/Planning is responsible for:

- Program management. Monitor, at a programmatic level, performance of the Division in base development/planning products and services; report to Headquarters. Ensure that NAVFAC programmatic guidance is implemented across the Atlantic Division. In consultation with the Component Product and Service Managers, develop common business practices for the Business Line.

- Community management. Maintain required technical expertise and staffing to support operational requirements for base development/planning services across the Atlantic Division.

- RAP. Utilizing inputs from Product and Service Managers and OPS, formulate the proposed Atlantic Division budget for base development/planning. Serve as Division advocate for these product/service lines during the budget review process.

- ADCON for Division-based planning staff. Division planning staff, located in Norfolk, will be sized for full production capability, including all NAVFAC

planning products and services. ADCON does not include Component-based planning staffs, which are smaller and have limited production capability.

- OPCON for functions performed centrally at the Division.

- Cross-AOR or cross-claimant planning efforts. In consultation with appropriate Assistant OPS Officers and Component Product and Service Managers, develop recommendations for IPT staffing, funding requirements, and reporting relationships for approval by the Division OPS Officer.

Component Business Line Coordinators/Product Line Coordinators are responsible to:

- Provide data advice, and feedback to support the BLM's role in program management, community management, and the RAP process.

- Coordinate closely with the BLM on assignments of planning staff to IPTs.

- Identify efforts to potentially be performed primarily by Division-based personnel; coordinate with BLM to ensure that schedules/products for such efforts meet the needs of Component OPS.

- Provide ADCON for component-based planning staff.

To maintain interdependency, the following relationships apply:

- Planning Studies (Includes regional plans, installation level plans, sub-area or other localized plans, and various special studies). Production will be by IPTs drawn from Division/Component staffs. Because the Division staff is larger, most efforts will be accomplished using teams comprised predominantly of Division-based personnel.

- NEPA documentation cultural resources consultation, Coastal Zone Management consultation. Generally, IPTs performing this work will be staffed predominantly by locally based personnel to exploit local contacts with regulatory/review officials.

- Natural Resources. Consultation is provided by CHES, NORTHEAST and by the Division. Special expertise will be resident in the Division, and most Natural Resources plans will be produced by IPTs comprised predominantly of Division-based staff.

- NFADB processing. Performed centrally at the Division.

- Base mapping. Performed centrally at the Division.

- Site approvals. Delegated to Activities/Regions except for those requiring higher level reviews (safety issues). Processing of non-delegated site approvals will be done by the Component in whose AOR the site lies (this is non-reimbursable work).

- Special Roles

CHES:	Planning support to COMNAVDISTWASH. Interface with National Capital Planning Commission and Commission of Fine Arts.
MED:	Host Nation liaison. U.S. Chair on Mixed Commission.
DIV:	Reserve coordination, mobilization planning, civil engineer support plans for Fleet Civil Engineer support to USACO, EUCOM, CENTCOM, SOUTHCOM, CINCLANTFLT, CINCUSNAVEUR, and COMUSNAVCENT.

REAL PROPERTY MANAGEMENT

Real Estate contracting authority flows from the Secretary of the Navy to the Commander, Naval Facilities Engineering Command and is delegated to each of the EFD/EFA Commanders/Commanding Officers by the Real Estate Procedural Manual, NAVFAC P-73. This delegated authority to the Commanders/ Commanding Officers provides for the appointment of Real Estate Contracting Officers (RECO) for their Commands and generally to contract for the following:

- Acquisition of real property and interests therein (including fee and lesser interests);

- Management of real property including outleases, licenses, and other use agreements, and natural resources agreement;

- Disposal of land, interests in land, improvements and related personal property including sale of improvements on non-excess lands or forest products;

- Relocation Assistance Services;

- Title Evidence;

- Appraisal Services; and

- Memoranda in furtherance of the above functions (i.e., timber sales, letter agreements, Memoranda of Understanding or Memoranda of Agreement).

Much of the authority to execute Real Estate Products and Services addressed within the NAVFAC P-73 comes from the SECNAVINST 11011.47 and other regulations such as the Federal Property Management Regulations.

ROLES AND RESPONSIBILITIES

The Director, Real Estate Division serves as the BLM for Real Estate. The BLM has the Command-wide responsibility for providing and coordinating Real Estate program execution. In addition to the aforementioned products and services, the BLM execution responsibilities include such related products and serves as Public-Private Ventures (PPV) for housing, ingrant and outgrant administration, and special studies and technical efforts as defined in the NAVFAC Effort Distribution Matrix.

The BLM is also responsible to the Commander, Atlantic Division for issuing Real Estate policy and Command instructions in accordance with NAVFAC guidance, developing community management plans for Real Estate personnel, developing workload metrics, formulating the Atlantic Division budget for real estate, and providing status reports on Command initiatives.

REAL ESTATE OPERATIONS

The Real Estate staffs within the Division, HQ Ops, NORTHEAST, CHES, and MED each provide Real Estate products and services to customer Activities, Regional Commanders, and Claimants within their respective AORs. Most of the products and services are a component function and performed entirely by the component, some are a Division function and performed entirely by the Division, and some are Division led and the components support. These responsibilities vary by component based primarily on resource capacity and workload frequency and have been identified and agreed upon for each component.

Examples of component functions performed entirely by components unless they specifically request Division support include fee acquisitions, fee disposals, leases licenses, permits, agreements, terminations, easements, contract modifications, claims and disputes, payments and billings, jurisdiction issues, transfers, and cadastral and records management. Examples of Division functions include IG support, AMRs, policy and instructions, community management, data calls, administrative support for the BLM and PLL, overseas lease training, J&A approval for HQ OPS and EFA MED, cooperative agreements and timber sales to support Natural Resources in NORTHEAST AOR, and Bachelor Housing for Reserves/Recruiters. Examples of Division led include appraisals/special studies in CHES and HQ OPS AORs, IT and business processes, PPV for housing, “D” line estimates for EDM/FDM, contingency leasing, foreign lease support, GSA leasing in HQ OPS AOR, and support of utilities privatization.

CAPITAL IMPROVEMENTS

Atlantic Division, Naval Facilities Engineering Command Capital Improvements Business Line is the MILCOM Program Manager for the Atlantic Division and the NATO Program

Manager for NAVFAC. The Business Line provides a broad range of facility related products and service through Engineering and Design and Construction Product Lines. Product and services include:

- Expert engineering consultation in architecture and all traditional engineering disciplines and specialty areas such as waterfront facilities, seismic design etc.
- Design of facilities, utilities, and infrastructure by in-house staff and Architect/Engineering firms
- Construction management of facility construction and services contracts
- Construction engineering and facilities commissioning

Capital Improvements resources are distributed throughout the Command at Headquarters and at each component. Programs are managed at Headquarters and all projects except a few specialists are managed by IPTs at the components. Headquarters maintains a staff of design engineers and architects that provide all design products and services virtually for the HQ OPS IPTs, substantial virtual support to EFA Mediterranean IPTs and support as required to all Component IPTs. Members of the component IPTs manage projects. A core of project managers at Headquarters serve as virtual members of the EFA Mediterranean IPTs and for selected projects primarily in Iceland and the Azores, for HQ OPS IPTs. Construction managers reside at each component to support the IPTs and field offices.

ENVIRONMENTAL SERVICES

Liaison and coordination with Regional Environmental Coordinators, state, local regulators, EPA and Host country representatives are accomplished by the Division and Component Commands, excluding OICCs.

<u>Environmental Restoration</u>

- The Division BLM is the central point of contact for all NAVFAC HQ program issues concerning the Environmental Restoration Navy (ERN) Account. The BLM is responsible for the overall management of the ERN program to support Operations. Identification of program funding requirements, in-house salary and support dollars, and workload projections will be done by the BLM.

- Component Product and Service Managers, excluding OICCs, are responsible for program fund management, project management, and project execution for work within their AOR. The Division coordinates centrally managed environmental budget requirements and project funding with CHES and NORTHEAST. Component Product and Service Managers are responsible for identifying workload and related resource requirements back to the Division.

- Responsibility for resolving potentially responsible party environmental issues is retained by each Component Command.

Environmental Compliance:

- The Division BLM is the central point of contact for all NAVFAC HQ issues related to management of the Navy Environmental Protection Support Service Program (NEPSS). This program provides technical support to the Navy's Hazardous Waste Management Program, Pollution Prevention (P2) and other related media specific programs such as those for the Clean Air Act, Clean Water Act, etc. The NEPSS program provides technical environmental support to all Navy Activities, including Regional Commanders, Regional Environmental Coordinators (RECs) and Claimants. NEPSS also provides support to Public Works Centers and Public Works Departments. The BLM coordinates centrally y managed environmental budget requirements and project funding with Product and Service Managers at CHES, NORTHEAST, and MED.

- It is envisioned that technical personnel supporting the NEPSS Programs will be located at the Division and Component Commands, except OICCs.

- Component Commands, except OICCs, are responsible for providing the NEPSS services within their AOR as resources allow. This includes assisting in long range planning and execution of projects to support environmental programs. Assistance for compliance evaluations for Activities and Claimants will be the responsibility of the Components within their AOR. Components are responsible for identifying workload and related resource requirements to the Division.

BASE OPERATIONS SUPPORT

- Base Operations Support (BOS) products and services will be provided to customers across LANTDIV AOR. Virtual IPT members located at the Division will provide the preponderance of those product and services.

- LANTNAVFACENGCOM BOS business line resources (Code BE) are located at the Division under functional management of the BOS BLM. Primary product lines are Facilities (Management & Engineering, Facilities Support Contracts Support, and Area Fire Marshal), Utilities (Commercial Utilities & Utilities Privatization, Engineering, and Energy), and Transportation (Vehicles, Civil Engineering Support Equipment, and Weight Handling Equipment). The BOS staff includes engineers (civil, mechanical, electrical, and industrial), engineering technicians, fire protection specialists, transportation specialists, and others. At each component single BOS Business Line Coordinator (BLC) serves as a permanent IPT member and links the technical experts from the Division to the component organization.

- Individual projects may develop from customer requests or from execution of specific programs. Customer requests for services may come in via the Activity Liaison Officers (ALnOs)/Claimant Liaison Officers (CLnOs), via permanent IPT members/leaders, or may come in directly to the Division. A lead Division team member (engineer, technician, or specialist) has been identified for each of the BOS

product and services offered. Actual names are included on LANTDIV's intranet site http://lantops.efdlant.navfac. navy.mil/. This individual serves as the first point of contact and technical expert for that product and services during the scooping phase of project development. As individual projects become better defined, specific project assignments will be made in consultation with the respective supervisors and Product Line Leaders (PLLs). Each project will have a Project Manager (PM) tasked with overall project execution and may be either a permanent or virtual IPT member. Project teams will consist of one or more members from various parts of the organization as dictated by the requirements of the specific project. Many projects will be accomplished utilizing only BOS assets. PMs will directly interface with whomever necessary to accomplish the job. The direct participation of permanent IPT members, if any, is dependent on the nature, diversity, and visibility of the project and will be determined by the IPT leaders. However, BOS PMs/team members are obligated to keep the BLC informed of the overall status of all significant jobs in progress. Our NEAMIS project tracking system, maintained by Division PLLs, will be our primary communication tool across the Division and component organizations.

- The BLC identifies needs, acts as a facilitator, provides coordination, and generally enhances communications between the Division and IPTs. The BLC function is not one of work control but rather one of process oversight, and as such, routine workflow does not funnel through the BLC. The BLC monitors BOS deliverables and engages the IPTs when appropriate. The BLC is also the connection for the BOS BLM to the components regarding out year work load projections. The BLC will coordinate input from ALnOs, IPTs and component OPS at key times in budget cycle with the BOS BLM.

CONTINGENCY ENGINEERING

- The Contingency Engineering (CE) Business Line is responsible for contingency planning and engineering, coordination of reserve programs, and oversight of the Engineer Operations Center (EOC). One focus of the CE is the integration of the reserves, active duty, and civilian staffs to create a "total force" entity. The CE is a member of the ESG, and serves as Claimant Liaison Officer (CLnO) for CENTCOM, SOUTHCOM, SOCOM, and JFCOM. The CE also coordinates with the NAVFAC Naval Reserve Contingency Engineering Management (NRCEM) Program Officer.

- The CE reports to the SBO for matters pertaining to Business Line Management, and to the Division Operations Officer (OP) for execution of assigned tasking. An integral part of the Division Operations staff, the CE participates in weekly LANTDIV and NAVFAC HQ operations teleconferences and is called upon to act as the Operations Officer in the absence of the Operations Officer and Deputy Operations Officer.

- The CE works in close coordination with CLF and the Geographic CINCs (JFCOM, SOUTHCOM, CENTCOM, EUCOM), maintaining constant familiarity with CINC priorities, OPLANS, Exercises, and Operations. The CE makes recommendations to the Division Operations Officer regarding LANTDIV participation in CINC-sponsored exercises. The CE works in concert with the Second Naval Construction Brigade to ensure LANTDIV's products and services are positioned to support both wartime and peacetime contingency needs.

- Contingency Engineer operations, by their very nature, are not conducive to deliberate planning. As such, CE is charged with maintaining a robust response capability vested in an **Urgent Response Team** that facilities delivery of LANTDIV products and services throughout the AOR in a contingency environment. Delivery may be through a local field office, an IPT, as part of a JTF, or as an independent team. The CE will establish and maintain an Urgent Response Team (URT), comprised of subject matter experts (SME) (e.g. contracts, real estate, engineering, environmental response) who are prepared to deploy throughout the AOR with 48 hours notice. The URT will be formed from assets throughout LANTDIV, with augments from other EFDs as required. URT team members will complete annual screening to ensure they are medically able to deploy and sufficiently trained.

- The **Engineer Operations Center (EOC)** will be activated at the direction of the Commander/Vice Commander to provide operational support to CINCs, major claimants, and/or regional commanders in the execution of a wide variety of contingency operations under multiple scenarios. The EOC shall enhance the responsiveness of LANTDIV and act as a single point of contact during contingency operations. It is task-organized based on the operational requirements of the contingency and staffed from a core group of CDO watch standers and augmented with civilian SMEs as required. In the event of extended operations CDO watch standers shall be augmented/replaced by Selected Reserve (SELRES) and/or TAD officers.

INTEGRATED PRODUCT TEAM (IPT)

The IPT strategy is a process-based concept and team members could be selected from more than one EFD or Specialty Center. Also, an individual might be a member of several IPTs at the same time. IPTs are generally standing teams, however, there may be cases where IPTs will be virtual teams, or individuals focused on a permanent basis to perform normally recurring types of work. Some IPTs will be focused on a unique project and may also be referred to as a "Project Team" or "Fly Away Team." Each IPT has a Team Leader who is accountable for successful delivery. This Team Leader could be a member of the IPT as a permanent resource or as a virtual member from the Division.

CONTRACTS OFFICE

The Contracts Office provides broad policy,, direction and guidance for acquisition across the entire Division and provides support to the Business Lines at Headquarters, the Components and all field offices.

CONTRACTING PRECEPTS

- Contracting as referred to here excludes Real Estate actions, which will be addressed by a separate document.

- Naval Facilities Engineering Command (NAVFAC) is an echelon II command.

- Atlantic Division is an echelon III command.

- NAVFAC, NAVFAC Engineering Field Activity Northeast (NORTHEAST), NAVFAC Engineering Field Activity Chesapeake (CHES), and NAVFAC Engineering Field Activity Mediterranean (MED) are echelon IV commands.

- HQ OPS is not a command but will operate in many respects like an echelon IV command with regard to field contracting operations.

- Field Offices are forward deployed contracting assets of echelon IV commands and HQ OPS.

- Public Works Center (PWC) are echelon II commands. However, they have not possessed contracting assets or authority since FY 00.

- Procurement Contracting Officer (PCO) responsibilities refer to the responsibilities to execute the contract.

- Administrative Contracting office (ACO) responsibilities refer to responsibilities delegated by the PCO to administer contracts and task orders. A listing of responsibilities that may be delegated can be found in FAR part 42. While the issuance of contract modifications to contracts and task orders assigned is usually delegated, the PCO may retain authority to issue task orders or any other specific administrative responsibility as deemed appropriate for the specific contract in question. Where the PCO retains all administrative responsibilities for a contract such as exist in some A&E and utility contracts, there will be no ACO.

AUTHORITY

- All contractual authority flows from the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN, RD&A) and is governed by regulations (FAR, DFARS, and NAPS).

- Contracting Officer authority is delegated in the form of a warrant.

- All contracting authority within NAVFAC initiates with the Commander of NAVFAC. The Commander, NAVFAC warrants the Commander, Atlantic Division with authority to further delegate authority through the issuance of warrants in accordance with the provisions of the NAVFAC Contracting Manual, NFAS.

- The Commander, Atlantic Division, will warrant the Commanding Officers of NORTHEAST, CHES, and MED and delegate to them the authority to warrant qualified military and civilian personnel in their commands and the Public Works Officers (PWO) with operational control (OPCON) of their ROICC offices.

- The Commanding Officers of Public Works Centers will generally not be warranted but when they are the authority will be issued by the Commander Atlantic Division. The Commander, Atlantic Division will issue all contracting officer warrant authority for personnel in HQ Ops.

ROLES AND RESPONSIBILITIES

- The Head of the Contracts Office (HCO) for the Division, NORTHEAST, CHES, MED, and HQ OPS function as the Chief of Contracting Office (CCO) as defined in regulations for their respective commands. These positions will report to the Executive Officers, Vice Commander, or OIC of their respective commands. Further, these billets will serve as the principal advisor for contracting for their commands.

- The Head of the Contracts Office, Atlantic Division will have additional duty to the Vice Commander as the Business Line Manager for Contracts. These services currently include issuance of policy, coordinating a contracting community management plan, coordinating contracting metrics, and reporting on the status of command initiatives such as implementation of the Standard Procurement System (SPS), and paperless acquisition. These services will expand to include such additional contract support such as the community management, DAWIA quotas and training, contract reporting, and the PMAP program. These additional services will be phased into place to allow for a smooth transition. This concept implementation will evolve through collaborative efforts of the HCOs.

CONTRACTING OPERATIONS

- Generally ROICC offices will issue and administer contracts only for the Activities assigned.

- Echelon IV headquarters and HQ Operations contracting offices will generally perform PCO functions for larger construction and service contracts only in their geographic area of responsibility. While most contracts will be administered by ROICC offices, the HCO may retain some or all ACO responsibilities for certain types of contracts such as A&E and/or regional contracts. To the extent practical and when deemed more efficient, administration of contracts or task orders will be delegated to the ROICC office.

- The contracts office at the Division will generally provide PCO contracting for contracts that overlap more than one HCO's geographic area or responsibility. In addition, Atlantic Division provides a CONCAP contract and some utility and environmental cost contracts for other echelon IV commands as well as the A-76 commercial activity contracts for HQ Ops.

- ROICCs shall obtain authority to issue contracts to provide services outside their assigned geographic area from the EFA/OIC HCO.

ASSUMPTIONS

- HQ OPs will not have a separate purchasing office UIC. It will use the Atlantic Division purchasing office UIC of 62470. Tracking of work will be done through the PCO and ACO codes within FIS (which is how work is currently tracked). New FIS PCO codes will have to be developed for HQ OPs headquarter branches.

POINTS OF CONTACT AT HEADQUARTERS

Each EFD/EFA organization may have a different headquarters contact for the same question. Appendix Tab (4) contains the specific points of contact at each EFD/EFA for these often-asked questions.

CROSS-REFERENCES

This Handbook contains many references to LANTDIV instructions, NFAS, FAR clauses, etc., and does not repeat the contents of these references. Appendix Tab (5)) contains the cross-references for various items frequently encountered in the ROICC office, identifying the chapter, LANTDIV instruction, FAR clause, NFAS reference, standard forms and appendix.

SPADEWORK

The Spadework is a LANTDIV newsletter published every other month. It's the EFD's way to keep the ROICC offices up to date with the latest developments in a variety of topics such as safety, partnering, lessons learned, in-house policies and innovative ideas. Articles are welcome from all LANTDIV components. Each issue is indexed, with an

annual index for easy reference. Contact LANTDIV Code CI51 with suggestions or contributions.

PLAN OF THE WEEK (POTW)

The Public Affairs Office produces the Plan of the Week each week and distributes it electronically throughout the command. It is also emailed to ROICC Offices in the HQ OPs area. The POTW contains current useful information on command policies and activities. Submit items for the POTW to Public Affairs.

OBSERVER

The Observer is a quarterly news magazine published for the Atlantic Division. It contains feature stories on activities, command events, and project updates. Submit story ideas and photos through Public Affairs.

DELEGATION OF AUTHORITY

We continue our efforts to decentralize management control of contract administration and construction management efforts. With ever-increasing workload and non-commensurate increases in staffing, authority is being delegated to the lowest level capable of achievement. This is a great personal motivator and is the only way to reasonably manage the workload.

At the same time, errors due to delegation to inexperienced and/or untrained subordinates reflect directly upon the ROICC. Capabilities of new personnel must be measured and developed with increased delegation of authority based upon prior performance, experience and training.

WARRANTS/COAR AUTHORITY

NFAS defines the qualifications for NAVFAC contracting officers. The authority uder and qualifications for each of the three warrant levels increases from Level I to Level III.

The EFD Commander also appoints Contracting Officer's Authorized Representatives (COAR) within the ROICC office. COAR authority requires the successful completion of ACQ 101and NFACT CTC 342 or the equivalent CNET course number A-4a-0032 (ROICC Office Operations: Construction and Services Contract Management), with experience commensurate with the responsibilities to be delegated. A COAR has authority to negotiate within-scope, bilateral modifications on construction contract actions. The initial COAR authority limit is $25,000 as stated by the letter of appointment. The ROICC has the authority to increase the negotiating authority commensurate with a person's experience and training, normally up to a limit of $100,000 or up to the limit of the ROICC's warrant. NAVFAC defines COAR limits. The delegation of responsibilities to the COAR does not relieve the contracting officer of oversight responsibilities.

COTR/NTR

Cost – Reimbursement contracts require the appointment of a Contracting Officer's Technical Representative (COTR) and Navy Technical Representatives (NTRs) in accordance with NFAS guidelines. The COTR is the technical focal point for the contact and all delivery orders. The COTR and/or NTRs coordinate the government technical interface with the contractor, monitor compliance with contract and safety requirements. They review and verify contractor invoices, proposals and alert the contracting officer of any potential performance problems.

LANTDIV currently has cost-reimbursement contracts for two types of work; remediation (RAC) and emergency repairs (CONCAP).

SAFETY IN THE ROICC OFFICE

LANTDIV not only requires a safe workplace on our construction sites, but also actively pursues a safe and healthy workplace for both LANTDIV employees and those who occupy facilities designed and/or constructed under LANTDIV cognizance. LANTDIV's Safety and Health Program is a part of LANTNAVFACENGCOMINST 5100.17, and includes the following elements:

1) LANTNAVFACENGCOM Personnel: This includes personal protective equipment, employee safety training, personal hazard protection programs, reports of unsafe/unhealthy conditions and mishap investigation and reporting. If an employee is injured on the job, priority is prompt medical attention at a Navy Medical facility if possible, or a private care physician. The employee must notify his supervisor as soon as possible. The supervisor must complete certain forms, including Form CA-1, see Appendix Tab (6). The form, with complete instructions, is in LANTNAVFACENGCOMISNT 12810.3. LANTNAVFACENGCOMISNT 5100.17 includes guidance on accident reporting.
2) System Safety Engineering and Management: LANTDIV systematically addresses safety and health hazards when executing projects or acquiring facilities.
3) Contract Construction: All construction and FSC contracts require contractor compliance with the Corps of Engineers EM 385-1-1, Safety and Health Requirement Manual. The Construction Division Safety Tech will provide technical guidance and recommendations, as well as conduct inspections, coordinate training of ROICC personnel and supervise the mishap reporting system.
4) Hazardous Material Control and Management: See LANTNAVFACENGCOMISNT 5100.14
5) Environmental Safety and Health: Installation restoration tasks, hazardous waste operations, management and control of hazardous materials, ROICC asbestos and lead removal projects.

Safety is an attitude – it's everybody's responsibility, not only on construction sites, but also in our workplace, every day. Contact your EFD/EFA Safety and Health Officer, or Safety Tech in the ROICC, for information and guidance.

PUBLIC AFFAIRS / COMMUNITY RELATIONS

The ROICC should provide timely, thorough information on major events, such as groundbreakings, dedications or ribbon cuttings for major projects to the EFD/EFA Public Affairs Office (PAO). Stories and photos about major projects are appropriate for the command newspaper, The Observer. The Public Affairs Office will work with you to develop stories for The Observer, Navy Civil Engineer Magazine, and other publications.

Our work often impacts residents and employees on our bases, and sometimes impacts the surrounding community. A special effort may be needed work to maintain positive relations with these 'communities.' Contact your EFD/EFA representative or the PAO for assistance.

Beware of calls or visits by reporters. It's fun to see your name in print, but not when taken out of context. The Public Affairs Office is the focal point for inquiries form the media. Refer any calls to the PAO. The PAO will, in turn, work with the ROICC to develop a response to reporter's questions. If you have a particularly noteworthy aspect of a project, work with the LANTDIV PAO and your base PAO to determine if media coverage is warranted.

Refer to LANTNAVFACENGCOMISNT 5720.5 for further guidance.

INVESTIGATION INTERVIEWS

From time to time various investigative agency personnel contact individual employees to seek facts related to a specific inquiry. As a general rule, government employees have a duty to cooperate with investigators. If contacted, either directly by an investigative official or by someone from within the LANTDIV staff, try to meet at the suggested meeting time or, if required, negotiate an agreeable time. Advise your supervisor and EFD/EFA contact of the call and the details of the interview as appropriate.

All of us as public service employees are fully accountable for our actions and decisions while working within the scope of our authorized responsibilities, as well as observance of appropriate statues, regulations and administrative rules. We should be ready at any time to give a full report of our official actions and decisions. Discussions with investigators should be businesslike, open and straight forward. Flippancy, stonewalling, anger or deliberate distortions will raise the feeling that something is being hidden and may increase the intensity of the questions as well as the length of the interview.

If you have specific questions, call the Office of Counsel or the Command Evaluation Office.

CONGRESSIONAL INQUIRIES

In spite of all good efforts, a problem may occasionally elevate to the Congressional level. If you suspect that this is likely to happen, notify your EFD/EFA representative of the circumstances at the earliest possible time so that the Command is not surprised. If you do receive a Congressional Inquiry, notify your EFD/EFA representative immediately. The Command must respond to written inquiries within 48 hours; if this is impossible, an interim response must acknowledge the request for information, the circumstances delaying a final reply, and the date to expect the final reply. The final response depends on your input. It must be accurate, factual and positive, as well as grammatically correct, properly formatted and free of spelling errors. SECNAVINST 5216.5 provides the prescribed format. The Commander or Vice Commander will sign out all responses directly to members of Congress.

FREEDOM OF INFORMATION ACT (FOIA)

LANTNAVFACENGCOMISNT 5720.4 provides guidance on the handling of Freedom of Information Act (FOIA) requests. The public has a right to know about specific information kept by the Federal Government. Most information is available for disclosure to the public. Exceptions are in specific categories that are exempt from public disclosure because its release could damage the Government or infringe on personal rights. These exempt categories include, but are not limited to the following:

a) Properly classified records.
b) Internal personnel rules and practices.
c) Records exempted by other statutes.
d) Trade secrets and commercial or financial information obtained from a person and privileged or confidential.
e) Inter-agency and intra-agency memoranda or letters that would not be available by law to parties other than an agency in litigation with the agency.
f) Certain personnel and medical files.
g) Certain law enforcement investigation files.

Each field office is responsible for properly responding to requests for information within their possession under the FOIA in accordance with the LANTNAVFACENGCOM instruction. Discuss with Counsel as needed, and forward a copy of the request and response to the EFD/EFA. If unable to respond, forward the request immediately to the EFD/EFA contact.

