A/E Selection Process from the Corps perspective

Marilyn W. Lewis, P.E.
Asst Chief, Engineering Division
Louisville District
Agenda

- Acquisition planning
- Selection Board procedures
- Variables in the selection process
- Common mistakes in SF330 submittals
- Estimating & negotiating techniques
- Tips for success
Overall Acquisition Planning

- Determine type & value of contracts
- Analyze workload versus contract capacity
- District/regional/national assets
- Formal acquisition plans take time
- Constantly moving picture
Project Acquisition Planning

- Formal Acquisition Strategy Meeting (ASM)
- District in-house forces get 1st choice
- Preference given to LRL IDIQ contracts
- Other contract sources may be consulted
- Small business goals are considered
# Small Business Program (FY 2007)

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PROJECT</th>
<th>ACTUAL</th>
<th>FLOOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business</td>
<td>340.8M</td>
<td>26.8</td>
<td>44.8</td>
</tr>
<tr>
<td>SDB</td>
<td>123.4M</td>
<td>9.7</td>
<td>19.9</td>
</tr>
<tr>
<td>Women-Owned</td>
<td>29.9M</td>
<td>2.4</td>
<td>5.4</td>
</tr>
<tr>
<td>HUBZone</td>
<td>133.7M</td>
<td>10.5</td>
<td>9.2</td>
</tr>
<tr>
<td>SvS Dsbl Vet</td>
<td>5.6M</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>8(a) Support</td>
<td>41.4M</td>
<td>3.3</td>
<td>-</td>
</tr>
</tbody>
</table>

**TOTAL DISTRICT BUSINESS - $1.27B**
Why not sole source?

- Sole source allowed in certain SB categories (i.e. 8a)
- Not fair to those who competed & won
- Circumvents the selection process
- Bypasses annual acquisition planning process
- Contrary to Brooks Act
# Contract vs In-House Percentage

<table>
<thead>
<tr>
<th>Program</th>
<th>A/E</th>
<th>I-H</th>
</tr>
</thead>
<tbody>
<tr>
<td>MILCON</td>
<td>~75%</td>
<td>~25%</td>
</tr>
<tr>
<td>Environmental</td>
<td>~90%</td>
<td>~10%</td>
</tr>
<tr>
<td>Civil Works</td>
<td>~35%</td>
<td>~65%</td>
</tr>
</tbody>
</table>
How does the A/E selection process work?

- Follow the Brooks Act
- Prepare, review & approve scope of work
- Advertise in the FedBizOps
- Require SF 330
- Collect all submittals received by closing date
From Where We Sit

- Average number of A/E Selections per year in the Louisville District = 10
- Average number of submittals received per solicitation = 10 to 25
- Number of qualified individuals who sit on Preselection/Selection Boards = 70/30
- Average number of hours devoted to selection procedure per solicitation = 96 to 270
A-E Evaluation Boards – Preselection and Selection

- Engineering Division oversees the A-E selection process and chairs all boards
- Boards are composed of registered professional personnel with experience in engineering, architecture, construction and acquisition
- Using agency invited, but must be qualified
- Compare firms' qualifications using criteria in the synopsis
- Must be rational, consistent and fair
What is important?

- Qualified and capable firm
- Address all criteria
- Fully articulate your approach
- Relevant experience is key
- Fully address any weaknesses
- Past performance will be important
Variables in the Selection Process

- Excellent team member qualifications
  - Education
  - Professional registration
  - Years and relevance of experience
- Strong company/team experience
  - How recent
  - Tie to proposed team members
- Past Performance
## ACASS Evaluations (USACE Only)

<table>
<thead>
<tr>
<th>Overall Rating</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent/Exceptional</td>
<td>23.6%</td>
</tr>
<tr>
<td>Above Average/Very Good</td>
<td>34.2%</td>
</tr>
<tr>
<td>Average/Satisfactory</td>
<td>41.8%</td>
</tr>
<tr>
<td>Below Average/Marginal</td>
<td>0.3%</td>
</tr>
<tr>
<td>Poor/Unsatisfactory</td>
<td>0.1%</td>
</tr>
</tbody>
</table>
General Selection Criteria