STANDARDS OF CONDUCT

All employees must be knowledgeable of and avoid conflicts of interest, either real or apparent. Strictly observe the spirit, as well as the letter, of regulations governing personal conduct, acceptance of gratuities, or any other activity that involves a conflict of interest. Avoid situations that may *give the appearance of*, or could be incorrectly interpreted as,

questionable conduct. LANTDIV counsel conducts annual Standards of Conduct Training for all employees having a role in contracting interface or an economic impact on the contracting process. In addition, all ROICCs, AROICCs, AREICCs, contract administrators, supervisors, contract specialists, ConReps and any other persons who significantly participate in the acquisition process must complete a Procurement Integrity Certificate each year.

While dealing with the Contractors, our relationships should be reasonable, objective firm, fair, understanding helpful, cooperative and courteous. We must continually keep in mind that we have positions of grave trust and responsibility that require us to conduct business by conforming to the highest ethical standards.

Strict impartiality is often particularly difficult to maintain when business relationships become personal. In some instances, standards require the exercise of personal judgment. Consider such instances carefully and be prepared to account for your judgment. When in doubt, refrain from accepting gratuities, attending functions or accepting other invitations of a hospitable nature.

There are many avenues of approach relating to conflict of interest. Uncertain circumstances that might conflict with one's official duties and apparent conflicts of interest can sometimes arise even from relationships and transactions that the personnel concerned perceive as inconsequential and may be prohibited. If in doubt, consult with Counsel before doing or accepting anything.

The Bedrock Standards of Conduct for all Federal Employees are as follows:

Public Service is a public trust requiring employees to place loyalty to the Constitution, the laws and ethical principles above private gain.

Employees shall not hold financial interests that conflict with the conscientious performance of duty.

Employees shall not engage in financial transactions using non-public government information nor allow the improper use of such information to further any private interest.

An employee shall not solicit or accept gifts or items of monetary value from persons, companies or agencies seeking official action from, doing business with, or conducting activities regulated by the employee's agency, or whose interest may be substantially affected by the performance or non-performance of the employee's duties. (The term 'gift') includes almost anything of monetary value, except food and refreshments when offered other than as part of a meal, greeting cards, plaques, certificates and trophies, prizes in contests open to the public, discounts available to the public or to all government or military personnel, and anything for which the employee pays market value).

Employees shall put forth honest effort in the performance of their duties.

Employees shall not use public office for private gain.

Employees shall make no unauthorized commitments or promise of any kind purporting to bind the government.

Employees shall not act impartially and not give preferential treatment to any private organization or individual.

Employees shall protect and conserve federal property and shall not use it for other than authorized activities.

Employees shall not engage in outside employment or activities, including seeking or negotiating for employment, that conflict with official government duties and responsibilities.

Employees shall disclose waste, fraud, abuse, and corruption to appropriate authorities.

Employees shall satisfy in good faith their obligations as citizens, including all just financial obligations, especially those-such as federal, state and local taxes – imposed by law.

Employees shall adhere to all laws and regulations that provide equal opportunity for all Americans regardless of race, color, religion, sex, national origin, age or handicap.

Employees shall endeavor to avoid any actions creating the appearance that they are violating the law of these standards of conduct.

For any questions about ethical conduct, gifts, or related issues, contact the LANTDIV Office of Counsel, Code 09C.

CIVILIAN PERSONNEL

EMPLOYEE RECOGNITION PROGRAM

Each year LANTDIV recognizes deserving employees through the Employee Recognition Program. The Plan of the Week and a LANTIDV Notice announce details and deadlines. ROICC civilian employees are eligible for the following awards:

- Employee of the Year
- Field Employee of the Year
- Technician of the Year
- Administrative Employee of the Year
- Engineer of the Year
- Team of the Year

EMPLOYEE PROTECTIONS

The federal government mandates certain protections for all employees. NAVFAC implements these protections, some of which are highlighted below.

EEO POLICY

The Equal Employment Opportunity (EEO) Program was instituted to ensure that all persons regardless of race, color, religion, sex, national origin, age or disability are accorded equal opportunities in all phases of employment, and the right to work and advance on the basis of merit. Ability and potential. LANTNAVFACENGCOMISNT 12713.2 establishes Command policy.

SEXUAL HARASSMENT POLICY

Sexual harassment is a form of employee misconduct that undermines the integrity of employment relationships destroys morale and interferes with the productivity of its victims and co-workers. LANTDIV will not tolerate any form of sexual harassment. LANTNAVFACENGCOMISNT 12713.7 establishes Command policy and guidelines.

CIVILIAN EMPLOYEE ASSISTANCE PROGRAM

LANTDIV recognizes that from time to time employees experience personal problems that require professional counseling. LANTDIV has a Civilian Employee Assistance Program for employees who have personal problems that are having an adverse impact on job performance. The program covers all LANTDIV employees, including those located at the ROICC field offices.

The program deals with human problems – the kinds that affect an employees' personal well-being and the ability to perform on the job. An employee may seek counseling for a wide range of problems including: alcohol and other drug problems, stress from work or personal concerns, marital difficulties, parent-child problems, and depression and anxiety. Besides being confidential the program is voluntary – it allows the employee or family to seek help on their own.

An employee may initiate a request for counseling. Confidentiality is assured. No one in the Activity will know the employee is using the program unless the employee provides the information. A supervisor may encourage the use of the program when a performance problem occurs in order to determine if personal problems may be interfering with the job.

For further information contact the Human Resource Office (HRO) at DSN 564-7414 or commercial, 757-444-7414 for a referral in your local area.

DRUG-FREE WORKPLACE PROGRAM

The Atlantic Division adheres to and supports the Department of the Navy's policy to provide a workplace free from illegal drug use. The on-site host activities' policies will cover overseas ROICC offices.

BENEFICAL SUGGESTION PROGRAM

The Navy adopted the Beneficial Suggestion Program in 1919, shortly after the Army had adopted it. By definition, a suggestion proposes a way of improving procedures, products, services, etc. It may suggest a change in the way things are done and propose a new method or a new application of an old idea. Merely pointing out a difficulty or shortcoming without providing an answer is not a suggestion. Neither is a proposal in routine maintenance or everyday functions, such as repairing tile, keeping aisles clear, replacing light bulbs, ordering supplies, etc.

There are Beneficial Suggestion Boxes mounted in workplaces accessible to all employees. The contact for further information is the Human Resources Office.

CHAPTER 2 ROICC ORGANIZATION

The ROICC Office Model (ROM), Appendix Tab (2), defines the organization, roles and responsibilities of the ROICC Team. The ROICC organization is responsible for Procurement (K-PCO, pre-award), Contract Administration (K-ACO, post award), Technical - Field Engineering (T) and Quality Assurance (Q). The ROICC is usually a warranted CEC officer, who is assisted by a Supervisory General Engineer (SGE) responsible for the T/Q functions and a Supervisory Contract Specialist (SCS), responsible for the PCO and ACO contracts actions. The ROICC staff includes other CEC officers, normally assigned AROICC duties, civilian AREICC engineers, contract specialists and administrators, construction representatives and administrative personnel.

CORRESPONDENCE, CONTRACT FILES AND SIGNATURE AUTHORITY

Each contract has an official contract file that contains the originals of all correspondence, submittals, daily reports, test results, and other contract specific information. These files are maintained at the ROICC office, with the EFD/EFA forwarding a Pre-Award file if necessary to the ROICC office for incorporation into the official file. At contract close-out the ROICC should purge duplicate or inappropriate information and incorporate all necessary files into the one official file. Complete contract files are sent to the archives where they remain for ten years.

Within the ROICC office, the ROICC delegates by letter signature authority to each person with such authority. LANTNAVFACENGCOMINST 5402.1I describes Command policy. Generally each AROICC/AREICC has “By direction” authority for routine correspondence to contractors, A/E’s, station support activities and customers.

MANAGEMENT INFORMATION SYSTEMS

FIS

The Facilities Information System (FIS) provides the official financial record of anticipated and completed work for NAVFAC. FIS is the most important database in the ROICC business. The EFD and NAVFAC use this information for long range planning, goals assessment, staffing, budgeting and resources allocation.

The Navy Information Technology Center (NITC) in Port Hueneme, CA. maintains FIS. The FIS server is in Mechanicsburg, PA. CONUS ROICC offices have direct electronic access to FIS; overseas offices are gradually expanding their capabilities. While FIS operates in a direct access mode, there are many reports that are available through the Command’s Report Web. ROICC’s should become familiar with the R-26 report, which is the primary tool used for updating Work In Place (WIP) and Facilities Service Contract Work In Place (FIP). See Appendix Tab (7)) for a sample marked-up R-26 report and explanation.

The ROICC and the EFA/EFD share the entry of all contract information into FIS. Contact the EFD/EFA FIS coordinator for technical assistance and training information.

PDD

Procurement Desktop Defense (PDD) is a DoD mandated software system for administering contract actions at all levels. The EFD has actively incorporated PDD into the ROICC business. All contract financial actions are supposed to be built and tracked in PDD.

NEAMIS CM 2I

Because FIS is a corporate financial database, it does not include all the information routinely used by ROICC offices to manage the field workload. NEAMIS CM was developed by LANTDIV to provide a solution to ROICC offices while a corporate CM solution is being developed. This web based software is a construction management solution that tracks contract status, workload assignments, invoice processing, constructability reviews, contractor, customer and A/E points of contact, and other detailed contract information not found in other corporate databases. NEAMIS CM 2i is the data source for many corporate reports and ROICC office metrics. The status of NEAMIS CM 2i may evolve as the Web based CM solution is developed as part of the ieFACMAN initiative.

FOCAS

Field Office Consolidated Automation System, or FOCAS, is a legacy construction management system for both construction and facilities support contracts. FOCAS eliminates most double entries, generates standard finished documents and can interface with FIS. It is no longer formally supported by NAVFAC, but is still in use in some offices, until the establishment of ieFACMAN. FOCAS is not on the NAVFAC NMCI approved list of software support items and it will be unusable upon NMCI implementation.

ROICC PERSONNEL

ROICC staffing must be reviewed regularly to maintain adequate capability in relationship to workload. The NAVFAC Field Office Readiness (NFOR) report is an assessment tool developed for that purpose. Overall ROICC civilian Full Time Equivalent (FTE) staffing levels are generally proportional to WIP and FIP based on an algorithm. The EFD/EFA will staff the ROICC offices on a percentage of the algorithm, depending on the budget situation. Especially complex construction, remote sites, or aggressive completion schedules may justify the modification of staffing members with respect to those generated by the algorithm. If additional full time employees are not available, ROICC offices can cope with fluctuating workload through the Cooperative Administrative Support Unit (CASU) program to obtain contract employees on a temporary basis if funds are available.

ROICC leadership and supervision should strive to develop a staff of diverse individuals with the appropriate skill mix to execute the workload effectively. Each employee should be given responsibility commensurate with authority, and the opportunity to succeed and advance. ROICC office employees should be encouraged to be mobile, so that personnel can re-locate quickly to accommodate unexpected workload increases or contingency operations.

ROICC offices are responsible for maintaining a current list of all employees, with job titles, grade/rank, office/cell phone numbers, and emergency phone number and point of contact. The primary administrative support person in the office should maintain a central personnel file.

RECRUITMENT, SELECTION AND PROMOTION

The recruitment, reassignment, detail, selection and other personnel actions for the ROICC staff is a joint effort between the ROICC, the EFD/EFA, and the Human Resources Service Center (HRSC). The procedures for filling civilian positions and promotions are defined in LANTNAVFACENGCOMINST 12335.3. The actual Standard Form 52 process varies with locality. You should become familiar with your local HRSC representative and foster a working relationship with the appropriate office.

TRAINING AND TRAVEL

Most ROICC staff positions have minimum mandatory training requirements necessary to perform effectively. Initial ARO(E)ICC training includes LANTDIV Orientation, ROICC Office Management (CECOS), Construction Contract Modifications (NFCTC). Both CECOS and NFCTC courses are required for assignment of ARO(E)ICC COAR authority. Specific training requirements for T/Q personnel are found in the NAVFAC P-445. Additionally, NAVFAC has begun a Community Management Program for all field office personnel. It is anticipated the Community Management Program can be found on the NAVFAC Intranet in the fall of FY02.

NFCTC offers several additional specialty courses, including Environmental Cost Reimbursement Contracting, Facilities Support Contracts, Architect-Engineer Contracting, COTR Cost-Type Contracts and Source Selection. Some of these courses are mandatory for a NAVFAC Contracting Officer's Warrant. NFCTC also offers the mandatory courses for personnel in the Contracting Career Field as defined by the Defense Acquisition Workforce Improvement Act (DAWIA). Refer to NFAS for the course requirements for each Contracting Officer's Warrant level.

NFCTC specialty courses have no tuition cost and generally occur at several times and in several locations each year so that most have local offerings. NFCTC publishes an annual catalog with complete information the courses each fiscal year. CECOS course offerings vary; check with your LANT representative for the current year's schedule. For both CECOS and NFCTC, course registration procedures may vary from year to year. Registration may be through a DD1556, or it may require a separate registration form, with

the DD1556 done independently. Be sure you understand the procedure for the course sponsor, the particular course (DAU mandatory courses require different applications than do specialty courses) for the current year.

CONREPS should receive training as defined in NAVFAC P-445, including specialized construction areas, such as earthwork, paving, concrete, architectural hardware, electrical, HVAC and roofing, primarily through the U.S. Army Corps of Engineers Prospect Training. These courses have tuition fees and usually travel costs that will be deducted from the ROICC office budget. The quota requests are solicited from the ROICC offices in February of each year. The EFD/EFA must submit them to NAVFAC in March for the following fiscal year.

The CECOS, NFCTC and Corps courses depend on quota requests and/or reservations being honored. There is no refund on tuition from the Corps. If an individual cancellation is necessary, make sure someone else can take advantage of the course. There is usually a waiting list for any of the training.

There are several safety training requirements that require annual renewal. In addition, each ROICC office will have trained at least one CONREP in asbestos and lead handling. That CONREP will have respirator training and will be included in the LANTDIV Respiratory Program. The Construction Division Safety Reference Manual ("Green Book") provides the details. Each ROICC office will also have at least one AROICC/AREICC and CONREP with the required training for Remedial Action Contracts (RAC).

Training available through the GSA is helpful in improving writing and communication skills. It is local and reasonably priced. There are many sources of training, including manufacturers of certain products, such as roofing systems. In-house training is a cost-efficient supplement to out-sourced training and keeps office skills and knowledge up to date. LANT representatives offer QA, negotiation, software, construction safety and hazard awareness, and other types of training; ROICC staffs should conduct in-house training on a rotating schedule for each of the routine functions within the ROICC office.

Each employee should have an Individual Development Plan (IDP). This should be a joint effort of each individual and supervisor. While the Command has a record of all training documented with a DD1556, each individual is responsible for maintaining his own complete training history.

Each ROICC office budget includes funding for training and travel. The ROICC must balance the needs of the individuals and the office with the budget available. The annual performance appraisal discussions are a good time to discuss an individual's training needs. Contact your EFD/EFA advocate or Construction Manager for further information.

PERFORMANCE EVALUATIONS

Performance evaluations for all employees, military and civilian, are essential for providing constructive feedback and identification of needs for professional and personal development. The tool used for military employees is the fitness report, prepared annually or on the departure of the officer or his reporting senior. Civilians use the LANTDIV Performance Appraisal Process, explained in LANTNAVFACENGCOMINST 12430.3, and executed through NEAMIS 1.0. Employee input and optional assignments play an important role in the process. Each employee and supervisor have the responsibility to use the performance appraisal process to develop and maintain a suitable individual development plan.

PERSONAL DEVELOPMENT

The ROICC business is dynamic and unpredictable. Meeting the expectations of customers, contractors, and designers to provide a quality product requires interpersonal skills and an ability to juggle multiple tasks and establish clear priorities. In addition to professional and technical skill development, ROICC employees should seek to be better listeners, communicators and time managers. Meet with your supervisor to discuss your personal development and how you can improve your abilities and opportunities for more challenging work and advancement. Working in a ROICC office can be one of the most rewarding and enjoyable assignments in NAVFAC.

ROICC LIBRARY

Each ROICC office should maintain a library of often-used references in hard copy format. This includes, at a minimum, the Construction Division Safety Reference Manual, Corps of Engineers Safety Manual, estimating guides, NFCT, CECOS, and ACOE course guides, building codes, ROICC Handbook, the Business Management System (BMS) and ROICC office SOP's. It should also include EFD/EFA organizational information, LANTDIV instructions and software guides. Many reference sources are available on the Internet at low or no cost, and can reduce the need for shared office copies that take up valuable storage space. A current list of all available resources should be maintained within the office.

EFD/EFA AND NAVFAC RESOURCES

There is considerable specialized support available to the ROICC from the EFD/EFA and NAVFAC. This includes safety, partnering, scheduling, TABS/ACATS, transformers, switchgear, generators, quality assurance, RAC and other construction management areas. The EFD Design group and the Engineering Innovation group have experts for the various technical specialties, including geotechnical, noise control, specialty trainers, cathodic protection, shielded facilities and soundproofing. The PWC has specialists for elevators, boiler inspections and certifications, utilities connections and specialized coatings.

The Naval Facilities Engineering Service Center has representatives in different EFD's with a variety of specialties. For example, the elevator specialist is at LANTDIV, and the roofing specialist resides at SOUTHDIV.

Regardless of what the problem is, there is a good chance that a resource is available to help find a solution. Work with your EFD/EFA ROICC Advocate or Construction Manager contact to find the right resource.

ROICC BUDGET

The amount of WIP the Command completes determines the operating funds available for portions of the EFD/EFA and the field operations. Because of this, accurate WIP projections and reporting and SIOH collection directly influence funding levels. Individual yearly ROICC budget requirements are developed by the ROICC and the EFD/EFA, based on staffing, projected WIP and special needs of the office. The ROICC budget is developed to account for costs associated with vehicles, communications, travel and training, office supplies and services, repairs, maintenance, utilities and on-the-spot awards and overtime expenses. The budget does not include the basic salary for ROICC personnel or performance awards. Most ROICC budgets will allow a reasonable amount of discretionary spending. However, since there can be long delays in recording certain costs and charges, it can be difficult to track spending on a month-to-month basis. Therefore, routine budget monitoring is a joint effort between the EFD/EFA and the ROICC.

In addition to controlling the expenditure side of the budget, it is also necessary to control the income side. That is, the collection of SIOH. The format and forms for SIOH collection vary with customer and fund type; refer to your EFD/EFA contact for the appropriate methods.

ROICC OFFICE SPACE, UTILITIES AND FURNISHINGS

Generally the host base provides field office space for the ROICC office. The contract describing the office space and services provided is called an Inter/Intraservice Support Service Agreement (ISSA), or Host/Tenant agreement. Custodial, utility, guard mail, police, etc. are listed, as well as how the reimbursable services are billed.

There will be times when upgrading, moving or expanding the ROICC office is necessary. Work with the EFD/EFA for planning and budgeting such a project. Statutory requirements apply to ROICC office construction and renovations just as for any project. Contact the EFD/EFA ROICC Advocate or Construction Manager to procure collateral equipment or system furnishings that may be needed. Each year a list of Capital Improvements is developed for all ROICC offices in LANTDIV. If you have work that is required for your office that work must be prioritized with all other work requirements of the Command.

PURCHASE CARDS/TRAVEL CARDS

In addition to the routine methods of obtaining supplies through the supply system, ROICCs may have the option of certain credit cards for the purchase of supplies. ROICC offices may use the government-wide commercial credit card for supplies not available in the government supply system. The card-holder must complete an 8-hour Small Purchase Course, during which the guidelines for card use are explained. There are purchase amount limits, both per purchase and per month. FAR small purchase procedures apply. ROICCs may also use Servemart Charge Cards for office supplies. All purchases made with credit cards must be carefully scrutinized as being business related and reasonable. A full accounting of all purchases is required that track the details of the transaction, including the end user of the item purchased.

Employees designated as frequent travelers in the ROICC office may have Government issued travel cards for use during travel. Government issued credit and purchase cards **cannot** be used for personal or non-business related use, and balances must be paid promptly.

INFORMATION TECHNOLOGY EQUIPMENT

The EFD/EFA establishes the long term IT goals and strategy, and purchases all equipment and software. The intent is to have all field offices using similar and equivalent equipment and software, and to maintain the system to the highest standards. Each ROICC is responsible for the IT equipment assigned to the specific individuals in the ROICC office. It is imperative to revise the custody information when there are personnel shifts. The IT inventory is an important. task to properly monitor, especially with the constantly changing staff and equipment. Each individual is responsible to support a "zero-loss" policy. Each office has an Information System Security Officer (ISSO) assigned who monitors the IT inventory for the ROICC. ISSO's are also the first line of information for problems relating to ADP and the Office Information Systems. There are many changes taking place in the information systems world, most significantly the Navy Marine Corps Internet (NMCI) initiative has a major impact on the way hardware and software is managed at all levels. Cellular Phones are generally included in the IT inventory and use, repair and replacement of cell phones must also be monitored.

ROICC VEHICLES

Each ROICC office has assigned government vehicles for the conduct of ROICC business. Use of the government vehicle for getting meals or other personal use is prohibited except when the work assignment is too far away from the office to make return impractical or when on temporary duty (TDY) orders with the government vehicle. Vehicles usually consume the largest portion of the ROICC budget, so vehicle usage should be evaluated periodically so that excess vehicles can be turned in or exchanged for less expensive vehicles. The NAVFAC NFOR report provides some guidance on the recommended number of vehicles for the office.

Vehicles assigned to ROICC offices may be Navy-owned, GSA-leased, or otherwise provided, depending on the station and location. The particular maintenance and fueling arrangements depend on the provider and station. For example, GSA-leases usually include the cost of fuel and maintenance provided at participating dealers. Before using a government vehicle, make sure you understand the fueling arrangements.

Each field office should establish its own SOP(s) to cover the specific arrangements and reporting requirements for the government vehicles assigned to that ROICC. Each ROICC should understand the procedures in case of an accident involving a government vehicle.

CHAPTER 3 TYPES OF CONTRACTS AND PROCUREMENT METHODS

The FAR allows a wide variety of contract types and procurement methods. This chapter provides a brief introduction to the options available to a LANTDIV ROICC office in the procurement of construction and facilities support services. FAR Part 16 has a detailed discussion of the many contract types. NAVFAC does not currently use all contract types listed in FAR Part 16 but a review of the Chapter provides a good basis to broaden the scope of contracting in the ROICC.

Today's ROICC has to be agile and versatile to meet the needs of our customers. Expanded use of Multiple Award Contracts (MACs), Design – Build contracts, letter contracts, and the use of other innovative contracting tools help to keep NAVFAC at the cutting edge of construction and facilities support contracting.

NAVFAC has adopted the Business Management system (BMS) as the corporate system for defining business processes. Process Management Plans have been written for most acquisition processes. The procedures currently in the BMS have been endorsed by NAVFAC and should be used in each individual LANTDIV ROICC Office. Note that the process is not a "cookie cutter," and the procedures may suit your geographic location. The BMS is a framework for use through out NAVFAC on specific contracting principals. These procedures are listed in the following link:

http://www3.efanw.navfac.navy.mil/qualtrax/quality/asp/Default.asp?PageID=10000500

CONCAP

LANTDIV administers the Emergency Construction Capabilities Contract, or CONCAP Atlantic, a Cost Plus Award Fee (CPAF) contract designed to provide quick response civilian construction capability for U.S. military forces . CONCAP provides a wide variety of construction and engineering services in support of natural disaster recovery, military led or supported humanitarian assistance, and military conflict. .

CONCAP is a cost reimbursement contract, competitively awarded with a base year plus four option years. LANTDIV CONCAP in Haiti, Aviano, Vicenza, Pensacola, Caribbean, Azores, Bosnia, Camp Lejeune, and is currently working in Guantanamo for Operation Freedom with great success in support of maneuver forces in these many theaters of operations.

NEGOTIATED CONTRACTS

A negotiated contract is any contract awarded by other than sealed bidding procedures. The FAR provides specific guidance for these types of contracts in Part 15. A Justification and Authorization (J&A) is required for this type of procurement. Limited competition may be used in lieu of synopsis. Negotiated contracts are appropriate when the government may require more control over factors such as quality, price or delivery schedules. The flexibility of negotiation as a method of procurement is its greatest advantage since

negotiation permits discussion and revisions to both the design and the proposal. Details on these procedures are found at the link:

http://www3.efanw.navfac.navy.mil/qualtrax/quality/asp/Default.asp?PageID=10000500

SIMPLIFIED ACQUISITION PROCEDURES

Simplified acquisition procedures (SAP) may be appropriate for contract procurements not expected to exceed $100,000. ROICCs should use the Request for Quotation (RFQ) process defined in FAR Part 13 and DFARS Part 205. Simplified Acquisition Procedures streamline the acquisition process, including allowing alternate methods for synopsis and advertisement, evaluation of quotations. ROICCs using SAP for Procurement of Contracts should promote competition to the maximum extent practicable given the size, locale and type of work to be procured. It is important to remember is that a quotation is not an offer and a binding contract. When we tender an offer to a contractor based on a the quotation and the contractor accepts the offer, the contract may be established

Under Simplified Acquisition Procedures, several Federal Laws and their FAR provisions clauses are inapplicable at or below the SAP threshold. Details on these procedures are found at the link:

http://www3.efanw.navfac.navy.mil/qualtrax/quality/asp/Default.asp?PageID=10000500

NONAPPROPRIATED FUND (NAF) CONTRACTS

The procurement process for construction contracts funded by Non-appropriated Funds are not required to follow the FAR, DFAR or NAPS. Agencies using Non-appropriated funded (NAF) encourage the use of standard commercial practices if they are in the best interest of the project. But Construction Contracts procured by NAVFAC may use the FAR as a guide. Non-appropriated funds may finance construction projects for Army, Navy (NEX) and Air Force (AAFES), Base Exchanges and sales outlets, MWR, Food Service and Lodging Facilities as well as privately owned activities such as credit unions and banks. . Generally these funds are originated by a revenue-generating activity. But there may be exceptions where Funds are appropriated for project of this type.

For Navy Personnel Command Projects, under a Memorandum of Agreement (MOA) between the Army Community and Family Support Center (CFSC), the ROICC may provide only Contracting Officer's Representative (COR) functions for NAF projects. ROICCs should be familiar with this MOA and the COR responsibilities. A copy of the MOA is provided in Appendix Tab (8).

FAR procurement procedures are not strictly required. Synopsis is not required. Competition may be limited. Incentives for early completion are easily incorporated into the contract. The Buy American Act may be waived. In general, a "prudent business person" approach governs the process. Details on these procedures are found at the link:

http://www3.efanw.navfac.navy.mil/qualtrax/quality/asp/Default.asp?PageID=10000500

BID PROCEDURES FROM THE CONTRACTOR'S PERSPECTIVE

We often wonder why a contractor omitted work from his contract bid, or why two subcontractors did not coordinate their work properly. Here is a look at how a typical contractor puts together a bid for a sealed bid contract. They consider themselves successful if they are awarded 20% of the contracts they bid!

1) Estimators, project managers, owners etc. target projects for bid.
2) Order plans and specifications.
3) Notify bonding and insurance companies to obtain the required bid/performance bonds and insurance certificates. The contract representatives and certifications are used to obtain these documents.
4) Check for complete set of technical specifications, amendments and plans, then go to work.
5) Perform an initial review of all of the contract documents, including drawings, general requirements, technical specifications, the table of contents and amendments to identify items of work to be performed by the general contractor and those to be subcontracted.
6) Contact subcontractors and suppliers to inform them of intent to bid and to develop an interest in the project. Prepare bid packages to distribute to subcontractors and suppliers.
7) Estimator starts a detailed quantity take-off from the contract plans and associated cost estimates using the quality level established in the contract specifications for all items of work performed by the general contractor. If time permits, the estimator will perform budget estimates on major subcontracted items at work in the event that adequate subcontractor bids don't happen on bid day.
8) Estimator maintains constant contact with subcontractors to establish scopes of work and a preliminary construction completion schedule. Establishment of an accurate contract duration period allows the estimator to determine the cost of general conditions such as supervision, trailers, disposal, testing, etc. On major projects, these costs can separate the successful low bidder from the second and third bidder.
9) Estimator totals all material costs including sales tax, labor costs, including labor burden, and equipment rental costs including sales tax for rented equipment on all work performed by the General Contractor. These costs are totaled and input on the bid form prior to bid day.
10) Depending on the location, size and complexity of the project, determine overhead and profit percentage prior to bid day. This percentage may be modified prior to bid.
11) On Bid Day, most subcontractors and suppliers call in or fax quotes to the Prime Contractor during a two to three hour period prior to the bid time. Mechanical and electrical prices are often not received until fifteen minutes before bid. This makes it very difficult to properly evaluate the bids, total all costs apply the mark-ups and ensure that the bid is delivered to the owner on time. Most of the time, the written scopes of work and lists of exclusions by the mechanical, steel, and electrical subcontractors are significant and varied between subcontractors. These scopes have to be evaluated, clarified, and selected quickly to ensure that a competitive and complete bid is

accurately computed. Normally, bids are hand-delivered by runners and prices are conveyed by the estimator to the runner via telephone just prior to bid time. Because of very late subcontractor quotes or changes to previously submitted quotes, a last minute add or deduct may be entered on the bid envelope just prior to the runner dropping the bid package in the bid box.

Subcontractors will submit quotes up to the bid closing time, making it difficult for the contractor to identify specific subcontractors at time of bid. Often the prime contractor makes no final commitments until after contract award. This approach also allows the prime to enter into discussions with subcontractors, often resulting in lower subcontract prices. Higher bids may result in contracts that require the contractor to identify subcontractors on the bid form.

A contractor goes through this exercise for each bid. During the traditionally busy bidding season, from August to September, a contractor may submit bids on several projects on the same day. Given the need to coordinate numerous quotes and estimates in compiling a bid in a limited period of time, ROICCs should be sensitive to scheduling bid openings to encourage maximum participation by competitive sources addressing bid inquiries accurately and completely.

CHAPTER 4 PRE-AWARD

The ROICC office input for a construction contract begins long before construction contract award. The quality of attention and coordination during the pre-award phase will prevent many potential problems during the construction phase.

DESIGN PHASE

Various designer agents manage construction contract documents, i.e., plans, specifications and cost estimates, but the two most common are the activity or "station" and LANTDIV. In either case, either an Architect-Engineer firm (A/E) or government engineers ("in-house") complete the design. The designers generally prepare the designs in three phases, 35%, 100% and final. The ROICC has the opportunity to review plans and specifications at the 100%, or pre-final, submission. Many ROICC's meet regularly with the Public Works Officer and/or Base Civil Engineer's representatives to get a "heads-up" on the contracts likely to be coming within the year or two. This also provides an opportunity to address coordination issues and special problems that should be considered in the design.

CONSTRUCTABILITY REVIEWS

Constructability reviews are the ROICC's opportunity to make essential input into the design process. Additionally, the ROICC should review the documents to see if they are biddable. These reviews can prevent significant problems during the construction phase. The time invested in a constructability review to prevent problems will more than offset the time required to sort out the problems after award. What should this review include?

- Is the specification based on the most recent edition of guide specification and Interim Spec Revision (ISR)?
- Is contract duration suitable? Consider submittal and procurement time, award date, seasonal constraints, and long lead materials. Is phasing necessary? Is it necessary to identify and define the sequence of construction?
- Is specified type of construction schedule appropriate for contract size? Has weather impacts and project complexity been considered during the construction period?
- Is procedure for locating underground utilities and obtaining digging permits properly defined?
- Coordinate with Activity. Is access limited? Does Activity understand what will be happening? Will the construction operation and schedule impact the Activities' operations? Do completion requirements meet Activity's needs?
- If the building will remain occupied or if phasing is required to accommodate the occupants, confirm that the "User" is in agreement with the specified plan.
- Is adequate laydown area available and indicated, along with routing of construction vehicles if necessary?
- Visit site, ideally a joint visit by AROICC/AREICC and ConRep. Carefully note on plans anything that differs from the design. Are there any known underground utilities or obstructions not shown on the plans? The biggest payback often occurs with a thorough site visit.

- Evaluate hazardous material handling or removal. Do the specifications include test results i.e. Lead or Asbestos? Are abatement requirements in line with current regulations?
- Do the plans and specs adequately address environmental concerns?
- If the work involves any construction in wetlands or waterways, confirm that the government has obtained all necessary permits or will do so before contract award. Consider built-in delay if permits are pending and award must occur.
- Is there any government-furnished equipment or material (GFE)? If so, coordinate with procuring official so that GFE is compatible with design and so that GFE will be available when contractor is ready for it.
- Does the project require new utility connections? Is contract with utility company finalized (Per Code BE)? What notice does utility company require for their portion of the installation? Are requirements specified in contract compatible with utility company requirements (contractor testing, "digging permits")?
- Has building phone, LAN, CATV and collateral equipment such as systems furniture been addressed?
- Is commissioning required for HVAC systems to demonstrate that the systems operate properly?
- Will equipment have adequate access for maintenance and repair once installed? Are safety considerations, such as fall protection for maintenance personnel, included? Do the design documents properly outline requirements for contractor crane operations?
- Have submittal requirements been tailored to project requirements? Delete submittals that add no value to quality. Does specification provide correct identification for reviewer of each section? Is it clear who will review fire protection submittals?
- Is any specialized construction required? Consider elevators, boilers, weight-handling equipment, and specialized coatings.
- Is State Historic Preservation Office review and approval necessary?
- Are bid items appropriate for type of work?
- Does size, technical difficulty, etc. warrant an expanded Quality Control Specification Section 01450? What about the Quality Control staff? Is a submittals assistant needed? Are Supplemental Specialized Personnel (SSP's) justified?
- Verify that the A/E agreement includes adequate A/E services and site visits during construction. This includes attending partnering workshops, follow-ups, selected on-site meetings and processing RFI's.

All comments and suggestions must be specific so that the designer will understand enough to correct the item. It is important to record comments on the drawings and list each one on the review sheet, a sample of which is in Appendix Tab (9). A team approach, either informal or formal, will yield comments reflecting the variety of experience beyond that of the assigned staff. Coordination with the Activity is critical; each ROICC will have a defined procedure with the design agency (LANTDIV or station) so that each contract will have appropriate coordination with the Activity. As important as the quality of comments is their timeliness. The design coordinator will give late comments less consideration if they risk delaying the bid opening date or award.

Each ROICC will establish its procedure for tracking constructability reviews and will assign who is responsible for each portion of the review, including the designer's response to the ROICC comments, forwarded to the ROICC with the final plans and specifications. For LANTDIV contracts, forward comments directly to the IPT member. Send a copy of your comments to your EFD/EFA liaison if you envision the need for follow-up. Forward comments for station contracts to the design agent, usually Public Works or the Base Civil Engineer. In the near term, upon establishment of ieFACMAN, all design reviews will be entered and tracked with a new system known as Dr. Checks.

PROPRIETARY SPECIFICATIONS

A proprietary specification means that there is only one supplier for a material or equipment item, e.g., sole source. The government may require the use of a proprietary item if justified and the proper approval is obtained through Justification & Authorization (J&A) in accordance with FAR and a contracting officer approval per NFAS. If this authorization is granted, the specification should name the sole source item by the manufacturer's name and specific identification, followed by "notwithstanding any other provision of this contract, no other product will be acceptable."

Sometimes a designer inadvertently (or purposely) specifies a propriety item. When this happens the government is normally responsible for any cost or delivery problems encountered by the contractor. If a proprietary item has been identified in the bid documents, an amendment should be issued with the proper J&A, the specification should be changed to "or equal" or the item should be opened to full and open competition.

"OR EQUAL" SPECIFICATIONS

Our contracts may include "or equal" specifications as long as they include three sources and the quality level and performance requirements. This description should include the salient features that distinguish the product desired from those that otherwise may appear to be equal. Level III contracting officer approval is required. By including the quality and performance criteria, no supplier or manufacturer is excluded from bidding on the item.

OFF-SITE STORAGE

Some projects may have limited storage area and/or short time frames for installation of large quantities of equipment or material, for example, housing renovations. The government will pay for material stored off-site as long as the contract specifically authorized it (through original contract or by contract modification) and the storage meets specific bonding and insurance requirements. Include the following provisions in Section 01200N of the specifications:

- The conditions described in the paragraph entitled "Payments to Contractor" are met.

- The material is within __*__ miles by street of the construction site.
- The material is adequately insured and protected from theft exposure.
- The materials are not susceptible to deterioration or damage in storage or in transit to the job site.

*Insert appropriate distance, keeping it close enough for ROICC inspection of storage location.

METRICATION

LANTDIV has completed the design for several contracts in metric, although for stateside contracts, it is "soft," rather than "hard" metrics. "Soft" metrics merely convert the English standard size to its metric equivalency. "Hard" metrics literally alter the physical size into a close, but different, metric size. For example, brick, block and lumber for hard metrics are slightly different sizes than those for either English or soft metrics scales.

NAVFAC is guiding the conversion for stateside work; both logistics and politics play a part in the process. Most overseas contracts are already in metric.

BEFORE BID OPENING

CONTRACTOR INQUIRIES

Bid inquiries are any questions about the contract received prior to bid opening. The bid documents direct all questions to the Contract Specialist, since only a Contracting Officer or a designated representative, i.e., Contract Specialist, shall receive and answer questions. This is also important to assure all contractors receive a consistent answer to the same or similar inquiries. If the question is technical, the Contract Specialist will forward it to the AROICC/AREICC or AIC/EIC, who either provides an answer, finds the answer in the plans or specifications, or determines that the designer must provide input. For LANTDIV contracts bid at the EFD, the IPT team usually works with the Acquisition Department. If the information is important to the outcome of the bids, the Contracting Officer must issue an amendment so that all prospective bidders have the same information. Sometimes it is necessary to tell a bidder to "bid it as you see it." This can occur if the question has no impact on the bid or the contracting officer determines that the plans and specs are clear and require no further clarification. Avoid this if at all possible. It often comes back later and has far more impact than initially felt.

Politely refer a contractor who directly contacts the AROICC/AREICC to the Contract Specialist for that contract.

CONTRACTOR SITE VISITS

Just as the government cannot complete a thorough constructability review without visiting the site, contractors also must be able to visit the site before bidding the work. In fact, FAR 52.236-3 holds the contractor responsible for site investigation sufficient to be familiar with general and local conditions that affect the work.

At some locations the contractors will often visit the site directly without notifying the ROICC. In others, the contractor will notify the ROICC office, who will keep a record of all such requests. If access to the site is limited, the contract may describe specific dates and times for site visits before bid opening. The ROICC may not answer questions during a site visit with the contractor. Any questions the contractor may have as a result of a site visit shall be submitted in writing to the Contracting Officer.

PRE-BID CONFERENCES

Most contracts do not have pre-bid conferences. Only for unusually large and/or complex projects are they necessary. The contract documents will state the time and place for the conference, and if included, notice of a tour of the site. A pre-bid conference is an opportunity for the contractors to bring up potential problem areas so that the government may resolve them by amendment prior to bid opening. A Contract Specialist actually conducts the pre-bid conference.

BEFORE CONSTRUCTION CONTRACT AWARD

BID BOND

A bid bond is a guarantee to the government that if the government accepts a contractor's bid, then the contractor will provide acceptable performance and payment bonds. Bid bonds are required for construction contracts in excess of $100,000. If the contractor fails to do this, the government can terminate the contract for default and the bid bond surety is liable for any increase in contract price between the low and next bidder. Failure to submit a valid bid bond will renders the bid nonresponsive.

SUBCONTRACTING PLANS

It is the government's policy to award a fair proportion of construction contracts to small businesses and small disadvantaged businesses, both as prime contractors and via subcontracting. When a contract exceeds $1,000,000, the contract award to a large business contractor is dependent on an acceptable subcontracting plan. The detailed requirements for these plans can be found in FAR 19.7.

Contact the EFD/EFA Deputy for Small Business if any questions or problems arise in this area.

CONSTRUCTION CONTRACT POST-AWARD

AWARD LETTER AND THE SCALE OF OFFERS

On all rehab or new construction projects over $500,000 in which the ROICC is the PCO, a copy of the award letter and scale of offers shall be sent to LANTDIV CI47.

CHAPTER 5 CONSTRUCTION PHASE

Military bases are designed for specific missions. A Naval Base that serves amphibious forces has different requirements and a different organization than a base serving the Marines. An understanding of the overall mission and organization of the customers served by the ROICC will enable ROICC personnel to best serve the customer during the construction phase of a project.

Every contract and delivery order has a development history that should be investigated. Learning about why the contract is being performed will give greater insight on the intent of the project.

It's important to know the type of funds for the contract, who the funding source is, and the major claimant. Is it new construction or repair? Is the award value close to any statutory limits? Is it split-funded? Funding details become very important when the first contract modification is encountered.

Each customer operates differently, and certain procedures will vary within each ROICC office. Each ROICC should maintain Standard Operating Procedures (SOPs) for the many routine processes that occur for each contract. SOP's should not conflict with the Business Management System (BMS), regulations or EFD/EFA instructions; rather they should supplement and compliment these documents.

BEFORE CONSTRUCTION ON SITE STARTS

There are several key submittals and approvals that must be obtained before construction can start. When the EFD/EFA awards a contract, the headquarters acquisition group is responsible for approving the contractor's bond and subcontracting plan. Once the EFD/EFA transfers the contract administration to the ROICC, the ROICC is the source of all information flow from and to the contractor. For ROICC awarded contracts, the ROICC initiates all correspondence starting with the award itself. Each ROICC has an SOP or BMS procedure so that the necessary information for each contract is transmitted to the contractor in an efficient manner. This initial correspondence identifies the point of contact in the ROICC office (usually the ARO(E)ICC for technical matters), so that the contractor knows who will be administering his contract. Within the ROICC office, all staff assignment should be made by the appropriate ARO(E)ICC, CONREP and Contracts Supervisors.

PERFORMANCE AND PAYMENT BONDS

Depending on location, dollar value and type of work involved, government contracts require performance and payment bonds. A performance bond protects the government by obligating the contractor, through his surety, to complete the contract work for the contract price. If the contractor fails to do this, i.e., defaults, he, through his surety, is responsible for the additional cost over contract amount needed to complete the work. A payment bond protects the contractor's suppliers, subcontractors and employees. NO WORK CAN

START ON A CONTRACT REQUIRING BONDS WITHOUT CONTRACTING OFFICER-APPROVED BONDS!

The Miller Act protects the interests of both the government and the laborers, mechanics and subcontractors by requiring the contractor to furnish performance and payment bonds for all contracts over $100,000.

The performance bond is for the entire contract amount and ensures that the project will be completed if the contractor defaults. The payment bond is for an amount proportional to the contract amount (varies depending on the amount of the contract) and helps to protect the laborers, mechanics and subcontractors.

For contracts between $25,000 and $100,000, the contracting officer is required to consider alternative methods of protecting the rights of the government and laborers.

If a contractor submits individual sureties, forward them to Counsel for review. Individual sureties come in many forms and can be very difficult to evaluate. Also, in overseas locations, where contractors may offer other types of bonds, such as bank bonds, ROICCs must ensure adequacy before the contractor begins work. A contractor MUST have approved performance and payment bonds before ANY work by prime or any subcontractors may begin on site.

INSURANCE

All contractors must provide written certificates of insurance at levels required by the contract general provisions. NO WORK CAN START ON SITE WITHOUT APPROVED INSURANCE CERTIFICATES! The types of insurance required generally include comprehensive general liability, automobile liability, workers compensation, employer's liability and other insurance as required by state laws. These certificates must indicate that the insurance company will not cancel the insurance without giving the Contracting Officer 30 days notice. No contractor or subcontractor may work on site without valid insurance coverage. The prime contractor is responsible for adequate subcontractor insurance coverage. Each ROICC must establish a procedure to ensure that all contractors working on site have proper insurance coverage throughout the contract.

SAFETY PLAN

Both the contractor and the government are responsible for construction safety. The U.S. Congress enacted the Occupational Safety and Health Act of 1970 (OSH Act) to ensure safe and healthful working conditions. The Department of Labor Occupational Safety and Health Administration, OSHA, establishes and enforces the regulations. In addition to statutory and FAR requirements, our contracts specifically require contractors to comply with the Corps of Engineers Safety and Health Requirements Manual, EM-385-1. The first step of compliance is a contractor-prepared safety plan tailored to the specific contract work and location. EM-385-1-1, Appendix A lists minimum plan requirements. General guidelines for a safety plan are as follows:

A CONTRACTORS GUIDE FOR ACCIDENT PREVENTION PLANS IN ACCORDANCE WITH US ARMY CORPS OF ENGINEERS SAFETY AND HEALTH REQUIREMENTS MANUAL EM 385-1-1 APPENDIX A (3 September 1996 edition)

The following information is provided for the ROICC office to assist Contractors in properly developing an Accident Prevention Plan which will meet the US Army Corps of Engineers Safety and Health Requirements Manual, EM 385-1-1, Appendix A requirements.

All contracts administered by the Atlantic Division, Naval Facilities Engineering Command are required to follow EM 385-1-1 concerning contract safety requirements. As a minimum, all Atlantic Division contractors will adhere to EM 385-1-1 requirements for Accident Prevention Plans.

A key to meeting our mutual goal of "ZERO" accidents through "ZERO" tolerance is to start with a comprehensive site-specific safety plan. To do this, we are actively enforcing contract requirements for Accident Prevention Plans by ensuring they are formatted as shown in Appendix A of EM 385-1-1. Currently, many of the Accident Prevention Plans that have been submitted are not correct. Future Accident Prevention Plans that are submitted shall follow the guidelines contained within Appendix A of EM 385-1-1 or they will be disapproved and returned for resubmittal. Internal processes are in place to ensure the plans are reviewed by individuals who have met minimum training requirements to assist in identifying hazards associated with each project. The contractor must not start work on a contract until the Accident Prevention Plan has been submitted and *accepted.* Plans will no longer be accepted which do not comply with Appendix A of EM 385-1-1. Emphasis is placed on ensuring plans submitted are site specific.

<u>Suggested steps for organizing an effective Accident Prevention Plan</u>

1. You should use a three ring binder that will contain your Accident Prevention Plan.
2. Use tab sheets numbered 1 through 13. The tab sheets will be used to separate the thirteen sections shown in Appendix A.
3. You will need to have an index page installed as the first page of your plan.
4. Next insert tab sheet number one.
5. Next comply with section #1 a. b. and c. When you have completed these items insert them into your tab # 1 section.
6. Next insert tab sheet number two.
7. Next comply with section #2 a. b. c. d. e. and f. When you have completed these items insert them into your tab #2 section
8. By now as you can see each tab section has sub statements within them that will be inserted into each section. Follow this procedure until all thirteen sections are completed. Upon completion put together the correct number of Accident Prevention

Plans required by your contract to be submitted and forward the copies to the Officer in Charge of Construction. Be sure your project superintendent retains the approved copy on the site and has a complete understanding of its contents and his/her responsibility for enforcement. By complying with Appendix A of EM 385-1-1 you will have an Accident Prevention Plan meeting the requirements of the contract. The outline offers minimum requirements. Contractors are encouraged to add elements for a more complete plan as necessary.

APPENDIX A

MINIMUM BASIC OUTLINE FOR ACCIDENT PREVENTION PLAN

An accident prevention plan is, in essence, a safety and health policy and program document. The following areas are typically addressed in an accident prevention plan, but a plan shall be job specific and shall address any unusual or unique aspects of the project or activity for which it is written. The accident prevention plan shall interface with the employer's overall safety and health program. Any portions of the overall safety and health program that are referenced in the accident prevention plan shall be included as appropriate.

1. SIGNATURE SHEET. Title, signature, and phone number of the following:
   a. Plan preparer (corporate safety staff person, QC);
   b. Plan approval, e.g., owner, company president, regional vice president, (HTRW activities required approval of a Certified Industrial Hygienist (or qualified Industrial Hygiene personnel for in-house USACE activities; a Certified Safety Professional (or qualified USACE safety personnel for in-house work) may approve the plan for operations involving UST removal where contaminants are known to be petroleum, oils, or lubricants);
   c. Plan concurrence (provide concurrence of other applicable corporate and project personnel (contractor)), e.g., Chief of operations, Corporate Chief of Safety, Corporate Industrial Hygienist, project manager or superintendent, project safety professional, project QC.

2. BACKGROUND INFORMATION. List the following:
   a. Contractor;
   b. Contract number;
   c. Project name;
   d. Brief project description, description of work to be performed, and location (map);
   e. Contractor accident experience (provide information such as EMR, OSHA 200 Forms, corporate safety trend analysis); and
   f. Listing of phases of work and hazardous activities requiring Activity Hazard Analysis.

3. STATEMENT OF SAFETY AND HEALTH POLICY. In addition to the corporate policy statement, a copy of the corporate safety program may provide a significant portion of the information required by the accident prevention plan.

4. RESPONSIBILITIES AND LINES OF AUTHORITY.
   a. Identification and accountability of personnel responsible for safety - at both corporate and project level (contracts specifically requiring safety or industrial hygiene personnel should include a copy of their resume - the District Safety and Occupational Health Office will review their qualifications for acceptance).
   b. Lines of authority.

5. SUBCONTRACTORS AND SUPPLIERS. Provide the following:
   a. Identification of subcontractors and suppliers (if known);
   b. Means for controlling and coordinating subcontractors and suppliers;
   c. Safety responsibilities of subcontractors and suppliers.

6. TRAINING.
   a. List subjects to be discussed with employees in safety indoctrination.
   b. List mandatory training and certifications which are applicable to this project (e.g., explosive actuated tools, confined space entry, crane operator, diver, vehicle operator, HAZWOPER training and certification, personal protective equipment) and any requirements for periodic retraining/recertification.
   c. Identify requirements for emergency response training.
   d. Outline requirements (who attends, when given, who will conduct etc.) for supervisory and employee safety meetings.

7. SAFETY AND HEALTH INSPECTIONS. Provide details on:
   a. Who will conduct safety inspections (e.g., project manager, safety professional, QC, supervisors, employees, etc.), when inspections will be conducted, how the inspections will be recorded, deficiency tracking system, follow - up procedures, etc;
   b. Any external inspections/certifications that may be required (e.g., Coast Guard).

8. SAFETY AND HEALTH EXPECTATIONS, INCENTIVE PROGRAMS, AND COMPLIANCE.
   a. The company's written safety program goals, objectives, and accident experience goals should be provided.
   b. A brief description of the company's safety incentive programs (if any) should be provided.
   c. Policies and procedures regarding noncompliance with safety requirements (to include disciplinary actions for violation of safety requirements) should be provided.
   d. Provide written company procedures for holding managers and supervisors accountable for safety.

9. ACCIDENT REPORTING. The contractor shall identify who shall complete the following, how, and when;
   a. Exposure data (man-hours worked);
   b. Accident investigations, reports and logs
   c. Immediate notification of major accidents.

10. MEDICAL SUPPORT. Outline on-site medical support and off-site medical arrangements.

11. PERSONAL PROTECTIVE EQUIPMENT. Outline procedures (who, when, how) for conducting hazard assessments and written certifications for use of personal protective equipment.

12. PLANS (PROGRAMS, PROCEDURES) REQUIRED BY THE SAFETY MANUAL (as applicable).

a. Hazard communication program (01.B.04);
b. Emergency response plans:
    - procedures and tests (01.E.01)
    - spill plans (01.E.01, 06.A.02)
    - fire fighting plan (01.E.01, 19.A.04)
    - posting of emergency telephone numbers (01.E.04)
    - wildfire prevention plan (09.K.01)
    - man overboard/abandon ship (19.A04)
c. Layout plans (04.A.01);
d. Respiratory protection plan (05.E.01);
e. Health hazard control program (06.A.02);
f. Lead abatement plan (06.B.05 & specifications);
g. Asbestos abatement plan (06.B.05 & specifications);
h. Abrasive blasting (06.H.01);
i. Confined space (06.I);
j. Hazardous energy control plan (12.A.07);
k. Critical lift procedures (16.C.17);
l. Contingency plan for sever weather (19.A.03);
m. Access and haul road plan (22.I.10);
n. Demolition plan (engineering and asbestos surveys) (23.A.01);
o. Emergency rescue (tunneling) (26.A.05);
p. Underground construction fire prevention and protection plan (26.D.01);
q. Compressed air plan ((26.I.01);
r. Formwork and shoring erection and removal plans (27.B.02);
s. Lift slab plans (27.D.01);
t. SHP and SSHP for HTRW work on SSHP must be submitted and shall contain all information required by the accident prevention plan - two documents are not required (28.B.01);
u. Blasting plan (29.A.01);
v. Diving plan (30.A.13)
w. Plan for prevention of alcohol and drug abuse (Defense Federal Acquisition Regulation Supplement Subpart 252.223-7004, Drug-Free Work Force);

13. The contractor shall provide information on how they will meet the requirements of major sections of EM 385-1-1 in the accident prevention plan. Particular attention shall be paid to excavations, scaffolding, medical and first aid requirements, sanitation, personal protective equipment, fire prevention, machinery and mechanized equipment, electrical

safety, public safety requirements, and chemical, physical agent, and biological occupational exposure prevention requirements. Detailed site-specific hazards and controls shall be provided in the activity hazard analysis for each phase of the operation.

Refer to the "Precon Package" in the appendix of this handbook for a checklist for the contractor to use as a guide in the preparation of this safety plan. Each ROICC must establish a procedure for safety plan review to ensure its completeness and suitability for the specific project. The review should be a team approach between the Con Rep and AROICC/AREICC and must include a representative who has completed either the NAVFAC Construction Safety Hazard Awareness Course or the LANTDIV Construction Safety Hazard Awareness Course. ***NO CONTRACTOR MAY BEGIN WORK ON SITE WITHOUT AN APPROVED SAFETY PLAN.*** Leniency on this requirement undermines the position of importance which safety must occupy. Refer to the LANTNAVFACENGCOM Construction Division Safety Reference Manual for more information.

After the contract has begun it is imperative that an Activity Hazard Analysis be submitted before beginning each phase of the work as required by USACE EM 385-1-1 01.A.09. This contract requirement is not new. It has been in the manual for many years. As a minimum, each phase corresponds to a specification section for the contract. Additional Activity Hazard Analyses may be necessary for special construction efforts such as a critical crane lift or other special hazard operations. The Activity Hazard Analysis is normally prepared by the sub contractor performing that phase of the work. It is not intended to be submitted with the overall project safety plan described above. A minimum outline form used in preparing an Activity Hazard Analysis is contained in EM 385-1-1 Figure 1-1. The government representative normally accepts the Activity Hazard Analysis in the field. Not to be overlooked, the Activity Hazard Analysis must be reviewed with all parties involved in the work activity. Contractors are encouraged to perform this review during the preparatory inspection meeting required by the quality control specification section of the contract. Like the Activity Hazard Analysis the contractor must not start work on the phase until a preparatory inspection meeting is conducted. Normally all the parties involved are on the site at this time that makes for convenience in reviewing the Activity Hazard Analysis. It is suggested that each Activity Hazard Analysis be amended to the approved Accident Prevention Plan for the project as the work progresses. The Activity Hazard Analysis can also act as an efficient tool when used as an outline for weekly safety meetings. In this way the project superintendent can ensure the meetings discuss relevant issues specific to the site. This requirement used in conjunction with contractor production schedules can assist in preventing unwanted delays due to poor planning before the work effort begins and most importantly, prevent accidents.

QUALITY CONTROL PLAN

The contractor must have an approved Quality Control plan prior to beginning work on site. See Chapter 6, Quality Control Management.

GROUNDBREAKING CEREMONIES

The decision to hold a groundbreaking ceremony is the customer‘s responsibility. However, the ROICC should ensure that the customer’s public affairs office has the correct contract information. Groundbreaking ceremonies are highly visible and can be embarrassing if not handled with attention to detail by the customer with assistance from the ROICC. The size and complexity of a ceremony depend on the participants. Large contracts involving major facilities may include congressional representatives, flag/general officers and installation commanders as participants. No two ceremonies will be exactly alike, and not all will include everything mentioned in this section.