FAR 36.602-1 / DFARS 236.602-1

- Professional Qualifications
- Specialized Experience & Technical Competence
- Capacity
- Past Performance
- Knowledge of Locality
- Location of Firm*
- Volume of Recent DOD Work*
- Participation of Small Business & Small Disadvantaged Business*

* Secondary factors per DFARS
What A-E Evaluation Boards Primarily Look For

- All requirements listed in the synopsis are addressed
- Adequate depth in all disciplines cited in synopsis
  - Generally, same person cannot have multiple roles
  - Should have at least 2 individuals in all key disciplines
- Key personnel have:
  - Degree and registration
  - Pertinent experience
  - Worked on example relevant projects
What A-E Evaluation Boards Primarily Look For

- Prime and subs have:
  - Relevant recent experience in the required type of work
  - Worked together recently on similar projects
  - Clear roles established
- Well defined Design Management Plan
- Established quality management program
  - Present convincing evidence firm has a QC program and uses it
- Unsatisfactory or excellent past performance
Common mistakes

- Don’t second guess what we ask for
- EIT/FE does not equal PE
- Missing resumes
- Not enough depth in key disciplines
- Failure to address all items
Common mistakes

- Difficult to read submittals
- Dual assignments
- Providing more than we ask for
- Assigned roles confusing
- Firm taking credit for individuals past experience
Estimating and Negotiating

- Requirements for a govt estimate
- Preparation of govt estimate
  - Detailed Analysis Method
  - Profit
  - 6% Statutory Limitation
- Approval of govt estimate
- Revision of govt estimate
Independent Government Estimates (IGE) for A-E Services

- Required for contract actions, including task orders, over $100,000 (FAR 36.605(a))
- Not required for basic Indefinite Delivery Contracts - instead do an independent cost analysis of rates
- Based on detailed analysis of work required
- Must show compliance with 6% statutory limit
Preparation of IGE

Intent is to determine a price that is fair and reasonable.

Don't base IGE on:
- Percentage of construction costs
- Arbitrary ceilings or caps
- Availability of funds
- Government labor rates
Information Required to Prepare IGE

Detailed Analysis Method

- A-E statement of work
- Planning and programming documents
- Design criteria
- Estimated construction cost
- Recent historical data on similar projects
- Input from technical specialists
IGE Cost Breakdown

For each phase of work:
- Direct labor costs
- Overhead
- Travel costs
- Other direct costs
- Profit - Applied to total costs
Direct Labor Costs

- Based on required disciplines and levels of expertise
- Labor-hours from task analysis
- Hourly labor rates
  - Task orders: Use rates established in IDC
  - “C” contracts:
    - Use rates representative of class of firms selected as most highly qualified to perform the work (EFARS 36.605(a))
    - Refer to industry publications*
    - Rates must equal or exceed SCA wage determination, if applicable to the contract
Overhead

- Usually expressed as a single % which includes OH on direct labor and G&A OH.
- Use different rates for prime and subcontractors, if appropriate
- Task orders: Use rates established in IDC
- “C” Contracts:
  - Use rates representative of class of firms selected as most highly qualified to perform the work (EFARS 36.605(a))
  - Refer to industry publications*
Travel Costs

- Typical examples:
  - Rental car
  - Company car mileage
  - Airfare
  - Tolls and parking
  - Per diem

- Guidance in FAR 31.205-46. Contractors must generally comply with same travel and per diem limits as Government

- Labor costs of travelers included in direct labor costs
Other Direct Costs

- Not ordinarily included in G&A overhead
- Typical examples:
  - Reproduction of submittals for review
  - Special materials and supplies
  - Photographs, renderings and models
  - Soil borings
  - Laboratory tests
- Should be itemized and priced by unit cost
# USACE Method for Profit on A-E Contracts