Representatives from the customer, ROICC and prime contractor usually attend the ceremony. Others to consider include EFD/EFA representatives, the installation commander, representatives from higher commands, chaplain, member of congress or senator, local government representatives, principal subcontractors, design firm, and host nation representatives in overseas locations.

- The ROICC provides the customer with full names and titles of participants and invitees from the contractor, designer, and EFD/EFA. If the EFD/EFA Commander (CO) or Vice Commander (XO) is to be invited, there must be at least three days notice, and specific information as follows: appropriate uniform, general information about the contract itself and any special arrangements that may be included, such as refreshments or tour.
- The ROICC provides the CO and XO with the above list of participants and invitees to ease introductions and socializing before and after the ceremony.

The size and complexity of the program will dictate what arrangements are necessary. Consider the following items:

a) Participants’ platform with podium and chairs. Provide seating arrangement or place cards.
b) Tent or covering if inclement weather is a possibility.
c) Electrical power.
d) PA system. Recorded music?
e) Additional lighting.
f) Shovels (ROICC provides)
g) Hardhats with position/rank/name (ROICC provides)
h) Safety equipment (hard hats, safety glasses, ear plugs) (ROICC provides)
i) Rendering to display on site, if possible.
j) Consider loosening/preparing ground before groundbreaking.
k) Photographer from host command.
l) Seating area for invited guests.
m) Area for media photographers, elevated if possible.
n) Parking for participants and guests.
o) Restrooms or porta-potties.
p) Stand-by medical personnel.

Make sure that participants and guests are told what uniform is appropriate for the occasion; identify appropriate civilian attire. Cooperate with appropriate Public Affairs Office so that a press package can be prepared that may include the following:

a) Biographies of principle participants.
b) Fact sheet on host activity.
c) Fact sheet on prime contractor.
d) Photo or drawing of proposed facility.
e) Copy of remarks by principle speaker if available.
f) News release that outlines what the facility is and how it will be used. Include designer, prime contractor, key subcontractors, value of contract, ROICC managing the contract...i.e., who, what, where, when, why, how.

Appendix Tab (10) contains a memory jogger "checklist" for the customer to assist in planning and executing the ceremony.

PRECONSTRUCTION CONFERENCE AND DESIGN BRIEFS

The ROICC will conduct a pre-construction conference (pre-con) to acquaint the contractor with the government representatives associated with the contract and the numerous details of administering the contract. Although the award letter instructs the contractor to notify the ROICC to schedule a pre-con, the ROICC is ultimately responsible for the pre-con, and should aim at holding it within two weeks of contract award. The AROICC/AREICC should schedule each pre-con with enough notice for all participants to arrange their schedules.

Normally the AROICC/AREICC chairs the pre-con, and conducts it in accordance with the sample outline shown in Appendix Tab (11). The major points are introductions, levels of authority, station coordination, pre-construction requirements, safety requirements during construction, labor standards, contract modifications and disputes and contract completion. Both the contractor and the customer have this opportunity to raise questions either may have concerning the contract. Some pre-cons may benefit from the designer's presence. For a pre-con to be valuable, the AROICC/AREICC must be familiar with the project and address specifics to that contract. For example, special scheduling, phasing, limited access, new utilities connections, outage requirements and special construction procedures.

The outline, completed during the pre-con, will serve as the minutes for the meeting. The AROICC/AREICC may copy these for the contractor after the pre-con or forward by a separate cover letter. Each ROICC must establish a procedure to furnish the contractor with the standard information provided after award, also included in Appendix Tab (11). The ROICC will give the contractor extra sets of plans and specifications, with all amendments.

Consider the following attendees:

- ROICC Office: AROICC/AREICC (chairs), ROICC, SGE, Supervisory CONREP, CONREP, Contract Specialist

- Site Representatives: Security, Fire Marshall, Site Safety Managers, Site Public Works Officer, Base Environmental Representative
- Using Activity Representatives
- Designer
- Contractor: Responsible officer or project manager, superintendent, QC Manager
- Major First Tier Subcontractors
- EFD/EFA representative

Follow-up on questions asked during the pre-con in a timely manner, or notify the contractor if answers will not be immediately forthcoming. The more prepared both the contractor and ROICC representatives are for the pre-con, the more valuable it will be.

Some contracts will benefit from a pre-construction design brief by the designer. This can occur either as a part of the pre-construction conference or partnering workshop.

PARTNERING

Partnering is a collaborative effort and a long-term commitment between two or more organizations for the purpose of achieving specific business objectives by maximizing the effectiveness of each participant's resources in delivering the client's requirements. This requires changing traditional "individualized" relationships to a "shared culture" relationship without regard to organizational boundaries. The partnering relationship is based upon trust, dedication to common goals, an understanding of each other's individual expectations and values, and a full commitment to success. Benefits include improved communication, efficiency and cost effectiveness, increased opportunity for innovation, and the continuous improvement of product quality and services.

PROJECT PARTNERING LEVELS

One of the following process levels shall be used based on the characteristics of the project. If the partners have an existing, highly effective relationship, built on recent partnerships, they may agree to use a more appropriate process level.

Level A: *(Generally, for projects with one or more of these characteristics - high risk, high visibility, compressed performance period, technically complex, over $3M)*
Level A partnering is facilitated by a consultant facilitator. Different facilitators should be used as frequent use of one particular facilitator, with the same client and contractor, may limit the synergy of the partnership due to an over-familiarity with points of view and expectations. The process consists of an initial session and follow-on sessions.

Level B: *(Generally, for projects with average risk and visibility, non-compressed schedule, and a value between $100K and $3M)*
This level of partnering requires an in-house facilitator who is not a member of the ROICC team that will administer the contract. The facilitator could be an employee of the EFD/A, another ROICC, another government agency, or from a contractor association. Should an

in-house facilitator not be available, a consultant facilitator could be used. If either the client or the contractor is new to NAVFAC, Level A partnering should be considered even though the characteristics of the project may indicate Level B. All project stakeholders will meet for an initial session of sufficient duration for everyone to reach an understanding of the partnering principles, see Partnering Overview and Goals. The initial session can be held in conjunction with the pre-construction conference or as soon as possible after the pre-construction conference but before construction work begins.

Level C: *(Generally, for projects with a value less than $100 K; i.e. small delivery orders, task orders, job orders, BPAs, and other small contracts)*
This level of partnering is an informal introduction to partnering concepts and benefits. It should become a part of the pre-construction conference. The senior ROICC person present will lead the discussion. Brief follow-on sessions should be held, as needed, to discuss issues relevant to the execution of the project, to resolve problems that have surfaced since the last session, and to discuss contractor performance.

NAVFACINST 11013.1

http://www.lantdiv.navfac.navy.mil/pls/lantdiv/docs/FOLDER/CAPITAL_IMPROVEMENTS_5/ROICC_GUIDANCE/NAVFAC+INST+ON+PARTNERING.PDF

and the NAVFAC Construction Contract System, May 2002,

http://www.lantdiv.navfac.navy.mil/pls/lantdiv/docs/FOLDER/CAPITAL_IMPROVEMENTS_5/ROICC_GUIDANCE/NAVFAC+PARTNERING+POLICY.PDF

fully describes the Partnering philosophy that applies to all construction contracts.

The EFD/EFA has a designated point of contact for Partnering. A library of Partnering references and a list of consultant and in-house facilitators are available. Talk with other people who have participated in Partnering to obtain their personal insight.

SCHEDULE OF PRICES

The schedule of prices is a tool for making progress payments in accordance with FAR 52.232-5. The contractor will use the format of NAVFAC Form 4330/4, "Schedule of Prices (Construction Contract)," Appendix Tab (12). The contractor may generate his own

computer generate form, as long as the required information is includes There may be a cost-loaded CPM on some contracts that will be the basis for the schedule of prices.

The schedule of prices can be quickly screened to detect major defects requiring resubmission before proceeding with a detailed review. Check to see that:

- Schedule is separated by specification and category code.
- Schedule is not front-end loaded (excessive values assigned to work performed early in the contract as a means of creating early cash flow). Compare with progress schedule to determine if work items occurring first are not inflated in labor and material, again, value of first half of job equals approximate value of second half of job.
- Schedule is not front-end loaded (labor and material). Labor to material ratio must be reasonable. Refer to government estimate labor/material ratio as guide. Rule of thumb on vertical construction project is 60% to 40% ratio. Consult with supervisor if material exceeds 50%.
- Major cost items are reasonable. Concentrate on big ticket items. Do not get preoccupied with inflated unit prices if total value is small.
- Pay items are normally identifiable, measurable work activities.
- Schedule is broken down into logical and reasonable detail. Do not require a contractor to provide fifty line items for a $10,000 contract. Conversely, do not accept a ten line item schedule for a $5 million contract! Remember, the purpose of a schedule of prices is to provide a vehicle for progress payments, nothing more. There are very few requirements dictated by law or regulation; the ROICC must protect the government **and** be reasonable with the contractor to achieve an acceptable schedule of prices.

Continue with a detailed review if the initial screening is acceptable. Consider:

- Lump sum items are allowed, but discouraged. Make sure contractor understands that he will receive **no payment** on a lump sum until the item is 100% complete.
- Line items for mobilization/demobilization are usually not allowed except for work with high mobilization costs. These may be dredging, work requiring a batch plant or work in remote, not easily accessible sites. If include mob, must also include line item for demob.
- All profit and overhead items are to be spread evenly through the direct pay items.
- Payment for temporary construction normally not allowed.
- Examine major equipment items, such as HVAC, electrical switchgear, transformers and power generation equipment. Either a separate testing line item must be included or approximately 25% of the material amount will be held until testing is complete - use whichever is most reasonable. Make sure labor to install is reasonable.
- There must be separate line items for each TABS and ACATS seasonal testing and reports, payable upon the successful verification test of that season. Further, recommended guidelines for TABS payments are as follows:

Completion of Season I Field Work	40%
Submission and Approval of Season I Report	50%
Submission and Approval of Season II Report	10%

- Separate line items for major OMSI data packages.
- Separate line item for performance and payment bond is acceptable.

If you must disapprove the schedule of prices or request revisions, provide contractor with detailed reasons so that no effort will be wasted. Often a phone call to discuss some questionable items may eliminate the need for re-submittal. Each ROICC must establish a procedure for routing and review of the schedule of prices.

For any new project or major rehab over $500,000, whether PCO, O&MN, or special project, a copy of the approved schedule of prices should be forwarded to LANTDIV Code CI47 for collection of historical prices data on construction projects.

PROGRESS SCHEDULES

The rate of progress and the date of final satisfactory completion of a contract is probably the highest interest item for ROICC customers. All construction contracts require the contractor to submit a progress schedule, preferably in a computer generated Critical Path Method (CPM) network analysis. Gantt (bar) charts are still used on some smaller contracts. Either type of progress schedule is intended to demonstrate that the contractor has a reasonable plan for completing the contract. It also provides a management tool to monitor progress and for informing the customer of contract performance. The contractor must have an accepted schedule prior to beginning work on site.

Review the schedule carefully for logic, milestones, submittals and procurement times. It may become the framework for analyzing delays after the fact. If the contractor has shown completion prior to the contract completion date, closely check for unreasonable durations, omissions and seasonal weather implications. If this becomes an accepted progress schedule, the contractor may be entitled to damages for any delays beyond the proposed completion date, even if it is before the contract completion date. The contractor has a right to finish early, and may have a reasonable plan for early completion. However, any "float" between his early completion schedule and the contract completion date must be addressed during the review process and validated.

Allow sufficient time to analyze a network schedule because of the direct tie-in to establishing time extensions. In addition, if the contractor submits a cost-loaded schedule, consider reasonableness of prices as well as logic, durations, etc. The specification usually indicates a range for the number of activities required. Make sure the schedule reflects the contractor's own plan to execute the contract and not just the concept of an independent schedule consultant.

Use the following guidelines in reviewing and analyzing the construction schedule:

- For Baseline Schedules

http://www.lantdiv.navfac.navy.mil/pls/lantdiv/docs/FOLDER/CAPITAL_IMPROVEMENTS_5/ROICC_GUIDANCE/BASELINE+CPM+SCHEDULE+REVIEW+CHECKLIST.PDF

- For Monthly Updated Schedules

http://www.lantdiv.navfac.navy.mil/pls/lantdiv/docs/FOLDER/CAPITAL_IMPROVEMENTS_5/ROICC_GUIDANCE/MONTHLY+CPM+UPDATES+REVIEW+CHECKLIST.PDF

Discuss with the superintendent or project manager any logic, durations, critical path items, etc. in question. Contact your EFD/EFA schedule expert for guidance if you are uncomfortable reviewing a network analysis.

PERMITS

Although the contractor is required to obtain permits necessary for doing business (FAR 52.236-7), the government must obtain certain permits prior to award. These vary from location to location, but generally address water quality, air quality and/or environmental protection. Examples include Army Corps of Engineers permits, Coastal Zone, State Air Quality, NPDES (Stormwater) Permit for Construction, Fuel Tank Permit, Part B/Hazardous Waste Storage. Seek guidance from Code EV and the designer.

STATUTORY REQUIREMENTS

Occupational Safety and Health Act of 1970 (OSHA)

Each ROICC is responsible for the prevention of accidents on all contracts on which he has management responsibility and oversight. While the same regulations govern safety in both the ROICC office and the construction site, the manner in which safety is enforced on the construction sites differs because of the different players and the different site characteristics. The ROICC provides direction and supervision over all functions, activities and contract inspection forces in promoting and enforcing a system of contract safety. In fulfilling this responsibility, the ROICC may issue a stop work order on specific portions of the work that are not in compliance with the safety regulations and where an imminent life-safety hazard exists. After contract award, the ROICC must:

1. Advise the contractor of his safety responsibilities at the preconstruction conference.
2. Administer and enforce contract safety provisions in accordance with most recent edition of the Corps of Engineers Safety and Health Manual, EM 385-1-1.
3. Review and approve/disapprove the contractor's written accident prevention program for the work involved before any work at the site is started. (See "Safety Plan" earlier in this chapter)

4. Investigate all contractor accidents to determine the cause, and take necessary steps to prevent recurrences.
5. Evaluate the effectiveness of ROICC staff in the implementation and enforcement of contract safety requirements.
6. Establish and maintain liaison and coordination with the Safety Office at the Naval Shore Installation/Activity where the construction is to be accomplished.

Refer to the Construction Division Safety Reference Manual for further information.

BUY AMERICAN ACT

FAR 52.225-5 implements the Buy American Act for U.S. and Puerto Rico construction, which gives preference to domestic construction material. Except for certain exceptions, all construction materials incorporated into the final structure must meet the following two requirements:

- Non-manufactured construction materials are mined or produced in the U.S. and,
- Construction materials are manufactured in the U.S. and the cost of components mined, produced or manufactured in the U.S. exceeds 50% of the cost of all its components.

There are exceptions to Buy American. They are dictated by the location of project, the cost differential between the domestic and non-domestic product (50% for DoD contracts), the applicable international agreements and the countries involved. The international agreements take effect at certain dollar-size procurements. For example, if international trade agreements apply to the agency, project location and type of item being procured, the contract dollar thresholds are $6.5 million for North American Free Trade Agreement (NAFTA) country construction materials and $7.311 million for European Community construction materials. This is but one step of a multi-part process to determine the applicability of the Buy American Act.

The NAVFAC Acquisition Supplement (NFAS) further defines certain exceptions to the Buy American Act for construction materials: material is no longer manufactured or produced in the U.S., the specification is incorrect and the required product can only be procured from a foreign source, when a change to the contract requires the use of a foreign material or the difference in cost between foreign and domestic materials exceeds the percentage established by the agency.

If a contractor receives material or equipment which appears to violate the Buy American Act, the ROICC must notify the contractor and request sufficient information to confirm that it is either a domestic product, or that the dollar value of the domestic components exceed 50% of the dollar value of all the components. If this is not satisfactorily addressed, the ROICC must reject the material and order it removed from the station. If the material has already been installed, either the contractor must remove it or request a waiver. Contact the EFA/EFD counsel's office for further information.

HISTORIC PRESERVATION REQUIREMENTS

When our construction involves a registered landmark, we must work with the designers and state historic preservation office so that all construction will comply with preservation requirements. **If State Historic Preservation Office approval has not been obtained before contracts start, work cannot proceed. Ensure you check to see that all SHPO requirements have been met during your design review of the construction contract.**
Davis-Bacon Act/Fair Labor Standards Act/Contract Work Hours and Safety Standards Act

These labor standards provisions are to protect the individual workers with regard to wages, fringe benefits, work hours and conditions. These are statutory requirements that are to be enforced by the ROICC. If the government and the prime contractor work together at the start and are fully aware of the requirements, minimizing labor standards discrepancies is manageable.

The following items should be addressed:

- Certified payrolls
- Statement and Acknowledgment Forms (SF1413)
- Contract Wage Determination and procedure for requesting additional classifications
- Use of apprentices
- Approved fringe benefit plans
- Enforcement actions, withholding, penalties

During the first few months of the contract it's a good idea to spot check payrolls for timeliness and accuracy compared with the contractor's daily reports. This sets the tone for compliance, and allows corrections before they become overwhelming. When each new subcontractor starts on site, the CONREP should coordinate with the Contract Specialist for initial checks for that subcontractor.

The CONREP also conducts periodic Labor Standards interviews to confirm a worker is performing actual tasks that are appropriate for the classification and scale. The ROICC must also follow up if there are complaints from workers, late submission of certified payrolls or payroll inconsistencies with daily reports. If the ROICC allows a problem to drag on, the resolution can be very time consuming and is likely to delay contract closeout.

DURING CONSTRUCTION ON-SITE

The ROICC uses many tools to foster a safe construction site, quality construction and satisfactory progress.

SAFETY

All parties involved with a contract must have safety as the first concern. The contractor must conduct all activities on the construction site in a manner that will not expose any

employee to unnecessary hazards and risk of injury. The ROICC not only enforces the Corps of Engineers Safety Manual, EM-385-1-1, but also is the steward of NAVFAC's construction safety program. This includes emphasizing safety at every opportunity in the office and in the field and supporting superior safety performance.
A look at construction industry statistics helps define five high-impact zero injury safety techniques. In decreasing order, they are:

1) Safety Pre-Project/Pre-Task Planning
2) Safety Training/Orientation
3) Safety Incentives
4) Alcohol/Substance Abuse Program
5) Accident & Incident Investigation

Keep this in mind to remind each contractor to review his accepted safety plan and hazard analyses with his field employees prior to starting work. If the individual workers know what is in the safety plan, they will KNOW how to practice ongoing safe procedures in accordance with the approved safety plan. As work progresses, the contractor may need to add activity hazard analyses to the safety plan to accommodate the various phases of work.

CONFINED SPACE ENTRY

Because confined space entry involves "invisible" but deadly hazards, all contractors' field employees must review all site specific confined space entry procedures. The contractor's safety program manager must ensure that all employees involved in confined space work are trained to recognize the hazards associated with confined space work. The contractor's safety program manager must ensure that the individual designated in writing to perform testing as the competent person for confined space operations has the proper training to perform his function. **All work associated with confined spaces is considered imminent danger**. The Daily Confined Space Entry Permit for is included in Appendix Tab (11) with the Preconstruction Conference package. Disregard for any requirement relating to confined space operations requires a stop work order and non-compliance notification. The contractor may not resume work on that phase of the contract until he resolves in writing all aspects regarding safety. Each response must include contractor punitive action for employees and on-site management responsible for the work effort. The government reserves the right to remove immediately any and all employees or managers who demonstrate an inability to correctly follow safety standards. Confined space entry requirements by contractor personnel shall be obtained from contract requirements contained within specification section 01525, 29 CFR 1910.146, and USACE EM 385-1-1 as well as other pertinent referenced documents. Entry for ROICC personnel shall be prohibited unless absolutely necessary. If ROICC personnel must enter, each individual will be required to receive the necessary training coordinated through Code CI52WG. Under no circumstances will ROICC employees enter a space utilizing the contractor entry permit. Additional requirements for Atlantic Division employees are contained in Appendix G of LANTDIVINST 5100.17.

CONTRACTOR CRANES

Contractor crane requirements are delineated in NAVFAC Guide Specification 01525, which should be included in all contracts where construction including crane operations are anticipated. The pertinent weight handling items communicate the latest requirements derived from the Navy Crane Center (NCC) Manual P-307 pertaining to contractor cranes. ROICC Quality Assurance representatives shall utilize the LANTNAVFACENGCOM Contractor Crane QA Checklist or an equivalent Navy Crane Center P-307 Appendix P checklist when contractor cranes arrive at the job site. Contractor crane safety checklists are contained in USACE EM 385-1-1, Appendix H. Contractor crane accidents are reported to NCC by Code CI52WG or the Component Command Safety Specialist.

NON-COMPLIANCE NOTICES

Non-Compliance notices are to be utilized in the documentation of contractor operations resulting in imminent danger situations. The issuing of the notice should be accompanied by a stop work order for that phase of the work. After issuing to a contractor and following the steps required for distribution an additional copy of the non-compliance notice shall be forwarded to the EFD/EFA Component Command Safety Specialist. This will assist the Safety Specialist in identifying contractor work sites that may require additional support and will be used in the evaluation process of individual contractor safety programs throughout the Command. Imminent danger deficiencies include, but are not limited to, confined space entry procedures, fall protection measures, excavation protection, crane procedures, waterfront operations and electrical safe clearance procedures.

The QA Representative will report via a Construction Representative Report (CRR) or a Construction Compliance Notice other recurrent or uncorrected deficiencies, with a copy to the EFD/EFA Safety Representative. An important step in the process is a careful review of the contractor's safety practices when completing the *Contractor Evaluation* at construction completion.

CONTRACTOR MISHAP REPORTING

If an accident occurs, the reporting requirements depend on the severity of the accident. A Level One mishap is the most serious and involves a fatality, or the hospitalization of three or more workers, or property damage exceeding $200,000. Level Two involves a lost time injury or property damage of $10,000 or more. Level Three is anything less serious than Level Two.

If a Level One accident occurs, the ROICC must notify the EFD/EFA immediately after obtaining the necessary medical assistance and securing the site. Follow message and additional notification requirements outlined in LANTNAVFACINST 5100.11 and the Construction Division Safety Reference Manual, including interviewing witnesses and finding facts objectively. The ROICC and EFD/EFA Safety Representative will also complete incident reports based on independent investigations.

A Level One accident also requires an Accident Investigation Board headed by a Qualified Mishap Investigator to independently investigate and report on the accident. A Qualified Mishap Investigator is an individual who has successfully completed a NAVFAC-approved accident investigation course. Detailed reporting requirements are included in the instruction.
Contractors must complete a Contractor Significant Incident Report (CSIR-1) for any reportable accident. This means any accident where there is lost time, damage over $10,000, or the circumstances are such that the report could be a source for sharing unique information to other ROICC offices for future accident prevention. The CSIR-1 is required for falls of any kind regardless of injuries.

If a significant **contractor** incident occurs which results in property loss or personnel injury an initial notification shall be made from the ROICC or Component Safety Manager to Atlantic Division, Naval Facilities Engineering Command, via email within four hours of the mishap. The message should be sent to the "**EFDLANT CONTRACTOR SIGNIFICANT INCIDENT**" address group located on the Outlook Global email system. For the purpose of the initial notification only, a significant contractor incident is one that results in property damage (contractor or Navy) in excess of $10,000, a lost time accident, a near miss accident, or where a lesson learned for accident prevention can be made. The "**EFDLANT CONTRACTOR SIGNIFICANT INCIDENT**" address includes as recipients the Component Command Safety Manager, Component Command ROICC Ops, Commanding Officer, and EFDLANT Command leadership. Please refer to Atlantic Division "Construction Safety Resource Manual" Tab P, for additional information regarding reporting and time requirements. If the accident is serious, an accident report is to be forwarded from the Component Command to NAVFAC Code SF **via** Atlantic Division Code CI52WG within 42 days from the date of the mishap for review.

On site ROICC immediate action should include:

(a) Assuring that any injured contractor employees have received medical attention by emergency medical personnel.
(b) Assuring that the site has been secured by contractor. (Release authorized only by Contracting Officer).
(c) Taking photographs of area.
(d) Listing names and phone numbers of potential witnesses for interview.
(e) If ROICC has a qualified Mishap Investigator on staff interviews should begin immediately (Refer to ROICC Handbook Section 5-17).
(f) Assure contractor has appropriate Contractor Significant Incident Report (CSIR) form for completing accident report.

After initial message receipt, Code CI52WG, CI52BR, or acting CI5GM will forward additional information to Atlantic Division Code OP with copies to Atlantic Division Code 09 and NAVFAC Code SF/SF4. For on-site assistance during the investigation process, either Code CI52WG or the Component Command Safety Manager will be assigned investigation authority for assisting ROICC personnel. If Code CI52WG is not available, the closest Safety Engineering Technician or EFA Safety Manager should be contacted.

Contracting Officers shall notify the activity Safety and Health Office of any Tier One (Serious) or Tier Two (Significant) Contractor Mishaps a soon as possible. A message shall be submitted by the Contracting Officer to the cognizant activity Safety and Health Office using the "EFD LANT CONTRACTOR SIGNIFICANT INCIDENT" email address within 8 hours of the mishap and shall include the following information:

(1) Contractor name;

(2) Contract title and number;

(3) Type of contract;

(4) Name of activity, installation, or location where mishap occurred;

(5) Date and time of mishap;

(6) Names of personnel injured (if known). Identify whether they are contractor, Government, or other;

(7) Extent of property damage, if any; and

(8) Brief description of mishap (to include type of construction equipment used, personal protective equipment (PPE) used, etc.)

It is critical to the construction safety program to understand the importance of thorough accident reporting and investigation. The goal is to find what caused the accident in order to correct the problem and to document lessons learned to avoid similar incidents throughout NAVFAC. Additionally, reports allow safety program managers to track accident trends so that safety program initiatives and future training needs address problem areas. On the 15th day following the end of each quarter, each ROICC is required to forward a copy of each CSIR-1 form, with the quarterly construction contractor man-hour total for hours accumulated by contractor employees during the quarter, by mail or electronically using the Facility Accident/Investigation & Reporting (FAIR) system to Code CI52WG.

The CSIR-1 form is distributed to ROICC offices to be used by contractors and ROICC personnel when reporting accidents in accordance with LANTNAVFACINST 5100.17, EM 385-1-1 page 9, NAVFACINST 5100.11, and OPNAVINST 5100.23. Refer to the LANTNAVFACENGCOM Construction Division Safety Reference Manual for detailed instructions. Contact the LANTDIV Construction Engineering Branch Safety Representative or the ROICC Safety Tech's for further information.

UPDATED PROGRESS SCHEDULE

The progress schedule is the basis for comparing actual progress with that anticipated before work began. The contractor will submit an updated progress schedule with each

request for progress payment. If the schedule shows work slippage, the AROICC/AREICC initiates action to identify why and what can be done to correct it. It may sometimes be appropriate to withhold a portion of a progress payment or portions thereof if the contractor does not submit the required updated progress schedule. As always, contact the contractor if you contemplate a reduction in the payment and coordinate this action with the requirements of FAR Clause 52.232.5 Payments under Fixed-Price Construction Contracts.

If the contractor is using a network analysis, monthly updates may be in several forms. The contract may specify the associated reports/mathematical analysis required each month. In any case, it is imperative to compare the revised schedule with actual work progress and modifications. Even if a modification does not add time to the contract, it may affect a task's duration. This must be incorporated into the update. Updates may also point out problems with the logic of the schedule. Address any conflicts as soon as apparent -- they will only get worse as the work progresses.

KEEPING THE CUSTOMER INFORMED

Rarely does a construction contract progress at the pace and in the precise order indicated in the contractor's original schedule. Most customers recognize this and will willingly accommodate reasonable delays -- that is, if the ROICC office keeps them accurately informed. Remember, the customer is planning a move, equipment installations, and personnel adjustments around the new or renovated facility. You can make his job much easier by being up-front with the actual progress -- and problems -- on the job. The key to the overall success is keeping the lines of communication open so that there are no surprises.

SEVERE WEATHER

Each geographic area presents its own severe weather challenges. This should be a topic of discussion during the preconstruction conference. Each ROICC has an SOP to handle severe weather conditions. The contractor is also required to have a plan for severe weather conditions. Readiness by both the contractor and ROICC will prevent needless injury and damage. Work with the ConRep to make sure this happens.

CONTRACTOR PRODUCTION REPORTS

All NAVFAC contracts require the contractor to submit a daily Contractor Production Report (CRR), Form 4296/1 (9/98). On small, non-complex contracts, this may be combined with the Contractor Quality Control Report, Form 4296/2 (9/98), which is addressed in Chapter 6, Quality Control Management. The Contractor Production Report is required for each day that work is performed and must account for each calendar day throughout the life of the contract. The CPR includes a listing of each contractor who is working that day, as well as the trades and hours worked by each, and a description of what work is being done. This provides a record of the progress, as well as a basis for verifying compliance with Davis Bacon requirements.

The Contractor Production Report also includes the material or equipment received that day and the equipment on site, whether used or idle. The report includes a space for the contractor to describe his actions that day to enforce a safe workplace.

The Contractor Production Report is the government's **only** record of job progress. The Reports are sometimes used to justify impact either to the contractor or the government due to an unforeseen change. It is, therefore, extremely important that they are complete and accurate. The contractor's superintendent must complete and sign each report; no pre-signed forms are allowed.

The ConRep usually establishes a routine for picking up the contractor reports the next working day. If he disagrees with anything on the report, he should so note his own comments and ensure that the contractor is provided a copy.

PAYMENTS TO CONTRACTORS

The typical construction contract clauses obligate the government to make monthly progress payments to construction contractors if the contract is proceeding satisfactorily. The majority of construction contracts are long-duration, progress payment contracts. The approved schedule of prices provides the basis for progress payments for which the contractor will submit requests using the Contractor's Invoice (NAVFAC Form 7300/30), with the supporting Contractor's Monthly Estimate for Voucher (LANTNAVFACENGCOM 4-4330/110) or equivalent spreadsheet format, Affidavit (LANTDIV NORVA 4-4235/4) and Certification of Payment, all in Appendix Tab (13). Only a request for bond payment may be processed before the contractor has an approved schedule of prices.

Materials meeting the contract requirements and properly stored on site may be included in payment requests. After we pay for materials, the contractor may not remove the materials from the site. Weather damage, vandalism, fire, flood, etc. remain the contractor's responsibility even after the government pays for the materials.

Majorities of equipment (i.e. switch gear, chillers, generators, etc.) should not be paid for in full until we are sure the item works. Contractors should be encouraged to have a time item on their schedule of prices for testing of major items of equipment. As a rule of thumb, the testing and start up costs should be about 25% of the value of the equipment cost.

If the schedule of prices does not include a line item for testing major equipment, it is necessary to withhold an appropriate amount to ensure proper testing and operation after installation. The contractor usually will contest this, so the easiest way to prevent a dispute is to make sure a line item for testing and start-up is included in the schedule of prices.

Progress payments are essential for the solvency of most contractors. Progress payments normally occur monthly, but if conditions warrant (large amount of materials being put in place), the ROICC can allow a contractor to receive payments at a more frequent interval. This is the exception to the Government's payment package and should only be used in exceptional circumstances. On the other hand, the ROICC should not authorize payment for unacceptable work or unexecuted modifications. If a contractor is continuing work after the official CCD, but modifications that will extend the contract are pending, retention in the amount of the theoretical liquidated damages should not be withheld. If off-site storage is allowed per contract, verify that material or equipment stored off-site is in accordance with contract requirements and is in fact there. A sample retention computation worksheet is in Appendix Tab (13).

Each ROICC office will establish a procedure for prompt review of the payment request. Appendix Tab (13) shows a sample routing sheet for processing payments. The ROICC will have advised the contractor at the preconstruction conference of the payment procedures and policy on retention. It is generally recommended that the contractor and ConRep review the voucher in the field prior to its official submission so that there are few to no disagreements on what the contractor is due when the request for payment arrives at the ROICC. If a payment contains so many errors that it cannot be corrected with minor changes, the AROICC/AREICC should immediately return it to the contractor with a written explanation as to why it is being returned unprocessed.

The Prompt Payment Act for Construction Contracts (FAR 52.232-27) dictates fixed payment times after which the contractor will receive interest on the payment amount (i.e. fourteen days after receipt of a proper payment request). In order to meet these time restrictions, the ROICC's goal is to complete its action on the pay voucher should be three days for construction contracts and 7 days for service contracts. Prompt payment also requires the contractor to pay his subcontractors and suppliers within seven days of receipt of the government's payment to the prime. If he does not, and he certifies on each invoice

that he has, he may be in violation of the law. Refer any complaints from subcontractors or suppliers about payment problems to the Acquisition Branch.

If the contractor has made satisfactory progress, has provided quality work and has met all administrative requirements, FAR 52.232-5, Payments Under Fixed Price Construction Contracts, requires payment to be made in full. If the contractor is not fulfilling the contract obligations, the ROICC may withhold a maximum of 10% of the payment amount until corrections are made. When work is substantially complete, the ROICC **may** retain from previous retainage and future progress payments the amount considered adequate to ensure that the work is completed, punch list items corrected, as-builts are provided, operation and maintenance manuals are provided, etc. Discuss the issue with the SGE prior to withholding any retention as this has a serious impact on the contractor's cash flow. Don't surprise the contractor whenever the amount being paid is less than the contractor expected, call him and let him know.

FAR 32.103, Progress Payments for Construction Contracts, states that retainage should not substitute for good contract management. Hold retention only for cause and in an amount appropriate for the particular case. Past performance and the likelihood that similar good or poor performance will continue will affect the retention decision. In any case, no more than 10% of the approved progress payment amount may be held. This is in addition to anticipated liquidated damages if they are expected. Adjust the retained amount as the contract nears completion to recognize better than expected performance, alternate contract safeguards and other factors. Retention after substantial completion is a precaution sometimes necessary to ensure that the contractor corrects construction deficiencies and completes the work in a timely manner.

Holding retention at substantial completion is a guideline and not to be applied mechanically. NAVFAC past experience indicates that withholding 10% after substantial completion has proven to be adequate to protect the government interest and ensure completion of contract requirements. However, consider the status of each contract on its own merits and evaluate the appropriateness of retention on a case-by-case basis. Unnecessary retention hurts a contractor's cash flow. Proper retention, however, protects the government's rights in requiring a quality project meeting all contract requirements.

UTILITIES

UTILITIES SERVICES AVAILABLE FROM THE GOVERNMENT

The government will make all reasonably required amounts of utilities available to the contractor from existing outlets and supplies, as specified in the contract. Unless otherwise provided in the contract, the amount of each utility service consumed shall be charged to or paid for by the contractor at prevailing rates charged to the government or, where the utility is produced by the government, at reasonable rates as determined by the Contracting Officer. The contractor shall carefully conserve any utilities furnished without charge.

The contractor, at its expense and in a workmanlike manner, will install and maintain all necessary temporary connections and distribution lines, backflow preventers, etc., and all meters required to measure the amount of each utility used. Before the government's final acceptance of the work, the contractor will remove all the temporary connections, distribution lines, meters, etc.

UTILITY OUTAGES

During the constructability review, the ROICC will have verified the technical specifications concerning the local requirements for utility outages, as well as any special "restrictive" outage. Discuss major outages with station utility managers. If major outage coordination is required, the designer should make a presentation to the activity utility managers at final design.

During the preconstruction conference, remind the contractor that the contract contains specific requirements regarding outage scheduling and procedures. The contractor and the ConRep should discuss the outage requirements before the contractor prepares an outage request. The ConRep will contact the Activity Outage Coordinator to familiarize him with the nature and location of the outage needed. In most cases, the actual time needed by the activity to prepare for the outage should be established at this meeting.

Generally, the procedure will be as follows:

a) The contractor submits in writing to the ROICC the outage request at least 15 calendar days before the outage is needed. The outage request will include:

    - The utility affected by the outage.
    - The first and second choice date/time for the outage.
    - The location of the outage.
    - The time needed to complete the work.

b) The contractor will usually not be permitted to operate or disturb the setting of any control devices, such as valves, breakers, disconnects or seals in the station utility system.
c) When applicable, the government will operate the control devices as required for normal conduct of the contractor's installation.

Prior to permitting the Contractor to start work on the outage, the ROICC is responsible to ensure the following:

a) The new utility lines are complete except for the connection.
b) The system has been secured and properly tagged when applicable.
c) The Contractor has in his possession all the material and the required labor force to perform the work (Preparatory meeting to be conducted at this stage).
d) Outage coordination meeting is conducted with all parties involved (i.e. Specification Section 01525).

NEW CONNECTIONS

a) Most projects which require new utilities connections are Military Construction projects for which LANTDIV handles the design through the Headquarters Operations Office, IPT members.
b) At the 35% design phase, the IPT member forwards the plans to the Base Operations Division, Code BE for review. This includes review by Code BE3, the Utilities Management Branch, who notes any requirements for electric, gas, water and sewage connections.
c) Code AQ14, Utilities Contract Branch has contracts with the local or regional utility companies, such as Dominion Virginia Power, Virginia Natural Gas, City of Norfolk (water) and HRSD (wastewater), in the Tidewater area. For each utility service required, Code BE3 prepares the scope and estimate and forwards them to either the Project Manager or Activity for funds. Code AQ14 then negotiates the work with the particular utility.
d) Code BE3 coordinates with the IPT member for the overall scheduling of the utility connection. <u>However, once the contract is awarded, only the ROICC knows the detailed construction sequence and schedule</u>.
e) In order to avoid confusion and a last-minute attempt to obtain the connection, the ROICC should do the following:

    - Note any required utilities connections during Constructability Review and Customer Review meeting.
    - At the preconstruction conference, note the need to coordinate utilities connections and request the contractor to include in his progress schedule the timing for the utilities connections.
    - Contact Code BE to confirm that the contract with utility company has indeed been finalized. Provide approximate timing for actual connection. Discuss specific utility requirements for notice needed for their crew to be on site (ranges from 3 weeks to 2 days, depending on the utility, their work load, and what has to be done). If you find that the utility contract has not been finalized, contact the IPT member and check periodically to confirm that contract is being processed.
    - Keep in touch with Code BE3 as time for the connection approaches. You will either continue to go through him for the final scheduling, or he will provide a contact at the particular utility company.
    - Keep in touch with the EFD/EFA in case additional help is needed.

f) For station contracts, the customer still obtains the necessary utilities connections through LANTDIV Code BE. If he indicates a delay receiving funding from the Customer, which is in turn delaying the negotiation with the utility, the ROICC should directly contact the customer. The process during construction is the same as above.
g) As always, if the prescribed procedures and contacts are not working, seek help from the EFD/EFA.

HAZARDOUS MATERIAL HANDLING AND REMOVAL

LEAD PAINT AND ASBESTOS

Many of our renovation and/or demolition projects include asbestos or lead paint removal. Both must be considered with regard to waste stream analysis and personnel safety. Generally Code EV provides guidance on the environmental, or waste stream, question and Code CI52 provides guidance on worker safety. They are, however, interrelated and must be considered as a whole. The key to safe, successful and economical treatment or abatement of hazardous substances and materials is adequate identification in the contract documents and knowledge of the local requirements, especially if they differ from the federal requirements. Use the constructability review to ensure that the lead and asbestos is adequately addressed. Refer to your headquarters resources to keep up with the ever-changing regulations.

When a contractor encounters previously unidentified asbestos or lead paint, the government is liable for abating any hazard and ensuring that the material is either contained or removed and properly disposed of. The ROICC must determine a course of action for testing, quantifying, pricing, and abatement or containment.

The regulations are very confusing and continually change. Sometimes a contractor will try to take advantage of an unforeseen situation because he often has far more experience with asbestos or lead abatement than the AROICC/AREICC does. There is also a mystery to work which is done out of sight. The most difficult part is to define the problem. This usually requires test samples either by the contractor's independent laboratory, PWC or an in-house indefinite quantity contract. Work with an Industrial Hygienist (IH) to define the type and number of samples that will provide adequate information.

The worker safety issue is defined by OSHA, the Army Corps of Engineers Safety and Health Requirements Manual (EM 385-1-1), and usually contract Specification Section 13281, Engineering Control of Asbestos Containing Material or Section 13283, Removal and Disposal of Lead-Containing Paint if the hazardous material was identified during the design phase. Contractors must submit and have approved an Asbestos and/or Lead Abatement Plan before starting <u>any</u> abatement work. Approval is normally at the ROICC level by a reviewer who has had training in asbestos removal operations, although Code CI52 will support the ROICC office review of any plans if requested. A checklist is available in the "40 Hour Construction Safety Awareness Course" facilitated by Code CI52. There is also a guide for the contractor to use to prepare his asbestos removal plan in the "Precon Package" in the appendix for Chapter 5, Construction Phase. Each ROICC should have an EPA-certified asbestos person on staff who will normally be the Safety Technician.

In some cases the contractor will do a Negative Exposure Assessment (NEA). This means doing a sample removal for a representative portion of the work with full personnel and environmental protection and air monitoring. The industrial hygienist (IH) will then determine the appropriate approach for the remainder of the work. This includes the

requirements for containment, negative air, worker personal protective equipment, medical surveillance, worker training, etc. This is a necessary first step for unforeseen work and may result in a contract deductive modification for work done as a deviation to the contract requirements.

NAVFAC contracts generally require either the removal of asbestos or lead-containing materials so that they can be replaced with a non-hazardous equivalent, the encapsulation of asbestos or lead-containing material, or general demolition that includes asbestos or lead-containing material. How the hazardous material must be handled depends on many factors, including geographic location since each state/country establishes its own regulations.

For asbestos, the type, amount and condition determine the need to abate and any precautions during abatement. Asbestos is a hazardous substance and is subject to waste stream regulations. All friable asbestos must be abated. Some locations allow asbestos tile and mastic to remain intact during wholesale demolition if the tile is in good condition and will not be broken up during demolition. The contract specifications usually provide the most conservative approach to asbestos abatement. If the conditions vary from that envisioned in the contract, the contractor's IH can provide guidance on the required level of worker precautions for the actual circumstances.

The handling of lead paint depends on the amount of lead present and what is to be done with the materials containing lead paint. A waste stream analysis determines the disposal requirements. Most of our construction demolition is such that non-abated lead painted items to be disposed of as general construction debris. The worker safety issue depends on the amount of lead present and the specific type of work. For example, removing lead paint from a surface in order to repaint requires a greater degree of personnel safety precautions than does removing a kitchen cabinet that contains lead paint on one face. As with asbestos, if the contract does not properly address the lead paint issue, the contractor's IH can define the necessary procedures and precautions.

NAVFAC discourages even those ROICC employees who participate in the respiratory protection program from entering controlled removal spaces. The intent of the program is to provide hazard awareness training. Under extremely rare conditions, a qualified employee may enter a controlled area with permission of his supervisor and the program coordinator, Code CI52.

CONTAMINATED SOIL

When the contract documents identify contaminated soil, they also address the procedure for handling it. This may be removal and disposal at an approved landfill or dump site, removal and treatment, or in-place remediation. The usual problem that occurs once the contractor starts work is an overrun in the quantity of contaminated soil. Unit price bidding allows more flexibility if the quantity is large enough to be minimally affected by the Variations in Quantity Clause.

If the contaminated soil is discovered during construction, the ROICC must initiate testing to identify the contaminant, and determine the appropriate removal and disposal requirements. If this occurs, contact Code EV for guidance and assistance.

HAZARDOUS MATERIALS USED BY THE CONTRACTOR

Contractors use many hazardous materials, both incorporated into the work and in the course of their work. Typical materials include paint (oil and water-based), solvents, adhesives, cleaning agents, curing compound and solder. Appendix Tab (14) contains a list of some commonly used hazardous materials on the construction site.

Some of the precautions the contractor must take when using hazardous materials are:

- *Proper storage:* This means storing materials in the proper facilities such as flammable storage lockers, and separating incompatible materials such as flammables and corrosives. It also means storing hazardous materials in the proper container. For instance, do not store a corrosive in a metal container.
- *Spill prevention:* To prevent hazardous materials from being released into the environment, there must be some kind of containment in the event of a spill, and emergency procedures to react to that spill.
- *MSDS:* Contractors must keep a library of Material Safety Data Sheets (MSDS) for all hazardous materials on their job site. These sheets must be readily available to workers, and the workers must be provided the proper personal protective equipment.
- *Proper administration:* This means maintaining an effective written Hazardous Communication (HAZCOM) Program. This will not be a required submittal, but is part of their day-to-day operation as outlined by EM 385-1-1, Appendix A. An effective HAZCOM program will ensure accountability for hazardous materials, employee training in the proper handling of hazardous materials, and proper disposal of hazardous waste to name a few. The AGC publishes a very complete HAZCOM program that is available to all contractors. Contractors are also responsible for their subcontractors, and must ensure your contractual agreements with them cover this area.

Contractors must sometimes handle hazardous waste, that is, materials that are no longer needed and require disposal and have been identified by EPA to exhibit a hazardous characteristic, or are "listed" wastes. EPA identifies hazardous characteristics in 40 CFR 261, Subpart C. They are:

- *Ignitability* (40 CFR 261.21) Liquids having flash points $< 140^{o}$ F, some flammable solids, ignitable compressed gases, and oxidizers.
- *Corrosivity* (40 CFR 261.22) Liquids having a pH ≤ 2 or ≥ 12.5, and liquids that corrode steel at a rate of 1/4" per year under test conditions specified by the EPA.
- *Reactivity* (40 CFR 261.23) Solid wastes that are explosive; react violently with water; give off toxic fumes when mixed with water; or are unstable.

- *Toxicity* (40 CFR 261.24) Solid wastes that, by Toxicity Characteristic Leachate Procedure (TCLP) analysis, contain any of the contaminants at or above the levels listed in Table I of 40 CFR 261.24 (p. A-4).

Listed wastes are specific compounds found in the lists of hazardous wastes in 40 CFR 261, Subpart D. These listed wastes are specific compounds such as photography waste, water-based paint sludge, and wood preservative waste.

Contractors must dispose of hazardous wastes at permitted waste facilities. There are three types of solid waste disposal facilities:

- *Sanitary Landfills* cannot accept hazardous waste or liquids. They may accept asbestos-containing material because asbestos is considered a regulated waste, not a hazardous waste. Check local requirements for bagging, etc.
- *Industrial Landfills* can accept higher levels of contaminated solid waste, but like sanitary landfills, are limited by their permit to the type and extent of contaminated waste they can accept.
- *Hazardous Waste Landfills* are permitted to accept nearly all hazardous wastes we encounter. There is significant paperwork and logistical requirements to disposing of hazardous wastes. Each ROICC must be familiar with their nearest hazardous waste landfills and the local requirements.

Once a material is identified as hazardous waste, cradle-to-grave accountability is required. Each state will have particular requirements for the packaging, labeling, storage, transportation and disposal of the hazardous waste. The tracking is done through a manifest, which provides the necessary information to close the loop for proper hazardous waste handling.

The Code of Federal Regulations (CFR), OSHA, EPA, Army Corps of Engineers Safety and Health Manual and each state require special procedures when using or disposing of hazardous materials. Specification Section 01575, Temporary Environmental Controls, incorporates the numerous requirements into the contract. While the overall purpose is to know what hazardous materials are on the station, proper storage, handling and disposal, and what to do in case of a spill, the specifics can be very confusing. The handling of hazardous materials is also an extremely sensitive issue since the Commanding Officer of each base is ultimately responsible for any hazardous materials originating from his base.

Each ROICC must establish specific, well-defined procedures, including certifying manifests, with the local Activity. Because even hazardous waste generated by a contractor are considered "owned" by the Navy, the ROICC *must* ensure that the contractor properly manages and handles his hazardous waste. Contact Code CI52 and Code EV for guidance and/or additional information.

MATERIAL DELIVERY EXPEDITING (DEFENSE PRIORITIES AND ALLOCATION SYSTEMS)

All military contracts include a clause requiring the contractor to abide by the rules of the Defense Priorities and Allocations System (DPAS) in obtaining materials and equipment required for the project (FAR 52.211-14 and FAR 52.211-15). DPAS is a program under the Department of Commerce to assure the timely availability of industrial resources to meet current national defense requirements and to provide for rapid industrial mobilization in case of national emergency. Its application to construction contracts, though limited, can aid the contractor in obtaining certain construction materials from suppliers on a priority basis.

Generally, construction contracts under ROICC authority are rated as "DO-C2," with "DX-C2" priority ratings assigned very rarely. The ROICC should review the priority rating with the contractor during the preconstruction conference so that orders will be properly identified with the priority rating and the required delivery date.

Suppliers receiving rated orders must accept and fill a rated order for items that the supplier normally supplies. A supplier may not reject a rated order because of previously accepted unrated or lower rated orders. Suppliers must reschedule unrated orders if they conflict with delivery of a rated order. Similarly, suppliers must reschedule DO rated orders if they conflict with a DX rated order. All rated orders must be scheduled to the extent possible to ensure delivery by the required delivery date.

Suppliers who receive rated orders must in turn place rated orders with their suppliers for the items they need to fill the orders. This ensures that suppliers will give priority treatment to rated orders from contractor to subcontractor to suppliers throughout the procurement chain.

If a supplier indicates to a contractor that he cannot deliver in time to prevent delays, the ROICC will attempt to expedite the item through the local Defense Contract Administrative Services and Management Area (DCASMA). This can only be done if the contractor and subsequent subcontractors have placed the necessary priority rating information on their order. If this attempt fails to remedy the delay, the contractor can request priority assistance by completing a “Request for Special Priorities Assistance,” Form ITA-999. The EFD/EFA endorses the request, sends it to NAVFAC and NAVSUP, who forward it to the Department of Commerce for action. This is a time consuming process and requires follow-up on a regular basis. A much easier alternative is a phone call from the ROICC to the plant representative of DCAS and/or to the plant production manager. Often the direct contact will smooth the way for the formal paperwork.

A Defense Priorities and Allocations System (DPAS) handbook is available through the Office of Industrial Resource Administration, U.S. Department of Commerce, Washington D.C. Contact Code AQ for specific information on the procedures and application of the program.

DRUG FREE WORKPLACE

FAR 52.223-6 provides for a drug-free workplace for federal contracts. DFAR 252.223-7004 and 223.570-4 are for a drug-free work force, and require a more aggressive approach, including testing and training. Many contractors who previously initiated company-wide Drug-Free Programs because of private owner requirements have realized substantial benefits of a drug-free workplace and continue with drug-free programs. These typically include pre-hire testing, a signed agreement between employee and employer indicating that the employee understands the consequences being impaired on the job site, testing for cause, and sometimes, limited treatment options. No contractor wants an impaired worker on the site any more than the government does. The Corps of Engineers Safety Manual requires the contractor to address how he will prevent drug and alcohol abuse on the job in the contractor's safety plan.

GOVERNMENT-FURNISHED PROPERTY

Specific contracts include the use of government-furnished material or equipment to provide cost savings or a specialized system on the project. The constructability review will have ensured that any GFP is clearly defined and described, both for GFP specifications and installation requirements. Any government agency procures the GFP and delivers it to the contractor or a government storage facility, then transfers possession to the contractor for installation. Materials that have been identified to be re-used in a renovation contract are not considered GFP.

There are several challenges when using GFP. Careful communication and coordination between who is actually providing the GFP and the ROICC is essential. Many times the GFP is different than that envisioned during the design and won't fit or work in the constructed facility. Often it is late, causing a delay to the contractor. Sometimes GFP is being removed from another facility to be installed in the new facility. Whatever can be done to ease the process should be.

The ROICC property administrator, designated by the contracting officer, is responsible for identifying all GFP, coordinating with the contractor the delivery schedule required for installation and the scheduled delivery by the provider. The property administrator is also responsible for comparing the actual GFP with that intended. The property administrator, jointly with the contractor, inspects and inventories the GFP, then transfers the property to the contractor in writing (see Appendix Tab (15)). LANTNAVFACENGCOMINST 4341.2F CH-1 provides specific guidance to handle GFP.

PHOTOGRAPHS

Progress photographs are at the discretion of the ROICC. Forward selected progress and completion photographs to your EFD/EFA contact for publicity and briefings. While storage space is limited, there are numerous occasions when the EFD/EFA needs progress or completion photographs. CECOS also welcomes construction photographs that fortify their teaching. Forward these candidates also to the EFD/EFA.

Many ROICC's routinely photograph progress with cameras, digital cameras, and video recorders, especially for safety issues and when a dispute or claim may develop. Photos should indicate problem areas in question and corroborate the ROICC position.

Label all photographs completely, including date, orientation and/or location of photo. Work closely with your headquarters contact so that the EFD/EFA has photographs as needed. File photographs not otherwise forwarded in the official contract file.

Always ensure that you are familiar with the policy on photographs concerning your station before taking them on any job site. Some stations, primarily shipyards, have very strict rules on photographs and failure to follow these rules can result in security violations with attendant severe penalties.

WORK BY NAVAL MOBILE CONSTUCTION BATTALIONS

Sometimes Seabees will perform construction work as practice to maintain their construction skills. NAVFACENGCOM INSTRUCTION 11010.10 establishes the policies and procedures for ROICC offices in the administration of construction work performed by the U.S. Naval Mobile Construction Battalions (NMCBs). Each ROICC office has an SOP to capture the WIP and ensure that the administration of the Seabee construction work is essentially administered in the same manner as contracted work. Additional guidance on the actual coordination for a specific project can be obtained from the EFA/EFD.

SPECIAL SITUATIONS

CLAIMS

In spite of the care contracting officers exert in writing and administering a contract or how conscientiously contractors perform, disputes occur and require resolution. Many times the AROICC/AREICC and contractor settle a disputed issue at the ROICC level. In fact, whenever there is an issue that seems impossible to resolve, an AROICC/AREICC should seek input from the SGE and/or ROICC, as well as the EFD/EFA. Often a third party removed from the emotion can see a solution not previously envisioned. When the

contractor requests an equitable adjustment, but the impasse remains, the contractor may follow the provisions of the Disputes clause (FAR 52.233-1, Disputes) and request a Contracting Officer's Final Decision. Sometimes this will be for entitlement, and therefore also quantum, sometimes for quantum only.

A claim is a contractor's demand for increased compensation after a written request for equitable adjustment is in dispute and remains unresolved after a reasonable time. The Contract Disputes Act of 1978 was established to provide a fair, balanced and comprehensive statutory system of legal and administrative remedies to resolve government contract claims. The Contract Disputes Act induces resolution of more contract disputes by negotiation prior to litigation, equalizes the bargaining power of the parties when a dispute exists, and insures fair and equitable treatment to contractors and government agencies. Claim entitlement costs are not subject to the rules for expiring funds on appropriated projects.

LANTNAVFACENGCOMINST 4365.1 and P-68, Part 33.90 provides specific guidance on the time requirements and procedures for claims processing. Generally, once a ROICC receives a request for Contracting Officer's Decision, the ROICC must confirm that the contractor does in fact want a Final Decision under the Disputes Clause. If so, notify Code AQ immediately. If the claim has merit, initiate a modification and so advise Contracts Department, will hear the claim presentation by the Construction Division representative. No matter how much merit a particular claim may have, it is of no use if the ROICC-prepared claim package is not thorough, accurate and convincing. Contracts will issue the Contracting Officer's Final Decision to the contractor, with a concurrent copy to the ROICC.

The contractor may accept the Contracting Officer's Final Decision, which may be to uphold the contractor's request, to remand the claim back to the ROICC to settle in quantum, or to deny the claim in its entirety. If the contractor disagrees with a denial, he has 90 days to appeal the decision to the Armed Services Board of Contract Appeals, or one year to appeal to the Federal Court of Claims. If the government fails to issue a final decision with the prescribed time limits, it is construed as a denial and may be appealed as above.

Disputes Resolution Board (DRB)

Claims drain time, energy and funds from more productive use. As an alternative to the claims process, NAVFAC encourages Alternate Disputes Resolution (ADR). This is a voluntary, efficient, but non-binding means to resolve disputes. The vehicle for ADR is a Disputes Resolution Board (DRB), either a Command-wide board or contract specific.