**EFARS 15.404-73-101**

<table>
<thead>
<tr>
<th>Profit Factor</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Complexity</td>
<td>5% — 10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract Length</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>(≤ 1 month) (≥ 21 months)</td>
<td>2% — 4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support of Socioeconomic Programs (not applicable overseas)</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0% — 2%</td>
</tr>
</tbody>
</table>

| Total                                                      | 7% — 16% |
# Application of Profit to Total Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Prime A-E costs (w/o profit)</td>
<td>$______</td>
</tr>
<tr>
<td>Total consultant / subcontractor costs (w/o profit)</td>
<td>$______</td>
</tr>
<tr>
<td><strong>Total Costs</strong></td>
<td>$______</td>
</tr>
<tr>
<td>Profit (per EFARS Method)</td>
<td>$______</td>
</tr>
<tr>
<td><strong>Total Estimated Contract Price</strong></td>
<td>$______</td>
</tr>
</tbody>
</table>

**NO PROFIT - ON - PROFIT**

*When Preparing Government Estimate*
6% Statutory Limitation on Price of A-E Design Services
--- 10 U.S.C. 4540(b)

- Only applies to “producing and delivering designs, plans, drawings and specifications”. Includes preparing construction cost estimates.
- Applied as a percentage of estimated construction cost
- EFARS 36.606-70(c) lists typical services excluded from the limitation. Use good judgment when considering whether other services are excludable.
- Excluded services may still be A-E services (example: surveying)
- Options must also be included if design-related
Application of 6% Limit to Modifications

DFARS 236.606-70(b)

\[
\frac{\text{Original design cost} + \text{additional or redesign cost}}{\text{Original ECC} + \text{ECC of added or redesigned features}} \times 100 = \% 
\]

ECC = estimated construction cost

*Individual modifications may exceed 6% provided the total price of A-E services doesn’t exceed 6%.*
Approval of IGE

- Approved by supervisor having expertise in type of work being contracted.
- Approval level appropriate for complexity and dollar value of contract action.
  - Delegate to lowest reasonable level!
- Approved prior to opening A-E proposal.
- Internal management controls to ensure preparation is independent of A-E proposal.
Revision of IGE

- IGE should be revised if significant changes arise in statement of work
- IGE should be revised if significant errors or omissions are discovered
- Revised IGE to be approved at same supervisory level which approved original IGE
- Revision of IGE not required to accept proposal higher than IGE if significant differences explained in price negotiation memorandum (PNM)
Tips for success

- Do your homework
  - Understand the district’s missions
  - Track the workload
  - Be aware of contract resources
The Bottom Line

- Difficult negotiations are not a good way to start
- Schedule and budget are important
- Corps does no technical review
  - Product quality is critical
  - Accurate cost estimates are expected
- Design within cost limitations
Your reputation precedes you

- Evaluations are kept for 6 years
- Performance evaluations *always* checked
- Exceptional appraisals are noted
- Bad performance is not tolerated
- Utilizing new electronic system
- A/E gets chance to rebut ratings
Let’s both be successful

- Contractors help us with peak workload
- Educate yourself on our work flow
- Be prepared for slow periods
- Have a backup plan for heavy workload
- Tell us when we give you too much
What can you do?

- Visit potential clients
- Get to know our clients’ business
- Ask what “keeps them up at night”
- Study the money
- Don’t forget your subcontractors
Please understand where I sit

- The Corps works on a reimbursable basis
- We get numerous requests for A/E visits
- We attempt to share information in an efficient manner
  - Annual Open House
  - SAME meetings
  - Seminars for KEC
- Don’t plan to visit everyone in the office
Gate lifter Henry M. Shreve in Louisville, Ky.

Serving the Army and the Nation

http://www.lrl.usace.army.mil