A contract-specific DRB is appropriate on critical, large, complex projects and is established in the contract documents. The members must be able to exercise sound judgment when considering engineering, construction and contract administration matters, must show no partiality and must have no conflict of interest. The knowledge and status of the board members and their ongoing involvement with the project are the basis for the

trust the government and contractor need to accept recommendations as fair and reasonable. Often, the presence of the board encourages project participants to exude competence and resolve disagreements before they grow.

Both the government and the contractor have a member on the DRB, but neither controls the process. Although the selection process may vary, a typical scenario follows. The government and the contractor each choose a mutually accepted member. Those two members then choose an independent, mutually agreed-upon representative from neither the government nor the contractor. This third member chairs all board activities.

The DRB must be appointed soon after construction contract award, must keep abreast of construction developments, must conduct hearings and make prompt recommendations. The process is intended to be quick and efficient, and will yield a written but non-binding recommendation for a disputed issue.

TERMINATION FOR DEFAULT (T FOR D)

The contractor is required to prosecute contract work diligently to complete the contract within the defined duration. The AROICC/AREICC is responsible for monitoring the contractor's progress. If the contractor is behind schedule, notify him in writing of the government's concern ("we are concerned" letter, Appendix Tab (16))) and make every reasonable effort to help the contractor recover and develop strategies for acceptable performance. This is not the time for threat of default. It is crucial to notify the contractor promptly, and more than once if necessary. Only copy these letters to the bonding company (Claims Department) if deemed necessary to get the contractor's attention.

Before taking any type of adverse action against a contractor, make sure all administrative actions are current and no outstanding issues on which the government may owe the contractor a significant amount of additional time and/or money are pending.

If the contractor continues to stumble, the next step is to notify the contractor that his lack of progress (be specific) is endangering the performance of the contract and unless the condition is cured within 10 days of receipt of this notice, the government may terminate for default ("Cure" letter, signed by a warranted Contracting Officer, usually the ROICC, Appendix Tab (16)). Copy the cure letter to the bonding company. A cure letter is appropriate also if the contractor fails to provide bonds within 30 days of award. Do NOT send a cure letter after the contract completion date.

When all else fails and you are prepared to terminate for default, send the Show Cause letter, also signed by a warranted Contracting Officer, usually the ROICC and copied to the bonding company (Appendix Tab (16)). This letter notifies the contractor that the government intends to terminate the contract for default unless the contractor "shows cause" otherwise.

The actual procedure for defaulting a contractor is in P-68, Subpart 49.4 and in accordance with FAR 52.249-10. A termination for default (T for D) requires Head, Code AQ or Vice

Commander approval. Remember, a termination for default is a most serious matter for both the contractor and the government. A default may destroy a contractor's reputation, or it may force the contractor into bankruptcy or insolvency. It often involves the government in disputes with the contractor, the surety and the assignee.

If we do terminate a contract for default, either the surety will take over the contract or the government will award a completion contract. The termination contracting officer has several responsibilities, described in P-68, which include must have inventory of all work in place, corrective work required, materials on site, as well as an estimate of the excess completion costs and the liquidated damages the defaulted contractor owes the government.

TERMINATION FOR CONVENIENCE (T FOR C)

The government must sometimes consider terminating a contract for the convenience of the government (T for C). This may be a prudent course when a long, unexpected suspension of work is possible, construction project approval thresholds may be breached, or key GFE will not be available when required. As with a T for D, Head, Code 02 or Vice Commander approval is required for a T for C.

Since a contractor will receive significant compensation for a T for C, a prompt decision can save dollars. Consider all options, the consequences of each, including customer pressure to continue with a potentially bad situation, and move on. FAR 52-249-2 defines the process.

ADVANCING CONTRACT COMPLETION

There are many limitations on our ability to advance contract completion. Whether we may accelerate a contract depends on the type of contract funding and the cost implications of such acceleration. Do not confuse accelerating with "catching up." You must consider acceleration if work is added to the contract without including the time necessary to complete the additional work.

Because of the limitations on and implications of accelerating, or expediting, work closely with Code 02 before taking an action that may be in question.

REMEDIAL ACTION CONTRACTS

NAVFAC initiated the RAC program to remediate hazardous wastes on Navy properties. There is more than one RAC within the EFD. The EFD and each EFA handle RAC and their Task Orders (TO) differently. The EFA may use the RAC of the EFD associates or use other means to accomplish the required work to effect an environmental clean-up. Sometimes the CLEAN contractor will design the RAC work for the EFD. In some instances the Task Order is similar to design-build in that the RAC contractor develops a Work Plan (design), which is based on criteria provided by the EFA or EFD with concurrence of the State or Federal Department of Environmental Quality. Some phases of work in the field such as sampling may start before the Work Plan is complete and approved. Interaction with code EV and the station/activity is significant and ongoing. The Contracting Officer's Technical Representative (COTR) maybe located at EFD/EFA level in the contracts or environmental office. The Navy Technical Representative (NTR) is a split function in that the title and responsibility is assigned to the Code EV environmental engineer during the design phase and the responsibility shifts to the ARO(E)ICC when ACO authority is given to the ROICC for the specific task order.

The work to accomplish each T.O. is often not quantifiable, may require various techniques, and since it involves hazardous materials, has significant safety and environmental considerations. The ROICC's duties for RAC have specific differences from a typical construction project due to the nature of the work, the cost-reimbursement contract vehicle and the location of the COTR: Some items at work that may be required include:

- Health and safety requirements and training
- Compliance schedule
- Regulatory interface
- Public attention
- Permitting requirements
- Hazardous waste handling requirements
- Contract modifications that may require regulatory approval
- Laboratory testing and approval
- Site monitoring
- Emergency response procedures

RAC task orders are similar in many ways to non-RAC work. A Pre-Construction conference must be held before the fieldwork commences and a Quality Control Program must be enforced. A Davis Bacon Wage Determination accompanies each task order and weekly payrolls are required. Turn over and acceptance letters should be signed out to the customer and contractor after the final inspection. Copies of the Contractor Performance Evaluation, DD Form 2626, should be forwarded to the COTR and the contract administrator for uploading into CCASS. Another similarity with construction is the warranty. All materials and equipment have a one-year minimum warranty from the date of acceptance by the government. Extended warranties such as pumps and roof systems on items like a treatment plant should be identified in the turnover letter to the customer. The one-year warranty only applies to labor if a fixed price subcontractor performs the work since the RAC is cost plus award fee.

The differences between RAC and Non-RAC work are few but significant. Each RAC includes an Award Fee Plan, which addresses the criteria and frequency for evaluation. Typically the contractor is evaluated every 4 or 6 months but every TO is not evaluated each period. The two NTRs assigned to each task order, the environmental engineer and AROICC, prepare and submit an evaluation to the board and the Fee Determining Official approves the level of award.

The invoicing process is different for RAC. Code AQ evaluates 25 percent of the total invoiced amount each month. Task orders do not have a Schedules of Prices so the essential ROICC effort is to verify that the field labor hours agree with the weekly payroll as well as the Production reports. Also, the materials and equipment should have approved submittals. The government does not have privy to the RAC's fixed price subcontracts but the total invoiced cost of the subcontract work should not exceed the fixed price amount unless a change order has been issued with the ROICC's approval. DCAA does not review each invoice and they are primarily concerned with the indirect costs.

The last two differences between RAC contracts and fixed price construction contracts are O&M and close out. O&M or long term monitoring are two services that are unique to RAC. Code EV and the station will determine whether to continue these services under the initial TO or transfer this effort to another TO. The ROICC cannot Close Out a task order. All work (office and field) must be complete and DCAA must complete their audits of each fiscal year when work was performed and billed. Code AQ issues a modification when all cost issues have been resolved. ROICCs should forward their contract documents to Code AQ when a TO begins the interim close out process. The important files to forward are the payrolls, QC/Production reports and any other documents that Code EV and AQ do not have in their files. It is not necessary to forward Work Plans, invoices, monthly progress reports, to the EFA or EFD.

Specific listings or resources required for RAC administration are included in the "Remedial Action Management Guide for Resident Officer in Charge of Construction" and the "Remedial Action Contract (RAC) Administration Procedures." There are specific training requirements for dealing with some of the specialized wastes encountered on RAC Contracts and the LANTDIV Safety Tech for specific safety training requests.

CHAPTER 6 QUALITY CONTROL MANAGEMENT

NAVFAC is committed to providing quality design and construction on all projects. In managing the final/construction phase of this process, the ROICC encounters challenges each step of the way. The NAVFAC P-445 of June 2000 provides policy for Construction Quality Management (CQM) and outlines the concepts, requirements, and procedures to be used to execute NAVFAC's Construction Quality Management (CQM) Program. The CQM Program combines the Contractor's Quality Control (QC) and the Government's Quality Assurance (QA) to support the management of NAVFAC's construction and environmental restoration work.

CONTRACTOR QUALITY CONTROL

The Contractor's Quality Control (QC) Program consists of a QC organization, a QC Plan, a Coordination and Mutual Understanding Meeting, periodic QC Meetings, three phases of control technical submittal review and approval, testing, completion inspections and QC certifications as well as the documentation necessary to substantiate that materials, equipment, workmanship, fabrication, construction and operations comply with the requirements of a contract. The QC program covers both on-site and off-site work and the QC efforts are keyed to the construction schedule. No work or testing may be performed on a job unless the QC Manager is present at the work site.

Each contract contains Specification Section 01450, Quality Control. There is a standard version, Pre-edited Specification, for less complex contracts, usually under $2 million, and a more in depth version adaptable for all other contracts. Both contain the essence of an effective Quality Control program. The constructability review should include verifying that Section 01450 is suitable for the particular contract. EFD/EFA representatives may

review Quality Control specifications for LANTDIV contracts and work with the ROICC to develop any necessary specific requirements.

CONTRACTOR SUPERINTENDENT/QUALITY CONTROL (QC) REPRESENTATIVES

NAVFAC contracts require either a contractor superintendent, who also functions as the Quality Control Manager, or a superintendent separate from the QC staff. The specifics and complexity of the project dictate whether there is a single QC representative or whether there is a QC Manager and QC staff. The QC staff may include a submittal reviewer and/or specialists for complex portions of the work, such as: mechanical; electrical; roofing; specialized coatings; fire protection; RF shielding; or perhaps safety when appropriate.

The qualifications for members of the QC staff must define the required education and experience without becoming an impossibility to fulfill. NAVFAC has partnered with the Army Corps of Engineers in requiring that all QC managers (including superintendent/QC's) complete an 8-hour course entitled "Construction Quality Management for Contractors". This course is offered periodically and is sponsored by both the Associated General Contractors (AGC) and the Associated Builders and Contractors (ABC) for the contractor's convenience.

The requirements stating when supplemental QC Specialists staff members are to be on site must also be carefully considered. The specifications must indicate when a QC Specialist's must be on site and this normally occurs when any/all critical work is ongoing.

THE CONTRACTOR'S QUALITY CONTROL (QC) PLAN

Each contract requires the contractor to prepare a Quality Control Plan that becomes the road map for quality control throughout the project. The specific requirements of the plan are tailored to the contract and are listed in Specification Section 01450. These requirements generally include the following:

I. QC ORGANIZATIONAL CHART
II. NAMES AND QUALIFICATIONS OF QC PERSONNEL
III. DUTIES, RESPONSIBILITY AND AUTHORITY OF QC PERSONNEL
IV. OUTSIDE ORGANIZATIONS TO BE INVOLVED
V. APPOINTMENT LETTERS
VI. SUBMITTAL PROCEDURES AND INITIAL SUBMITTAL REGISTER
VII. TESTING LABORATORY INFORMATION
VIII. TESTING PLAN AND LOG
IX. PROCEDURES TO COMPLETE REWORK ITEMS
X. DOCUMENTATION PROCEDURES
XI. LIST OF DEFINABLE FEATURES OF WORK (DFOW's)
XII. PROCEDURES FOR PERFORMING THE THREE PHASES OF CONTROL
XIII. PROCEDURES FOR COMPLETION INSPECTIONS

A contractor who properly prepares a QC plan has thoroughly studied the design and has thought through the process for each phase of construction and the associated definable features of work. A generic QC plan is of no use to anyone. While a ROICC team reviews the QC plan for approval, the EFD/EFA will provide assistance as requested. The contractor may start only the initial mobilization prior to QC plan approval. Once the ROICC has approved the QC plan, the contractor should use it second only to the plans and specifications on the construction site.

THE THREE PHASES OF CONTROL

Of major importance in the contractor's quality control program is a thorough, methodical three-step approach for each definable feature of work (DFOW). It is called the three phases of control:

- The *Preparatory Phase* occurs before the contractor starts any work in each definable feature of work. It is basically an organized meeting where the QC manager and the contractor/sub-contractor personnel go over definable features of work, using the "PREPARATORY PHASE CHECKLIST", in accordance with the contractor's production schedule. It also includes:

    a. Using the Preparatory Phase Checklist to review each paragraph of the applicable specification section.
    b. Review of the contract drawings.
    c. Verification that appropriate shop drawings and submittals for materials and equipment have been submitted and approved.
    d. Reviewing the testing plan & log to ensure that the appropriate test is planned correctly.
    e. Examining the work area to ensure that the required preliminary work has been completed.
    f. Examining the required materials, equipment and sample work to ensure that they are on hand and conform to the approved shop drawings or data.
    g. Discussing construction methods, tolerances, workmanship standards for performing this work in a quality manner.
    h. Reviewing the safety plan and appropriate activity hazard analysis to ensure that applicable safety requirements are met.

- The *Initial Phase* occurs when workers are ready to start work on a definable feature of work. This Phase is "Workmanship Oriented". The QC Manager must, using "The Initial Phase Checklist", verify that the contractor/sub-contractor personnel are performing work as it was planned in the preparatory phase meeting. During this phase, that contractor shall:

    a. Establish the quality of workmanship required.
    b. Resolve conflicts.
    c. Ensure that testing is performed by the approved laboratory.
    d. Check work procedures for compliance with the safety plan and the appropriate activity hazard analysis.

- The *Follow-up Phase* occurs for on-going work until the completion of each definable feature of work. All follow-up activities are reported by the QCM on the daily Contractor's Quality Control Report. The QCM must:

    a. Ensure the work meets contract requirements.
    b. Maintain required quality.
    c. Ensure proper testing.
    d. Ensure correction of rework items.
    e. Perform safety inspections.
    f. Document as required in the CQC Reports.

QUALITY CONTROL REPORT FORMS

When a contract requires a separate superintendent and QC Manager, the superintendent completes the Contractor Production Report (See Construction Phase Chapter) and the QC Manager prepares the daily QC report. The QC manager must submit the daily QC reports by the morning of the following working day. The contractor must maintain a current and complete record of on-site and off-site QC program operations and activities. Appendix Tab (17) contains sample forms required by specification section 01450, which include; the Production Report, the QC Report, a Rework Items List, a Testing Plan & Log, a Preparatory Phase Checklist, an Initial Phase Checklist and Submittal / Transmittal forms. All contractors may obtain these forms on a diskette in Microsoft Windows format via e-mail from either from the Supervisory Construction Representative at the ROICC office or through the LANTDIV QA Engineer.

The QC Reports show the results of implementing the QC Plan. While the daily interaction on the construction site is between the contractor's QC Manager and the "Construction Representative" who is the Government QA Representative, the AROICC/AREICC will regularly spot-check the contractor's QC operation and maintain constant communication with the Construction Representative. The Construction Representative's signature on each daily report indicates his concurrence with the contents. The QC Manager should conduct regularly scheduled, bi-weekly, QC meetings providing the forum to keep the contractor on track with the quality control effort and production.

RFI MANAGEMENT

Requests for Information, or RFI's, are a vehicle for the contractor to obtain additional or clarifying information when the contract documents are unclear, incomplete or contradictory, or when actual conditions vary from that envisioned from the documents, or perhaps when the contractor proposes a different way to do something. Normally, when a question arises in the field, the Superintendent and QC Manager first discusses it with the Construction Representative. If both individuals agree that the answer is not readily available, it becomes an RFI. A typical RFI form is in Appendix Tab (18). It is important that the contractor completely and clearly describe the problem, with a proposed solution when possible. It is also helpful to note the necessary time needed for response. If the contractor marks all RFI's "urgent," the AROICC/AREICC or A/E will treat none of them that way. If the contractor properly notes the level of urgency, the designer can prioritize his work in an order compatible with the construction sequence. Post Construction Award Services (PCAS) with the designer of record do not traditionally include processing RFI's. The design agent may need to modify the A/E agreement to include this service. The AROICC/AREICC should work with the design agent to see that the government treats the A/E fairly.

Often, the construction team works out a specific RFI process during an initial partnering session. The team should tailor the process to the individuals involved and the logistics of the construction and design team members. Any process must recognize that different organizations will answer different RFI's, depending on the nature of the question. This includes the AROICC/AREICC, designer, Public Works, Base Civil Engineer and LANTDIV.

The basic RFI process, both descriptive and flow chart, is in Appendix Tab (18). Even when a project team establishes a process for a contract, it may sometimes be necessary to modify portions of it during construction. There are varying opinions on open communications between the contractor and designer. Some contracts may work well with the contractor sending RFI's simultaneously to the designer and AROICC/AREICC, as well as the designer sending simultaneous responses to the contractor and AROICC/AREICC. This is within the philosophy of partnering and is based on the premise that both the contractor and the designer know the limits on directing work. This streamlined process is the most efficient process when the communication links are working smoothly, but not all project teams are comfortable with it.

THE REWORK ITEMS LIST

The contractor, QC Manager, must keep a log of deficiencies, usually those not corrected within the day. See Appendix Tab (19) for a sample. No contractor can complete an entire project without any deficiencies. This is a tool to keep track of them; with the corrections made and dates they were made, so no deficiency slips through the crack. A copy of the Rework Items List should be attached to the last daily QC Report of each month.

FIELD CHANGES

Field changes result from minor changes made at the job site to facilitate actual construction. Although not encouraged, they are sometimes unavoidable. Field changes do not change contract price or time. It is important for the Construction Representative and AROICC/AREICC to work together on a potential field change, with input from the Supervisory General Engineer if necessary. The contractor QC Manager must document all field changes on the as-built drawings and/or the field change form similar to that in Appendix Tab (20).

GOVERNMENT QUALITY ASSURANCE

TECHNICAL SUBMITTALS

Technical submittals are intended to provide sufficient information for proposed materials and equipment to determine that they meet contract requirements. They also provide installation instructions and testing requirements and results. Technical submittals are those listed in specification series 02000 through 16000 and include shop drawings, manufacturers catalog data, installation instructions, some design reviews and test results, samples, color charts, etc. If a material is routinely used and identifiable in the field, i.e., can compare the material directly with the specification requirements, technical submittals for that material are generally not necessary.

The contract requires the contractor QC Manager to submit a submittal status log, "The Submittal Register", and to maintain it throughout the contract. This log/register is an indispensable tool for tracking construction submittals; it's a one-stop look at how the contractor is progressing with the submittal process and the quality of the submittals. If this process is not on track, there is NO way the construction will be on track.

Spec Section 01330 sometimes provides the list of submittals required for the contract, but the contractor QCM is still required to confirm its accuracy, or to provide the log if none is included in the specifications. The contractor is required to submit an updated submittal register with each invoice and it should be checked for completeness and filed with the submittals for the contract. (Replace the previous with the current.) For offices that file submittals in numerical order, there is nothing more frustrating than trying to find a submittal for a particular specification section when you have no idea of the submittal number and no log handy for reference.

Some submittals are contractor QC approved. The designer does not perform cursory reviews of all submittals anymore. The designer may be an A-E firm; contracted through LANTDIV or Public Works, or in-house LANTDIV or Public Works. The designer for a particular contract generally reviews the technical submittals requiring Government approval for contract compliance and assigns an

"Approved" or "Disapproved" action. LANTDIV maintains approval authority for certain technical submittals, including Testing Adjusting Balancing & Start-up procedures for mechanical systems, pad-mounted transformers and switchgear, pile installation and load test results, fire protection submittals, etc.. Specification Section 01330 lists the specific submittals for LANTDIV approval. The contractor forwards these submittals directly to LANTDIV, Code CI4A1. No submittal to LANTDIV should go directly to any code other than Code CI4A1. These folks track the submittals and route them to the appropriate reviewer, who then routes then back to Code CI4A1 for distribution back to the contractor, etc. If the contractor sends the submittal directly to the branch responsible for the review, there is no way to track it.

Appendix Tab (21) contains flow charts describing the submittal process. They are designed for contractors and designers and do not include routing within each organization. Note that there are procedures for LANTDIV contracts, both stateside and overseas, and station contracts. The process may have to be adjusted for the specific station and design agent organization. Also, submittals for fire protection will have special routing since the design agent does not have that responsibility. Since LANTDIV, in all cases, reviews the fire protection submittals, the flow charts should indicate this.

The flow charts also differentiate between OMSI and non-OMSI contracts. The AROICC/AREICC must confirm that the A/E/Contractor forwards two copies of approved submittals to the OMSI A/E. The OMSI A/E may be the designer of record or may be the OMSI Indefinite Quantity contract A/E. in either case, this can be confirmed with Code BE14.

The ROICC should include the appropriate submittal flow charts with the letter to the designer and or submittal approving authority upon construction contract award and in the pre-construction package to the contractor. Be sure that both the designer and the contractor understand the process.

The purpose of having the contractor send a copy of the transmittal form to the ROICC office for each submittal is for the ROICC to be able to monitor the QC Managers submittal register and track any submittals. If the ROICC does not receive the reviewed submittal in a reasonable amount of time, the AROICC/AREICC should follow up with the QC Manager. If there is indication that the contractor is not doing the same; for it is the QC Manager's responsibility to track the submittals; the AROICC/AREICC and Construction Representative should bring it to his attention.

The AROICC/AREICC and Construction Representative also perform a cursory review of the submittals, including verifying that the contractor has properly identified deviations. If the AROICC/AREICC finds an approval action to be in error, the AROICC/AREICC is responsible for promptly notifying the contractor QC Manager and designer. Note that an A/E may NOT approve a deviation. The

purpose of government only approval of deviations is to prevent the wrong person from authorizing a potential additional cost to the contract. Nobody should approve a deviation without thorough understanding of it and the potential implications. LANTDIV Design Division is available to provide necessary technical assistance beyond the designer of record if deemed necessary. The Project Manager may also know of a particular reason for a particular design feature that may be in question.

The Construction Representative tracks submittals, performs a cursory review for contract compliance and ensures material compliance when processing progress payments. Submittals are not a paperwork exercise, nor are they something to be filed away "for the record." The Construction Representative will keep an active and open file on the contractor's QC program by confirming that the contractor is submitting quality submittals, is handling re-submittals in a timely manner, and is complying with the designer's "approved as noted" comments. **Payment should not be certified without an <u>approved</u> submittal for the particular material or equipment that is being submitted for payment**.

The contractor maintains an updated submittal register and a copy of all submittals at the job site. The Construction Representative typically also maintains a file of all submittals and should have an up-to-date submittal register himself. The ROICC often turns over the master submittal file for each contract to the station or Public Works at contract completion.

OPERATIONS AND MAINTENANCE SUPPORT INFORMATION (OMSI) MANUALS

Most new construction and major renovation contracts will include OMSI manuals rather than the traditional contractor-prepared Operations and Maintenance manuals. OMSI provides a process for capturing and organizing key information during the design, construction and acceptance phases of a project. It has expanded the typical O&M manuals.

There are several levels of OMSI depending on the complexity of the facility. The A/E of record may compile the OMSI, but it may also be a different A/E firm or in-house designers. OMSI is intended to provide the customer and maintenance activity with a comprehensive tool to manage and maintain the newly constructed or renovated facility. LANTNAVFACENGCOMINST 11013.15 gives complete details on the OMSI process. It is important that the AROICC/AREICC identify whether or not each contract has an OMSI. Contracts with OMSI specify two additional copies of each submittal over those with no OMSI. The designer who reviews the submittals forwards the two extra to the OMSI preparer. The submittal procedures provide for the ROICC to receive OMSI information prior to systems checkout and testing. Both the contractor and the OMSI A/E must be timely in their submittals and review in order for this to happen.Code BE14 manages the OMSI program and will assist when requested.

TESTING LABORATORIES

The current NAVFAC spec requires a testing lab to either be certified by an acceptable "Qualified National Authority," or the lab must meet specific criteria listed in Specification Section 01450. LANTDIV, at this time, is the only EFD to allow the Army Corps of Engineers to be a Laboratory Accreditation Authority. Starting in July 97, NAVFAC contracts have required accredited testing labs unless geographically impossible. Consult Section 01450 guide specification and your EFD/EFA Quality Assurance engineer for further information or for the latest list of construction contractor approved labs.

TITLE II

There are times when a ROICC may experience a short-term increase in workload, perhaps a single, large or complex project, maybe in a remote location. One way to handle the short-term increased workload is through Title II services, which allow the government to hire a person usually for the QA function, through an A/E agreement. This is a costly approach, but prevents fluctuations in the workforce level. The Title II person on-board is not included in the labor count. The Title II Q/A has the same general responsibilities as a Construction Representatives but is not allowed to make monetary commitments for the Government.

CONSTRUCTION CONTRACT NONCOMPLIANCE NOTICE

When a work item is unsatisfactory, and the contractor is making no attempt to correct the situation, the ROICC has the option of issuing a noncompliance notice. The noncompliance notice usually targets a deficiency that needs correction before the contractor can proceed with new work or a deficiency that the contractor is reluctant to correct.

A sample noncompliance form, NAVFAC Form 4330/36, is in Appendix Tab (22). Refer to the New P-445, QC/QA INSTRUCTION for more information.

LESSONS LEARNED

The ROICC has the unique opportunity to initiate lessons learned during the construction process. A lesson learned may involve an improvement in a specification, a material substitution, an improvement in a procedure or a new method of accomplishing a task. It might be the recommendation to include specialized inspection during a critical process, say tank coatings. It might recommend a new product, or against the use of a particular material under certain conditions.

The lessons learned process is easy. The ROICC forwards a memo to the LANTDIV Quality Assurance Engineer in the Construction Division for action by the Design Division Quality Control Engineer, Code CI4A5. This memo should include the contract identification, specification reference and a complete description of the problem and potential result. There is no excuse to complain that "we keep making the same mistake" when you can initiate a change so easily.

FACTORY INSPECTION

When a project includes a sophisticated, non-shelf, critical and/or long lead time item, the contract may provide for factory inspection. The AROICC/AREICC must coordinate between the contractor and government representatives who will be performing the inspection so that neither party incurs delay or non-essential expense.

SPECIALIZED INSTALLATIONS

FIRE PROTECTION SYSTEMS

NAVFAC maintains the planning and design support for all fire protection systems within the EFD/EFA through Code CI48. The contract includes requirements and certain information, but the contractor is responsible for the final design, installation and testing of the systems. A fire protection engineer, either with LANTDIV or PWC, will review all submittals and participate in acceptance testing. Make sure the specifications have identified the correct submittal reviewer as it will not be the A/E who designed the job.

Refer to LANTNAVFACENGCOMINST 11320.8, or the latest revision to this instruction, for further information.

TABS/ACATS

NAVFAC requires a systematic approach to the entire process associated with heating, ventilating and air conditioning (HVAC) systems. The contract specifications describe in great detail the requirements for contractor qualifications, design reviews, a pre-field engineering report, submittals, testing, reporting and verification. In spite of this, most contracts suffer greatly from a lagging or mismanaged TABS and or ACATS processes and procedures.

LANTNAVFACENGCOMINST 4330.51 and the TABS/ACATS GUIDE FOR ROICC's provides guidance and policy on this subject. For many LANTDIV contracts, LANTDIV, not the A/E, reviews all submittals for TABS and ACATS and will participate in acceptance inspections. There are also mechanical engineering technicians as a part of the Construction Representative staff to provide assistance and guidance.

It is LANTDIV policy **NOT** to BOD any contract without acceptable TABS and ACATS results. EFD/EFA approval is required to do otherwise.

PAD-MOUNTED TRANSFORMERS AND UNIT SUBSTATION TRANSFORMERS

The specifications for most NAVFAC contracts require design submittals for pad-mounted transformers and unit substation transformers to be reviewed by LANTDIV (through Code CI4A1) or PWC rather than the A/E due to their complex and unique designs. Because of several problems over a long period of time, LANTDIV selectively witnesses factory

routine tests for pad-mounted transformers and unit substation transformers. The specifications normally require a series of factory tests and provides for sufficient notification and government witnessing of the testing. No AROICC/AREICC/AREICC may waive the witnessing of these factory routine tests without consulting with his Construction Manager's supervisor or Code CI52 Electrical Engineers. Code CI52 is available to assist in witnessing field tests at all times.

LANTDIV is also available to witness factory testing of transformers on station contracts. The AROICC/AREICC must forward the relevant specification section, contract drawing and submittal information to LANTDIV Code CI52 if transformer factory testing for station contracts is to be witnessed by LANTDIV.

FIELD ACCEPTANCE TESTING OF ELECTRICAL MATERIALS & EQUIPMENT

Specification Section 16081 requires field-testing of electrical material and equipment by an independent testing organization. This includes the testing of items such as cables, generators, switchgear, switchboards, substations, switches and transformers. The tests required are included in the specification sections for the items to be tested. Code CI52 is available to assist the ROICC on matters concerning field-testing of electrical equipment and to witness field acceptance testing. Field acceptance testing of major new electrical facilities should be coordinated with Code CI52.

GENERATOR CONTROL SWITCHGEAR/SWITCHBOARDS

Code CI52 will witness field acceptance tests for all construction projects, which involve automatic synchronizing of and parallel operation of generators. In some instances due to unique requirements or conditions, Government witnessing of functional factory testing will be required. When witnessing factory tests is required, Code CI52 will witness the factory tests. The ROICC should coordinate the scheduling of factory testing and field-testing with LANTOPS Code CI52.

ELEVATORS

Nothing has given LANTDIV more ups and downs than the construction and replacement of elevators. What should be a straightforward design often results in an installation that does not meet the certification requirements. Even though ANSI A17.1 provides the industry standard for elevator safety, NAVFAC chooses to increase certain safety requirements and add others for NAVFAC facilities. The government certifiers, usually PWC Norfolk, will work with the ROICC to review specifications and submittals prior to any construction.

It is important that the contractor's QC representative closely check the elevator submittal and construction. The QC should complete a pre-final on the elevator prior to scheduling the certification inspection.

The Base Operations Division (BE), Facilities Management Section (BE11) of LANTDIV, is the elevator specialist for NAVFAC. Refer to him for guidance on anything to do with installation and inspection of elevators.

SPECIALIZED COATING SYSTEMS

An industrial coating system, such as that for steel fuel tanks, is a specialized, extremely expensive system. The components can cost several hundred dollars per gallon. The surface preparation must be within strict guidelines. The environmental conditions during application have strict temperature and humidity limitations. The application procedures and curing times are limited and rigid.

The specification should include a QC Specialist who is a NACE Basic Coating Inspector whose area of responsibility is surface preparation and application of coatings. This NACE inspector should be full-time during all surface preparation, application and initial curing of the coatings.

NACE stands for the National Association of Corrosion Engineers. There are three levels of certification in their Coating Inspector Training and Certification Program; the Basic Coating Inspector is considered Level I. The LANTDIV Coating Specialists can be contacted in the Base Operations Division (BE), in the Facilities Engineering Section (BE13).

PILING

Subsurface conditions often require deep foundations to support a structure. There are many types of piling and specific criteria for each site and structure. The design is based on soils information and testing, which may or may not accurately reflect the conditions throughout the entire site. Most NAVFAC contracts require test piles before the contractor can install any production piles. The headquarters geotechnical engineer, Code CI49, will provide driving criteria for the test piles, based on the driving equipment submitted and approved. The test piles are at different locations within the work area. If load tests are required, the geotechnical engineer will select the pile(s) to be tested. Once the load test(s) are complete, the geotechnical engineer will confirm driving criteria and pile order lengths.

Many times the production piles drive differently than the test piles. Keep in close contact with the geotechnical engineer so that adjustments can be made without delays or rework. Pile driving is a high-risk, high-cost operation. Additional moves or mobilizations of a pile rig result in significant added costs.

NAVFAC contracts price piling on a unit-foot basis for an assumed quantity. It also defines payment for the cut-off section of piling. That is intended to pay for the material purchased and delivered, but not installed. The pile specification invokes a 25% variation in quantity before either the government or the contractor can seek and revised unit price. This replaces the Variations in Quantity clause, which sets a 15% variation.

Even when an A/E designs a structure for the Navy, NAVFAC usually handles geotechnical issues. Make sure you interface with the proper geotechnical engineer before the pile contractor mobilizes. If there are changes, seek input from your EFD/EFA resource.

WEIGHT HANDLING EQUIPMENT

General purpose cranes incidental to building construction projects, and with capacities less than 10 tons, have the QC and testing requirements in the contract specifications.

EFA Northeast Code 09W handles the design and procurement of most general purpose cranes and overhead electric traveling cranes with rated capacities of 10 tons and above, as well as all special purpose service cranes. Since the procurement time for these cranes is approximately two years, the process should start during project planning. Once the actual construction contract is under way, the AROICC/AREICC should coordinate between the contractor and crane manufacturer with the Crane Handling Center through your EFD/EFA representative.

The government certifies all cranes, either through NORTHDIV, Public Works or the base Facilities departments. The certification process includes a condition inspection and load test of 125% of the rated capacity.

BOILERS

LANTNAVFACENGCOMINST 11310.6 includes the certification requirements for boilers and pressure vessels prior to final acceptance. Either a government representative or a licensed inspector may perform the acceptance inspection. The inspector must be licensed by the National Board Commission of the National Board of Boiler and Pressure Vessel Inspectors and the LANTNAVFACENGCOM Boiler Inspector Licensing Board. A sample boiler inspection form is in Appendix Tab (23).

ROOFING SYSTEMS

Although not complex or difficult construction, roofing systems continue to be a source of problems. NAVFAC contracts require a pre-roofing conference before any roof demolition or construction begins. This conference provides the opportunity to identify up-front problems and obtain solutions without interfering with construction progress. The Naval Facilities Engineering Service Center (NFESC) also provides roof consulting support services (through SOUTHNAVFACENGCOM). For more information, contact your EFD/EFA representative.

CHAPTER 7 CONSTRUCTION CONTRACT MODIFICATIONS

The most effective way to manage/control change order cost is to provide the contractor timely decisions and answers to his/her questions. This course of action will maintain the contractor's flow of work and virtually eliminate unnecessary extended overhead costs or claims. Remember, time is money to contractors. *YOUR JOB IS TO MANAGE CHANGES TO CONSTRUCTION CONTRACTS*!

GENERAL POLICY AND BACKGROUND

Contract modifications result from many situations, including actual field conditions differing from those described in the contract documents, design changes, and customer requests. While everyone shares the goal to keep contract modifications to a minimum, they are a recurring reality for the procurement team. A contract modification is any written alteration to the contract, either mutually agreed to by the government and contractor, or unilaterally issued by the government. If unilateral, not signed by the contractor, the modification is called a change order. Changes may be additive, deductive or no cost, and may or may not include an adjustment to the contract completion date. The FAR provides the basis for a contract modification. LANTNAVFACENGCOMINST 4330.59 and the Naval Facilities Acquisition Supplement (NFAS) provides guidance for processing contract modifications. The CECOS course book for ROICC Office Management is a good resource for overall information. It is important to differentiate what is required or allowed by statute or regulation and what is NAVFAC policy. While a contractor usually accepts the former, he often challenges the latter.

While only contracting officers acting within the limits of their authority may execute contract modifications, the entire modification process is a team effort. The AROICC/AREICC/ET is usually the first to receive notification of a proposed change, often from a question from the field, an unforeseen condition, a customer request, or a Value Engineering Change Proposal. The AROICC/AREICC/ET, with input from the ConRep/ET, confirms his understanding of the issue, determines that the need for a change is valid and within the contract scope, and obtains design help if necessary. If there is any question that the proposed change is out-of-scope, consult with the SGE and Supervisory Contract Specialist. Out-of-scope changes have several limitations and requirements beyond the routine in-scope change.

The AROICC/AREICC/ET, estimator, or A/E can prepare the government estimate, which is used as the basis for determining the amount of a fund request from the funding activity. Different funding activities require different formats for reserving funds. Some samples are in Appendix Tab (24). A contracting officer sends a request for proposal (RFP), Appendix Tab (25) to the contractor, who will then submit his proposal for the changed work. Often a change will require discussions or perhaps a meeting to clearly define the change. Once the ROICC receives the contractor's proposal, the procurement team compares the government estimate with the contractor's proposal and establishes a pre-negotiation position (PNP), the target for negotiations. The complexity of this PNP is

determined by the dollar amount and complexity of the change. Negotiations are then held, again the formality dictated by the size and complexity of the change, with the goal of a fair and reasonable dollar and time agreement. The government then must confirm and obtain the actual exact amount of funds, prepare a post-negotiation memorandum (PNM), and issue the modification. The modification flow/document checklist, Appendix Tab (26), is a helpful tool to ensure that the process flows smoothly and properly.

The government has set up the procurement process to depend on a system of checks and balances, and to require higher levels of approval and more extensive involvement and documentation as the dollar value of a proposed change increases. NFAS defines the approvals prior to any action for changes beyond the contract or project scope, greater than $1,000,000, or, when added to all previously issued change orders, result in an amount which exceeds the original contract price. Who may negotiate a change depends on the classification and training of the government representative, the amount of the proposed change and direction from the contracting officer. Either experienced military AROICCs, 1102s, or a civilian AREICC as defined by his COAR authority, negotiates or lead negotiations. The PNP and PNM requirements change at the $500,000 limit, which is the threshold for a business clearance. The requirement for a DCAA audit starts at a $500,000 contractor proposal or government estimate.

FUNDING FOR CONTRACT MODIFICATIONS

Funding for contract modifications is provided by either the project funds for a MILCON contract or the same "type" of funds from the Activity funding the overall contract. Funding type and source vary with little predictability. The initial contract funding document provides the financial information and funding source and will dictate the manner in which funds for proposed changes should be requested. Most NAVFAC construction contracts are funded with the following types of funds:

MILCON	Military Construction Navy (CON)
	Military Construction Army (MCA)
	Air National Guard, (MANGE)
	Navy Reserves (MCNR)
UMM	Urgent Minor MILCON
O&MN	Real Property Alterations/Repair/Improvements
NFH	Navy Family Housing
FHMA	Family Housing Maintenance Account
BRAC	Base Realignment/Closure
DBOF	Defense Business Operations Fund
DERA	Defense Environmental Restoration Account

Funds for contracts funded by an Obligation Authority (O/A) will be either directly entered into FIS for all ROICC's that are on-line or requested by faxed or emailed hard copy funds request. Other contracts depend on the particular funding source and their procedures. Each ROICC office should maintain the contacts and procedures for each Activity. The typical funding documents, O/A, 2275 and "MIPR," are in Appendix Tab (27). Each ROICC will also follow the set procedures for obtaining SIOH for each change.

THE MODIFICATION PROCESS

GOVERNMENT ESTIMATE

Each modification over $25,000 requires a government estimate which is to be independent of the contractor's proposal and prepared, at least initially, before issuing a request for proposal to the contractor. The person preparing the Government estimate must indicate that it was independently prepared and sign and date it. Government estimates are intended to serve as a measure of a fair and reasonable price as well as required scope. They are not considered infallible. They are usually optimistic, that is, low and may not include the entire scope. They are only one of the tools used to establish pre-negotiation objectives. The estimate form, NAVFAC 4330/43, is in Appendix Tab (28).

Although a government estimate is not routinely required for changes less than $25,000 there must be a check for price reasonableness of the contractor's proposal.

Once the details and scope of the proposed change are understood, the first step in the preparation of an estimate is to quantify and price the direct labor and materials. No matter what estimating guide or approach is used, the amount of material and equipment to be incorporated into the work must be determined. Each ROICC office has estimating guides, such as Means, which provide cost data based on this "take-off." Sometimes it is necessary to determine the labor and equipment necessary to accomplish the work not from an estimating system, but from an estimated time to complete each task and the application of the appropriate labor hourly costs. Estimating time and workforce is subjective and is usually the focus during negotiations. The ConRep/ETs are an excellent in-house resource to ferret out production times. Estimating guides such as Means also contain production rates and normal crew composition. The original Governmnet estimate for the contract, either prepared by the EFD/EFA or by the A/E is another source of material and labor ballpark prices.

In addition to the cost for direct labor and materials, a government estimate contains several other elements. NAVFAC provides the following guidance for certain portions of a government estimate.

CONTRACTORS' EQUIPMENT OWNERSHIP AND OPERATING EXPENSE

Construction equipment is normally defined as a contractor's tool costing more than several hundred dollars and for which a prudent contractor would depreciate over several years or many hours of usage. Construction equipment is often motorized and may or may not be self-propelled. Items of smaller dollar value or items that are considered disposable are normally thought of as "small tools." Most contractors account for their small tools in their G&A pool, although some large contractors use a percentage, usually ranging from 1-3%, of direct labor cost.

It is necessary to know if the contractor will be using rented or owned construction equipment. If the contractor is using owned equipment, FAR 31-105(d)(2)(i) states that actual ownership and operating expenses will be used if they can be determined from the contractor's financial records for each piece of equipment. If actual expenses cannot be determined from the contractor's records, then the contracting agent may specify the use of a particular schedule of predetermined equipment use rates. NAVFAC has chosen the Army Corps of Engineers' Construction Equipment Ownership and Operating Expense Schedule to price owned construction equipment for changes. If the exact equipment is not listed, pricing for similar equipment should be used.

Ordering information:
US Army Corps of Engineers Construction Equipment Ownership and Operating Expense Schedule (EP 1110-1-8)
Region I - XII (Volume corresponds to Region)
Stock No. 008-022-00285-5
Cost: Approximately $28.00 each

Available from: Superintendent of Documents
P.O. Box 371954
Pittsburgh, Pennsylvania
Telephone: 202-512-1800
FAX: 202-512-2250

Use of the Corps of Engineers Schedule is fairly straightforward. The total hourly rate column next to each piece of construction equipment includes all ownership and operating expenses, including fuel costs. There are only two adjustable elements to the total cost: Ownership costs, which are adjusted to the age of the equipment in Table 3-2, and Fuel costs, which are adjusted to local fuel prices using Appendix B. The total hourly rates include all costs of owning and operating the piece of equipment except operating labor, mobilization and demobilization, and overhead expenses. The cost of labor to maintain a piece of equipment is included in the rate.

The Schedule also establishes a rate for "Standby Costs." These standby rates are to be used when the equipment is in an idle status. This does not include, for example, a 3-hour shutdown during an otherwise active workday. One rule of thumb is if an operator is with the equipment, it is probably not standby. Standby costs cannot exceed 8 hours/day or 40 hours/week. Standby costs should not be allowed if the equipment would have been idle without any change in work.

The Corps of Engineers Schedule does not attempt to develop ownership and operating unit costs for owned marine equipment since this type of equipment is normally custom designed and built. Appendix H of the Schedule does describe treatment of marine equipment and provides a formula for developing hourly rates. The contractor can often provide valuable cost information. DCAA will sometimes develop equipment costs if the value of the change is over the audit threshold.

If the contractor is using rented or leased construction equipment, FAR 31.105 (d) (2 ii) and FAR 31.205-36 provide guidance. Check rental rates with local suppliers or catalogues; check invoices if retrospective pricing. Leases for construction equipment with an option to buy should be treated as owned equipment and priced according to the Corps of Engineers Schedule. If the contractor holds a piece of construction equipment for a long period of time, say for the duration of a 2-year project, it is necessary to prudently price the equipment either as rental or owned.

Construction equipment rented or leased from an organization under common control shall be treated as owned equipment unless the organization has an established practice of renting or leasing to the general public or contracting community. If this type of situation does arise, be sure to take advantage of any preferred customer discount or prompt payment discounts.

Production rates are often difficult to estimate without previous experience. ConRep/ETs and other AROICC/AREICC/ETs have often experienced similar work. Estimating guides such as Means, Richardson and Walker's Handbook provide productivity rates. There are manufacturers' handbooks that, although outdated for pricing, still provide relevant production rate guidance. Examples are "Caterpillar Performance Handbook" and "Terex -- Production and Cost Estimating of Material Movement with Earthmoving Equipment." Talk with the SGE, estimator and/or Supervisory ConRep/ET for additional help.

CONTRACTORS' OVERHEAD

Although all elements of cost are negotiable for change orders, the Government normally allows a contractor to recover his actual indirect cost. A contractor may accept NAVFAC standard overhead rates or may use audited rates. If a contractor chooses an audited home office overhead rate, he must use an "actual" field office overhead rate, normally computed on a daily basis. This means that if there is no time extension, there will be no (or very little) field office overhead. It is imperative to convey this philosophy to the contractor and allow him to make a choice early in the contract. It is not acceptable for the contractor to pick and choose his method of applying overhead from change order to change order in order to gain the greatest monetary reward.

"Standard" Rates may be used for negotiated procurements up to $550,000 per NFAS. The standard rates have been defined as 10% field office overhead, 5% overhead on subcontractor's work, and 3% home office overhead. These "standard" percentages are to be used only as a package.

Audited rates are established either through an in-house audit by LANTOPS or a DCAA audit. Either way, the purpose is to determine home office overhead and labor burden rates based on costs which are allowable, allocable and reasonable. It is important to know which costs are included in a contractor's overhead pool so that those costs are not also paid for as a direct cost on a change order. For example, contractor employees whose salaries are included in the overhead pool may not also be accepted as field costs on change orders. There are occasions when a contractor will include Builder's Risk insurance as a separate line item; it should be confirmed that this cost has not been included in any indirect cost pool.

The EFD/EFA AQ Division performs the in-house audit and maintains the official list of contractors with audited rates. Appendix Tab (29) contains a sample letter to contractor indicating what information must be submitted for an in-house audit and information for the DCAA auditor. Appendix Tab (29) also contains a checklist of information for the DCAA auditor.

Both G&A and labor burden rates vary considerably depending on the contractor's organization and facilities and the type of work in which he is engaged. LANTOPS' recent experience shows G&A rates between 2-1/2% and 85%, and labor burdens ranging from 16% to 72%. G&A rates depend on how much of a contractor's cost is included in this fixed cost pool. For example, some contractors include all superintendents, vehicles, and maybe even equipment in their G&A. Others choose to direct cost these items. When a contractor uses an audited rate, it is important to know exactly what the overhead percentage includes so that an item is not paid for in two places. A *rule-of-thumb* G&A for the LANTOPS area is approximately 15%. Consult your EFD/EFA for your geographic area.

The labor burden has several different components. Social security taxes are fixed at 7.65% for all contractors: Unemployment costs vary with the state. The cost of liability

insurance varies with the state, type of work and contractor experience. Employer-paid fringe benefits may include health and welfare costs, pension costs, 401K matches, union benefits per a labor union agreement if applicable, vacation pay, training and industry advancement funds costs.. Workers' Compensation rates vary by state and trade. The average rate without fringes for general construction is 14%-16%. The rate will be higher for work such as asbestos, roofing, marine work, high voltage electrical, etc. You can request a breakdown from a contractor of fringe benefits and worker's compensation rates to determine fringe benefit allocation regardless of whether an audit is requested or required.

The government cannot dictate the way a contractor conducts his business and may not refuse to consider necessary and reasonable costs of doing business. For example, if a contractor employs non-local labor for a contract that must be modified to accommodate a condition not caused by the contractor, then the government must consider reasonable per diem costs. If a contractor operates under a collective bargaining agreement, then the government must consider the fringe benefits required and paid under that agreement in addition to the labor tax and insurance rates.

Field overhead for contractors using audited overhead rates is based on a daily actual rate applied to the number of days of time extension applicable to the change order. Normally no field office overhead is warranted if no time extension is involved. However, a specific change may dictate otherwise. For example, perhaps no additional time is required for the entire contract, but the proposed change requires a specialized supplemental person on the QC staff to extend his duration on the contract. That additional field overhead cost is justified.

A contractor can incur unabsorbed or under-absorbed overhead when the government causes a delay with no, or very little, direct cost involved in the delay to absorb the contractor's G&A or field overhead expenses. The courts have held that the contractor bears the burden of proof, both that the government caused the delay, and also that the delay resulted in unabsorbed or under-absorbed overhead. There are several pricing formulas to determine the amount of unabsorbed overhead. The best known is the Eichleay Formula. Any of the pricing formulas may be modified to suit the individual circumstances. The goal is both government or contractor "common sense" approach that will result in a more accurate estimate of the amount of overhead, thus a more equitable adjustment for both parties. If a contractor submits any request for unabsorbed or under-absorbed overhead, refer to the SGE. Appendix Tab (30) contains more information on Eichleay, including a sample letter to send to the contractor if he requests reimbursement based on Eichleay. It includes a list of information that he must provide in order for the government to evaluate possible Eichleay.

Both home and field overhead on credit modifications should be addressed. There are times when a credit for overhead is appropriate, and occasions when a credit is inappropriate. Consider the specific situation and negotiate from there.

PROFIT

Profit is required to be analyzed utilizing a structured approach. The intent is to eliminate an arbitrary profit objective and to provide a consistent manner to reward risk, motivate efficiency and quality performance. NAVFAC uses the weighted guidelines method, which focuses on three profit factors:

1) Performance Risk (Technical, Managerial & Cost Control)
2) Contract Type Risk
3) Working Capital

The form normally used, DD 1547, Record of Weighted Guidelines Application, is in Appendix Tab (31).

Per NFAS, the alternate range of values (4% - 8%) for *performance risk* factor should be used in most cases, with a midrange value of 6% being "average." The usual factors influencing risk are the difficulty of the work to be done, availability of materials and whether the prime or a subcontractor is doing the work. If a change involves work to be done entirely by the subcontractor, the profit for the subcontractor would usually be greater than that for the prime.

Contract type risk focuses on the degree of risks under various contract types, as well as length of contract, adequacy of cost data for projections, the nature and extent of subcontracting, and price protection provided to the contractor under the contract provisions. This factor is usually 3% for firm fixed-priced contracts with progress payments. Contract type risk for modifications depends on the modification itself - whether forward priced, if progress payments are appropriate, duration of changed work, etc.

The last factor, *working capital*, is to recognize the contractor's share of financing that is not covered by progress payments. Because construction contractors normally receive progress payments without retention held, this factor is normally 0%.

Note that profit is not applied to home office overhead. Also, the bond rate is applied after profit. As with contractor overhead on credit modifications, profit on credit modifications is a negotiable item.

BOND

The bond rate as shown on the contractor's performance bond is the rate that must be used for modifications. Note that for large contracts, the bond rate for the initial dollar amount of the contracts is larger than for the final amount. Use the lesser rate for pricing changes.

If a contractor requires a bond from his subcontractor(s), then an increase in that subcontractor cost due to a change order is a legitimate change order cost.

CITY TAXES/BUSINESS LICENSES

There may be changes that affect the contractor's costs for city taxes and/or business licenses. If so, these are legitimate costs.

PRENEGOTIATION POSITION (PNP)

Once the contractor's proposal and government estimate are in hand, it is time to prepare a pre-negotiation position. Changes under $100,000 require an informal PNP appropriate to the amount and complexity of the change. Changes between $100,000 and $500,000 require a written PNP approved by the Contracting Officer. A modification over $500,000 (or with any part greater than $500,000 even if the absolute value of the change is less than $500,000), or a credit greater than $500,000 requires Business Clearance procedures.

If the contractor's proposal has insufficient detail, it may require revisions or additional information before the PNP can be established. For a small, straight-forward change, this may mean a comparison of several line items to determine the differences between the government and contractor's position. For a large or complex change, it could mean a full-blown spreadsheet.

The PNP is really a "window" within which to try to settle the negotiation. If comfortable with the government estimate, this may be a good position for the middle range of the target "window." The lower range of the "window" should be a tight, but defendable, position of the government estimate with all the "fat" taken out. The upper range of the "window" could be a little looser interpretation of the government estimate.

The PNP must include any time extensions and/or impact costs associated with the change. Neither should be left for future determination.

The most important part of the preparation is to have a thorough understanding of the changed condition, the reasoning behind the government estimate, its strong and weak points and a thorough knowledge of the contractor's proposal. Use the many available resources both in the ROICC office and at headquarters to enhance your understanding.

NEGOTIATION

Handle all negotiations professionally. The key to "good" negotiations is *preparation, preparation, preparation*. Small negotiations may often be handled by telephone. For large or complex changes or negotiations, a private office or conference is recommended to eliminate interruptions.

Open the negotiating session informally; explore the contractor's position before revealing any counter position or proposal. Listen to the contractor -- he may convince you of a point or position you had not adequately understood. Be patient and hear him out. The contractor is a businessperson. He can remain in the construction business only by making a profit. It's your responsibility to keep it fair and reasonable. If you are reaching an impasse with the contractor, ask for his opinion of a better or more economical method of accomplishing the same result. A successful contractor remains in business because of "tricks of the trades" -- sometimes the government may benefit from them.

On complex negotiations, the "team" concept works well -- two or three good minds working in the same direction can usually succeed better than one individual. If you think that you have caught the contractor in an undefendable position, do not back him into a corner without an escape route. Once he realizes his predicament, most contractors will change their position in a face-saving manner to be more realistic. Allow this flexibility. Do not ridicule or try to make anyone look bad. If a contractor is consistently disagreeable, do not let personal prejudices or emotions affect the negotiation. This is sometimes particularly hard to do -- but strive to maintain professionalism. Remember to keep the end in mind! See Appendix Tab (28) for further guidance.

PRICE NEGOTIATION MEMORANDUM (CHANGES <±$500,000)

Once the negotiation is finalized, it is time to confirm the actual amount of funds for the change and to complete the written Price Negotiation Memorandum (PNM). The PNM provides the audit trail for the change. It includes the description of the change, reason for the change, government estimate and contractor's proposal, and the PNP, with the reasoning behind it. It then explains how the final negotiated amount was determined and addresses any time extension that may be included in the change. For changes between $100,000 and $500,000, the written, approved PNP is attached to the PNM. The specific format is shown in Appendix Tab (32). It is essential that the documentation be in sufficient detail and logic so that a reviewer who possesses no knowledge of the change will be able to understand the situation, follow the reasoning and understand the basis for the agreement reached by the negotiations.

BUSINESS CLEARANCE (CHANGES >±$500,000)

If the change (or absolute value of more than one) exceeds ±$500,000, a business clearance is required. The business clearance contains two parts, the pre-business clearance and the post-business clearance. The business clearance is required to justify in writing that the price established for the contract action is fair and reasonable and to serve as a historical record of the pricing aspects of the acquisition. The next higher Contracting Officer from the negotiator must approve both the pre- and post-business clearances prior to the completion of the contract action. The audit, government estimate and evaluation of the contractor's proposal precede the pre-negotiation business clearance. The "pre" addresses all of the significant details of the proposed negotiations, including technical analysis of the contractor's proposal, cost and price analysis,

addressing audit recommendations and fully states the government's strategy for negotiations.

A post-negotiation business clearance is required after negotiations. The "post" shows that the agreement reached with the contractor is fair, reasonable and acceptable and completes the historical record concerning the contract action. The "post" shows the results of the negotiations, how the cost and price analysis was changed by facts presented during the negotiations that modify the government's "pre" position, and fully justifies the difference between the position established in the "pre" and the negotiated settlement.

The format is shown in Appendix Tab (32).

UNDEFINITIZED UNILATERAL MODIFICATIONS OR BILATERAL MAXIMUM PRICED UNDEFINITIZED MODIFICATIONS

There are occasions where urgency or undefined conditions prevent complete pricing and negotiation of a change before the work must be started. Undefinitized modifications (UDCs) are a vehicle to accomplish this for in-scope changes under certain clauses. The process is as follows:

- Obtain approval for UDC using a form similar to that in Appendix Tab (33).
- Request funds to cover the work performed while estimates being prepared and change negotiated.
- *With funds in hand*, issue change order. This is unilateral and requires contractor to notify ROICC when work totaling 50% of the total amount is complete. Since the obligation is half of the UDC amount, the government will not pay the contractor more than 50% of the UDC amount. The intent is that definitization will occur before the contractor expends 50% of the amount.
- The change order includes a definitization schedule, usually 20 days for a proposal, another 20 days for negotiation and another 15 days for definitized modification to be issued.
- After reaching negotiated settlement, issue supplemental agreement. This is a bilateral modification.
- If an agreement cannot be reached, issue a unilateral modification for what is considered reasonable cost and time. The contractor can pursue further under the Disputes clause if he feels it is necessary.
- If the change exceeds $100,000, special approval may be necessary.

If a contractor fails to provide a proposal, the ROICC must take action to ensure the completion of the work. Also, there are times when the contractor and government fail to reach agreement on a change. On these occasions the ROICC may issue a unilateral change order as long as the work is within the scope of the contract. Funding must be in-hand, just like for any other modification, before any undefinitized or unilateral modification is issued.

The criteria for these types of changes are described in LANTNAVFACENGCOMINST 4330.59 and NFAS.

TIME EXTENSIONS

Include time extensions associated with changed conditions in the modification addressing that change. If more than one change causes concurrent delays in a contract, add the additional time only once. Since overhead costs are directly related to time, review the amount and type of work to be changed in light of the contractor's present construction progress and negotiate an equitable amount of time. Too much time results in the government paying additional costs for the extended overhead, while too low an amount of time places the government in the undesirable position in a claim situation by having directed the contractor to accelerate performance. Appendix Tab (34) summarizes which conditions merit time and money or time extensions only.

Deferment of the time portion of a negotiation to a later date effectively transfers the time risk from the contractor to the government. Its practical result is to relieve most or all of the pressure on the contractor to complete the work in a timely manner, because the contractor is virtually certain, in negotiating after the fact, to receive a time extension covering his overrun in time. Deferment of time negotiation may also imply acceleration due to failure to issue a time extension with additional work.

During negotiations, discuss time extensions thoroughly with the contractor and tie them into the latest accepted or approved construction schedule. For contracts with network schedules, the ROICC and contractor must review the logic of the activities affected by the changed work and determine whether the critical path has changed. As a general policy, the time extension resulting from an updated network due to changed work should not be considered as being sacred, but as an initial government position for negotiating purposes. For example, numerous small changes may not delay the construction progress if taken individually; however, collectively they may impact the schedule significantly. The PNM should adequately address the amount of time negotiated and how it relates to the overall schedule.

For time extensions not related to changed work, the contractor must submit convincing and factual evidence that the delay was beyond his control. Examples of excusable delays (time only) include strikes, acts of another contractor, vandalism of protected property, including same types of delays for vendors and subcontractors. The burden of proof is on the contractor. Time extensions for inclement weather are allowable only to the extent that the days of inclement weather during a specific period in question exceeded the established average. Additional days caused by an unworkable site due to the unusually severe weather are also allowable. The format for time extensions not related to changes in work is in Appendix Tab (35).

It is not appropriate to assess/withhold potential liquidated damages for the time owed the contractor as a result of a government delay or a documented excusable delay.

If the contractor is unwilling to sign a bilateral modification for a time extension and he is clearly entitled to time, a unilateral time extension may be appropriate. This can be a significant issue when there is either a government-caused delay or concurrent delay and the completion date is projected to be beyond the contract completion date.

LIQUIDATED DAMAGES

Contracts greater than $100,000 provide for liquidated damages (LD's) if the work is not beneficially or substantially complete by the contract completion date. Inclusion of LD's for contracts less than $100,000 (and procured by Simplified Acquisition Procedures) is at the Contracting Officer's discretion. The contract estimated value generally determines the amount of liquidated damage assessment per day. For contracts that have serious and definable consequences if not complete on time, the contract may include higher liquidated damages based on actual damages that are determined by the projected daily costs to the government if the facility is not available when scheduled. NFAS defines the approval levels for other than standard liquidated damages. Examples of higher liquidated damages include Officer and Enlisted Quarters, and pier overhauls, both of which have definable daily costs.

The NFAS requires that LD's be assessed by unilateral modification prior to final payment and contract closeout.

CONTRACT MODIFICATION TRACKING SYSTEMS

Each ROICC maintains a tracking system for change orders, whether using FIS, NEAMIS 2i (or its successor) or combination. Tracking modifications is the only way to ensure that none get bogged down in the never-ending day-to-day business. It is imperative to be aggressive in completing the necessary steps to finalize each modification, as cash flow is the lifeline for all contractors.

Each ROICC is responsible for entering modification information into FIS, whether it is on-line entry or forwarding the information to the EFD/EFA. Each office defines its own specific in-house procedure for updating modifications in FIS.

MODIFICATION REASON CODES

Each mod is assigned a code that describes the cause of or purpose for the change. They are as follows:

UNFO	Unforeseen Condition
DSGN	Design
IDEA	Better Idea
VECP	Value Engineering Change
CRIT	Criteria Change
PLAN	Planned Change
CREQ	Customer Request
TIME	Time Delay
CRCY	Currency Revaluation
ADMN	No Cost Correction to Contract

The purpose for the reason codes is to provide a mechanism to track what triggers modifications. For example, at the EFD, Capital Improvements, Engineering and Design Division investigates all modifications for DSGN changes for contracts in which they have design involvement. This built-in lesson learned procedure is intended to prevent the same problem from occurring in a subsequent design. A mod is coded DSGN if the additional work is to add an item overlooked or incompletely considered during design or to correct a design mistake. When using the DSGN reason code, it is necessary to address A/E liability. If there is no rework, that is, if the change results in additional work that would have had to be done anyhow, the A/E is not considered liable. The additional cost of constructing by negotiated procurement through a modification rather than the likely competitively bid original pricing is not considered a liability issue. Refer to Chapter 6 on Quality for information on A/E liability.

If there is a better design or construction idea than that indicated by contract, the change will be either a VECP or IDEA. The VECP saves money, and the government and contractor share the savings; the IDEA has additional cost.

UNFO is used for many unforeseen conditions discovered during construction. It may apply to unsuitable soil or additional asbestos material to be removed, both cases not envisioned by the contract. If the total quantity of a particular work item can not be accurately predicted, the contract usually includes a unit price with an estimated quantity. This will occur for dredging and pile installation. The modification to reconcile the actual quantity with the bid quantity uses reason code PLAN. The change was anticipated, but could not be quantified before actual construction.

CREQ is designated for customer requested changes. It is the Command policy to provide what the customer requests within the available funds and good business judgment. Discuss with the SGE or ROICC any customer requested changes you feel should be denied or about which you have any questions.

CRIT is for a criteria change. For example a fire protection system upgrade to comply with criteria that have changed since design is a CRIT change.

VALUE ENGINEERING CHANGE PROPOSAL (VECP)

When a contractor has an idea that can save the government money without reducing quality, he can request a Value Engineering Change. The government will share the monetary savings resulting from approved proposals on a 55% - 45% basis, with the larger share going to the contractor. Contact the EFD/EFA Cost and Value Engineering Branch of the Capital Improvements, Engineering and Design Division, for further information. Encourage your contractor to do the same if he has any questions regarding a possible VECP submission. This discussion in advance of the formal submittal will not affect consideration of the proposal, may minimize the effort of preparing the proposal, and will in no way obligate either the contractor or the government. The EFD or EFA evaluates the proposal and provides a recommendation for acceptance or denial to the ROICC. Appendix Tab (36) contains the VECP form and instructions. LANTNAVFACENGCOMINST 4858.5 provides guidance for the entire VECP evaluation, including the modification and calculation of shared savings.

TIMELINE GUIDANCE FOR MODIFICATION PROCESSING

The complete modification process includes several different people both within and outside the ROICC and contractor organizations. The following timelines are *guides*, acknowledging the ROICC's lack of control over some of the process elements.

Dollar Value of Change	<$500k
Initiation of change	0
Define scope, design fix	1-2 weeks
Initial estimate, reserve funds, RFP	1 week
Complete government estimate/ Receive contractor's proposal	2-3 weeks
Establish PNP	1-2 weeks
Negotiate, complete PNM	1-2 weeks
Obtain funds, review & approve PNM, Forward PNM for Mod issuance	1-3 weeks
Issue Mod	1 week
Target Processing Time	8-14 weeks

Business Clearance Timeline	>$500k
Initiation of change	0
Define scope, design fix	1-4 weeks
Initial estimate, reserve funds, RFP	2-3 weeks
Complete government estimate / Receive contractor's proposal	3-5 weeks
DCAA Audit (Target within 30 days)	4-6 weeks
Complete Pre-Neg business clearance / Submit to contracting officer	2-3 weeks
Complete "Pre" contracting officer review(s)	1-2 weeks
Negotiate	2-3 weeks
Obtain funds, complete Post-Neg business clearance/submit to contracting officer	2-3 weeks
Complete "Post" contracting officer review(s)	1-2 weeks
Issue Mod	1 week
Target Processing Time	19-32 weeks

CONTRACT CLAUSES FOR MODIFICATIONS

The basis for contract modifications when the existing contract documents do not adequately address a particular situation is in the FAR. There are five FAR clauses under which most modifications will fall. They are designed to provide a routine system to fairly deal with the variety of problems and causes of contract change. Appendix Tab (37) identifies several common compensable items and delays and the clauses under which they fall. The FAR clauses most often referenced in modifications are listed below:

CHANGES

Far 52.243-4 allows the contracting officer to make changes within the scope of the work. This includes changes to the drawings, specifications and design, in the method and manner of performance and in directing the acceleration in the performance (do not confuse with expediting, which requires ASN approval!!!).

DIFFERING SITE CONDITIONS

FAR 52.236-2 describes differing site conditions as subsurface or latent physical conditions at the site differing materially from those indicated in the contract, or unknown physical conditions at the site, of an unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the contract.

The Government includes this clause in the construction contract because it does not expect each bidder to perform any independent subsurface site investigation prior to bid. The contract documents do, however, generally advise bidders to make a site inspection.

The Government assumes a portion of the risk so that the contractor will not have to incorporate it in his bid.

Evaluate the following considerations to determine whether or not a contractor has in fact encountered a "differing" site condition:

- Identify the site condition shown on the plans.
- Identify the differing site condition and how/why condition is different from design.
- Identify the applicable specification sections.
- Check all plan references to the condition in question, i.e. , site, architectural, structural, plumbing, mechanical, electrical, special and standard details. A critical note or dimension on one of the specialty drawings may solve the whole puzzle of need and responsibility.
- Gather all available data describing action field conditions, such as ConRep/ET and contractor reports, sketches, dimensions, photographs, and especially actual site visit.
- Identify how/why condition is different that in the design.
- Did the contractor encounter unstable soils, rock excavation, or subsurface structures where no careful pre-bid site inspection and contract documents could have predicted their existence?
- Was contractor forced to employ unusual construction techniques and equipment to overcome the obstacles encountered?
- Are the contractor's construction techniques those appropriate for the condition? Seek guidance if required.

Construction Contractor Compliance

- Did the contractor promptly, and before such conditions were disturbed, comply with the Government's notification requirements?
- Does the contractor have appropriately trained and experienced personnel, modern and adequate equipment, and use methods and techniques consistent with accepted practice?
- Did the contractor make a site inspection and evaluation prior to bid?
- Is the construction layout correct? Who made and checked the stakeout?
- Did the contractor have the utility companies or their agent located utilities? Did the contractor protect or obliterate these markers and use suitable construction techniques to protect structures and utilities?

Subsurface Investigation

- Were borings made or test holes dug, displayed correctly, available to all bidders, appropriate in extent and type? Disclaimers in the contract documents regarding differing subsurface conditions are not always as enforceable as they appear.
- Was the overall subsurface investigation appropriate for the type and magnitude project?
- Was the geologic history of the site incorporated in the subsurface investigation data included in the contract document?

- If necessary, the AROICC/AREICC/ET should consider whether additional subsurface investigation should be initiated immediately to minimize future claims and delays.

Once the information of differing site conditions is assembled, the AROICC/AREICC/ET should be able to determine if the site conditions differ materially from those indicated in the contract or those ordinarily encountered and whether this will cause an increase in the contractor's cost or time to complete the work. This documentation -- reports, pictures, plans and whatever is appropriate to demonstrate where and how actual conditions deviated from the plan or that which should have been anticipated -- becomes a part of the modification package.

SUSPENSION OF WORK

Far 52.212 allows the contracting officer to suspend, delay or interrupt all or any part of the work for a period of time that the contracting officer determines appropriate for the convenience of the government. If the time is reasonable to make a decision, investigate a problem, or revise a design, the delay in not compensable. The delay is compensable only if it is beyond that which would be expected for the contractor to bear or when it is unreasonable, and is not concurrent with another non-compensable delay. There is no profit on a compensable delay cost.

VARIATION IN ESTIMATED QUANTITY

Far 52.212-11 provides the contractor and government a means to request adjustment in a unit price if the quantity of the unit-priced item varies from the bid quantity more than 15%, either greater or lesser. This clause is based on the premise that the contractor's costs are a combination of fixed and variable costs. It is possible to establish a unit price only if the total quantity is reasonably defined so that the fixed costs can be spread over the total quantity with some certainty. The government considers a range of ±15% reasonable for the contractor to absorb. Generally, if the total quantity is less than expected, the unit price will increase. The reverse is generally true also.

Note that on contracts that include pile installation, this clause is NOT included in the contract and the variation in quantity within which the unit price will not change is ±25%.

DEFAULT (FIXED-PRICE CONSTRUCTION) CLAUSE

FAR 52.249-10 gives the government the right to terminate a contract for default. It also provides the basis for a time extension not due to a change in work and beyond the control and without the fault or negligence of the contractor, subcontractors and suppliers. The clause does not mention compensation in terms of cost. Therefore, no financial compensation is due a contractor under the Default Clause.

CHAPTER 8 CONTRACT COMPLETION AND CLOSEOUT

DELIVERY OF CONSTRUCTED FACILITIES

Contract completion, turnover and closeout are as important as quality plans, specifications and the construction effort throughout the project. Striving for excellence must continue even though there is a tendency to slack off so close to the end of a long haul. After all work is substantially complete, all testing and training complete, the contractor should be ready for the acceptance, or final, inspection. The ROICC must be comfortable with the successful completion of all work, testing and building commissioning prior to scheduling this acceptance inspection. Building commissioning verifies and ensures that fundamental building elements and systems are designed, installed and calibrated to operate as intended. The date the facility is inspected is known as the Beneficial Occupancy Date, or BOD, the official date on which the using activity assumes occupancy and custody of the facility. If liquidated damages are assessed, such assessment ends at the BOD.

The ROICC and contractor should schedule the final inspection, with sufficient notice so that the ROICC can invite the customer, Public Works, station representatives and other appropriate persons to attend. It is important to notify the user ahead of time of any major items that remain incomplete or delayed. The final inspection is a formality; it is not the time for technical disagreements or identification of incomplete significant work. Immediately after the inspection, the ROICC will formally notify the contractor and the Activity of the facility transfer. Refer to Chapter 6 for construction warranty.

CONTRACTOR ACCEPTANCE LETTER

The ROICC's letter to the contractor advises that the government has accepted the facility and sets the effective date for the commencement of the warranty period to the date of acceptance. The punch list including any outstanding administrative items is attached to the acceptance letter with a required date for completion. A sample acceptance letter is shown in Appendix Tab (38). Each ROICC office should develop a procedure to ensure that the contractor corrects or completes punch list items by the required date indicated in the acceptance letter. When the contractor fails to complete the punchlist items, a letter such as that in Appendix Tab (39) is due.

TURNOVER LETTER TO ACTIVITY

The ROICC memo to the using Activity and/or Public Works advises that the facility is substantially complete and is delivered for occupancy. The letter should include a copy of the punch list and the proposed date for completion. This letter should include, or acknowledge if forwarded separately, the turnover of keys (labeled), spare parts, warranty documents, O&M or OMSI manuals. This letter must include a contractor contact for warranty calls during the normal one-year warranty period. It is important that the Activity understand that the contractor is not responsible to trouble-shoot a problem; only after the station diagnoses as a warranty issue is the contractor responsible for correction. A sample turnover letter is in Appendix Tab (38). Note that it requests the Activity to acknowledge receipt and return a copy to the ROICC. The ROICC should also notify the Activity when all punch list items are complete.

This turnover letter culminates many interactions between the ROICC, contractor and Activity and/or Public Works, depending on the type of project. Many contracts require the following, all of which should occur before or near turnover unless the information will be included in an OMSI manual:

- Training on the use and operation of specialized equipment (elevators, HVAC, controls, fire protection systems, generators, UPS, etc.). This may involve the user, Public Works, a separate FSC contractor -- it is imperative to involve the right people. Although the maintenance of specialized equipment should already be arranged by this point, this training sometimes jogs the process into place when it has been overlooked.
- Equipment warranty information such as the warranty documents, date during which the warranty is in effect and the name and complete address and phone number for warranty calls.
- Complete list of installed equipment with warranty period for each piece.
- Manufacturers' as-built record of materials.
- Spare parts catalogs.
- Keys to doors, special enclosures, water valves and fire hydrants.
- Complete set of submittals.

AS-BUILT DRAWINGS

It is rarely possible to construct a facility exactly as shown in the plans and specifications. It is therefore necessary for future reference purposes to prepare "as-built" records to indicate any variation from the original design. The ROICC is responsible for the periodic review and submission at contract completion of as-built drawings. These drawings, in accordance with the forwarding memo in Appendix Tab (38), go either to the EFD for EFD contracts or the appropriate Public Works code for station-designed contracts. The government will not make final payment to the contractor before it receives as-builts.

For EFD contracts, CI4 processes the as-builts so that the designer can incorporate all revisions into the original drawings. It is important to include all modification information affecting the design in the package forwarded by the ROICC so that the record drawings reflect actual conditions. CI4 will provide one copy of the record drawings to the Activity and usually the station Public Works Department.

CONTRACTOR PERFORMANCE EVALUATION

Contractor Performance Evaluations are the most effective tool the ROICC has to recognize better than average performers and to establish a record of non-performance for marginal performers. Only with such documentation are we able to declare a contractor unacceptable for future contracts on which he may submit a low bid. In contrast, contractors who have done outstanding work and practice consistent job site safety should receive a letter of appreciation and/or be considered for an Industrial Incentive Award.

NAVFAC Instruction 4335.4, http://navfacilitator.navfac.navy.mil/docs/default.cfm?type=2 , describes the process for contractor evaluations, and defines the thresholds of contract value for which evaluations are required. Each ROICC may determine its own policy for contracts less than the dollar thresholds requiring evaluations. While you must still forward all Outstanding and Unsatisfactory evaluations to the EFD/EFA, you may directly enter the information into CCASS. Contact your EFD/EFA representative if you need more information about gaining access to this system.

Note that the contractor must be given the opportunity to respond to a marginal or unsatisfactory evaluation before it is finalized, and that LANTDIV AQ will perform a second review of the evaluation, along with the contractor's comments. Appendix Tab (40) contains Standard Form 1420, Performance Evaluation -- Construction Contracts.

TABS CONTRACTOR EVALUATIONS

Because the quality of TABS has such a great impact on the quality of a project as a whole, and in order to assemble a track record of TABS Agencies, TABS contractor evaluations, also on Standard Form 1420, are to be submitted to the EFD for all appropriate contracts. This information will be used during the evaluation of TABS Agency qualifications submittal required by the specification. Those contractors who have received an unsatisfactory evaluation will not be approved for conduct TABS work on a future contract. This information will also be used to recognize those TABS contractors who have performed exceptionally.

CQC EVALUATIONS

As with TABS, the effectiveness of a CQC greatly impacts the overall project. It is often difficult to evaluate a perspective CQC based solely on the qualifications submitted and an interview. While checking with references is effective, it is often helpful to be able to readily refer to in-house evaluations from other NAVFAC contracts. As in all

evaluations, specific documentation supporting each comment is necessary to validate the evaluation. The format for this evaluation is in Appendix Tab (40); submit it to your ROICC Advocate and Supervisory General Engineer.

A/E PERFORMANCE EVALUATIONS

Upon construction completion the ROICC will make an evaluation of the designer's performance. This evaluation covers the designer's performance during construction and should consider such matters as the usability and constructability of the plans and specifications, as well as the designer's support during construction. DD Form 2631, Performance Evaluation (Architect-Engineer) is in Appendix Tab (41). The ROICC office evaluation requires completion of all blocks on the form except 9 and 17. The ROICC should complete the signature Blocks 15. Make sure to enter the A/E contract number into Block 1; the A/E contract number should be on the title page of the specifications. The ROICC is responsible for notifying A/E's receiving overall poor performance ratings and is encouraged to advise the A/E of his performance via interim reports when appropriate.

Forward A/E evaluations for LANTDIV-administered contracts, either outside A/E or in-house design, to the Construction Division, with copies of A/E response if an overall poor evaluation. Forward evaluations for station- administered contracts to Public Works or the appropriate design agent. As with all evaluations, specific examples must corroborate general comments. The design agent will combine the A/E evaluation for the construction phase with that for the design phase and will electronically enter the complete information into the A/E Contract Administration Support System (ACASS). The EFD will endorse the recommendation for an award when appropriate.

FINAL PAYMENT AND CLOSEOUT

Appendix Tab (42) contains a Construction Contract Close-Out Check-Off List that is a guide for all items that must be complete before final payment to the contractor. After the contractor corrects deficiencies noted during the final inspection and completes all other actions required, he can submit his release and request for final payment. Concurrently, the ROICC will confirm that the government has fulfilled all its responsibilities. The ROICC will update FIS accordingly; contact your FIS coordinator if any problems entering final payment information.

There are times when the contractor refuses to execute a release even when there are no pending contract actions or claims. There may be outstanding, unresolved labor violations. One year after acceptance passes without a release from the contractor, the ROICC should initiate a unilateral close-out, using the following procedures in accordance with NAVFAC Acquisition Supplement:

a) ROICC prepares final invoice with release (not signed by contractor) and forwards with a cover letter indicating unilateral closeout to the Contracts Department.

b) LANTDIV AQ will certify payment of the contract balance, approve the unilateral close-out (Level 3 Contracting Officer approval required) and return the package to the ROICC.
c) ROICC forwards payment request to the appropriate dispersing office, requesting that the check be sent to the ROICC office.
d) ROICC mails the check to the contractor, certified return receipt, advising the contractor that this is final payment, and copying the surety.
e) After 30 calendar days after return of the certified mail receipt, the contracting officer may close out the contract. If the contractor refuses to accept the letter or cannot be located, the ROICC shall return the check to the Disbursing Office. LANTNAVFACENGCOM or the ROICC will de-obligate the contract balance and close out the contract.
f) If the contractor responds indicating continuing differences with the government, ROICC should re-review the difference and request guidance from LANTDIV AQ.

POST-OCCUPANCY EVALUATION

NAVFAC developed the Post-Occupancy Evaluation (POE) program to improve the quality of Navy construction by providing feedback from periodic technical evaluations of large or complex projects. LANTDIV CI4A5 determines which projects will have a POE. These evaluations are normally conducted between six and twelve months after occupancy. The POE team includes the AROICC, user, facilities maintenance activity, contractor, designer, project manager and EIC.

CHAPTER 9 OVERSEAS CONSTRUCTION

Working overseas is one of the most challenging yet one of the most career rewarding and professionally satisfying experiences you can have as an employee of the Atlantic Division. The climate and culture is quite different from that in the Northeastern and Middle Atlantic states. The basis for design differs from stateside to accommodate the varying climates, availability of materials and local building codes and laws. Design features and work methods differ from the familiar stateside approaches.

Processing routine administrative and technical submittals, modifications and enforcement of contractor quality control and safety can be more time consuming than in the states and require more ROICC oversight and interface with the local contactors. Resolving design issues can be a challenge as the designer of record may be several time zones way from the work site. Time zones differences can extend your RFI processing time and create a limit window of opportunity to talk with designers on the phone.

The customs and culture of the country or territory may be unfamiliar, as well as the language. The ROICC office will be comprised of foreign nationals with the American military and civilian working along side each other. Our foreign national team members provide a vital link with the local contracting community and assist the American military and civilian team members with the transitions and adjustments that happen when you move from the states to another country. The contractors maybe unfamiliar with the NAVFAC way of doing business and may approach business very differently than the traditional American way. The logistics of actual construction will be different from for routine stateside construction. The limited access to such ROICCs as Guantanamo Bay, the Azores, and some Middle East, Mediterranean or African construction areas must always be taken into consideration.

Statutory requirements we rigorously enforce stateside often do not apply overseas. Regulations dictating labor standards and safety practices are not in effect in many overseas areas. The Buy American Act may not apply. The currency may be different from U.S. dollars. But other requirements not applicable to stateside construction may apply and be equally challenging to enforce. Contractors must use American flag carriers for shipping construction materials and equipment for U.S.-funded work. Communication may require a translator. Some workshops may need to be conducted in two languages! Appendix Tab (43) summarizes the major differences in several countries in which we may work.

APPENDIX

Tab 1	EFD/EFA Operations Group Organizations and Geographic Area
Tab 2	ROICC Office Model (ROM)
Tab 3	Matrix Organization
Tab 4	EFD/EFA Points of Contact
Tab 5	Cross References
Tab 6	Form CA-1, Federal Employee Injury Reporting Form
Tab 7	Sample Marked-Up R-26
Tab 8	Memorandum of Agreement (MOA)
Tab 9	Design Review Sheet
Tab 10	Groundbreaking Checklist
Tab 11	Sample Preconstruction Conference Outline
Tab 12	Schedule of Prices Form
Tab 12	Cost Loaded CPM Schedule
Tab 13	Contractor's Invoicing Forms
Tab 13	Sample Retention Computation Worksheet
Tab 13	Sample Routing Sheet for Progress Payments
Tab 14	Hazardous Materials Commonly Used in Construction
Tab 15	Sample Government-Furnished Property (GFP) Transfer Form
Tab 16	Sample "We Are Concerned" Letter
Tab 16	Sample "Cure" Letter
Tab 16	Sample "Show Cause" Letter
Tab 17	Contractor's Quality Control Forms
Tab 18	Typical Request for Information (RFI) Form
Tab 18	Typical Request for Information (RFI) Process
Tab 19	Rework List Form
Tab 20	Sample Field Change Form
Tab 21	Technical Submittal Flowcharts
Tab 22	Noncompliance Form
Tab 23	Boiler Inspection Form
Tab 24	Sample Fund Reservation Forms
Tab 25	Request for Proposal Format
Tab 26	Contract Modification Checklist
Tab 27	Funding Document Forms
Tab 28	Government Estimate Form
Tab 28	Negotiation Concepts Workshop
Tab 29	Sample Letter Requesting Audit Information from Contractor
Tab 29	Information for DCAA Auditor
Tab 30	Eichleay Formula Information
Tab 31	Record of Weighted Guidelines Application
Tab 32	Price Negotiation Memorandum (PNM) Format
Tab 32	Business Clearance Memorandum (BCM) Format
Tab 33	Undefinitized Contract Modification (UDC) Approval Form
Tab 34	Time Extension Guideline (Time Only or Time & Dollars)
Tab 35	Sample for Time Extensions Not Related to Changes in Work

Tab 36	Value Engineering Change Proposal (VECP) Form and Instructions
Tab 37	Contract Clauses for Modifications
Tab 38	Sample Contractor Acceptance Letter Format
Tab 38	Sample Activity Turnover Letter Format
Tab 38	As-Built Drawings Forwarding Memo Format
Tab 39	Sample Follow-Up Letter for Punchlist Work
Tab 40	Contractor Performance Evaluation Form
Tab 40	Contractor Quality Control Manager Evaluation Form
Tab 41	Architect/Engineer Performance Evaluation Form
Tab 42	Sample Construction Contract Close-Out Checklist
Tab 43	Overseas ROICC Special Considerations