

28 January 2003 Design / Build Industry Forum **Questions and Answers / Comments**

A. Breaking In/Competition:

1. We see that design build (D/B) is being used more often therefore we are trying to get into the D/B arena. However, we find it extremely difficult to do because of the way the RFP's are structured. Primarily, the past performance (PP) criteria is constructed so narrowly that a company like ours - who easily has the ability to do the project (such as a BEQ) - can't get on the dance floor because we lack PP on a D/B team. Kind of a catch 22 - you have a local company, has a good track record with LANTDIV and local bases, possesses the prerequisite skills to do the job, teams with an experienced architect but lacks the five projects worth of history required by the PP criteria and therefore can't get past phase I of a two phase RFP. From the owner's perspective, we certainly understand wanting the best team to do my project. But I think that can still be achieved by adjusting the PP criteria evaluation factors to allow for selecting by the TEB proven entities in the designer and builder (even though they may not have teamed before). I also think that NAVFAC, and its EFD's, might want to consider the importance of growing as many good D/B teams as possible to increase the field of competition. We certainly don't mind competition - but are finding it difficult to get to the competition point.

***Answer:** We agree that it is in the interest of the government to have as many qualified firms as possible ready and willingly to seek our DB contracts. It is also in our best interest to use firms that are best qualified for each project. Indeed a Catch-22. With the public dollar under tighter fiscal controls, the public sector cannot be the training ground for firms. Experience must be gained in the private sector where selections allow for more subjectivity.*

Follow On:

Q: Is the intention to only use Design Build on large projects?

A: NO.

2. For larger local projects, more local general contractor participation should be allowed. How can a local general contractor compete with national general contractors?

***Answer:** We seek to obtain the best firms in each situation. In most cases, out of town contractors develop good relationships with local subs and develop a relationship with local AE firms for DB project teams. The government is not allowed to help some contractors to the detriment of others. Local firms can compete with national general contractors. However, if they don't fair as well for*

the specific requirement, then they will have to try again. The size and nature of the requirement and the desire for extensive experience may all come into play. There are times when a qualified local firm's knowledge of the labor force, the clients, etc may outweigh any advantage a larger out of town firm may offer.

3. There should be less bundling of contracts to allow local contractor's to perform the work.

Answer: *We are aware that MACC's are under attack by those looking to support small business contractors and that bundling is a dirty word. Some recent definitions of bundling - combining requirements in such a way that it is more difficult for SB firms to compete - hit on target with MACC's. What we try to do is find a balance between the need to streamline our processes to deliver faster and the desire to create opportunities to compete. That is why we have taken on two approaches. The first is to establish small to medium sized MACC's, which are more suitable for SB's and some of which can be specifically restricted to SB's that qualify under the SBA 8(a) or HUBZone programs. The other is to transition to a policy where larger projects are generally done as stand alone. We competed some very large MACC's and contractors invested a lot of money competing. We intend to honor our commitments to these firms with significant work but will probably not issue MACC's of this size again.*

4. How can a new A&E firm become a participant in a MACC?

Answer: *Firm must hook up with a contractor and form a union. This combined team must then submit a proposal when the MACC is solicited. Recognizing that a new firm may not help the construction firm's chances of getting a contract, it might be best to be a small business consultant that will not be the prime designer but will work with the construction contractor on smaller projects or with a more experienced A&E firm.*

5. For contractor workload planning purposes, once Congress approves the MILCON project list for a given fiscal year, could NAVFAC please develop a schedule of planned projects to be issued under a given MACC contract for that fiscal year, along with the projected RFP release dates for those projects. Current methodology is for NAVFAC to fax a notification regarding a task order project bid requirement with no advance notification to MACC contract holders. MACC contract holders are then placed in the potentially difficult position of having to readjust their focus and reallocated manpower away from projects they are currently proposing on to accommodate the unanticipated MACC task order project opportunity.

Answer: *The program is in a constant state of change....wrt/timing and we would have to be constantly updating the list and respective numbers.*

On the surface one could see value to the client if the Design/Construction Community was more prepared and took the advance preparation time to increase the project value...however, we can't encourage advance expenditure of effort w/o any potential of recovering cost.

In the interest of being more responsive to you the Design/Construction Community and increasing the project value we will look into the opportunity and legality of keeping the MACC contractors informed of targeted projects and schedules earlier than present practice.

Follow On:

Q: Will we be allowed to use trade standards?

A: As we move into Design Build you will be allowed to use trade standards.

Q: LANTDIV and engineers ask for more than necessary.

A: This is highly subjective. What may seem like too much information to the Contractor, may be deemed necessary by LANTDIV to ensure we satisfy our clients. We are reviewing our Design Build requirements and will continue to evolve our RFP documents.

B. Process Improvements:

6. Between fee negotiations and completion of the contract documents, the level of effort required is being stretched. Is this part of the "learning curve" for design/build projects? Is LANTDIV considering a different approach to reviewing "design/build" projects? Can review comments be channeled back through the Project Manager, who can screen these comments into "appropriate" and "non-appropriate" before sending them back to the A/E?

Answer: *There is no intent on the part of LANTDIV to burden the contractor with unnecessary reviews of the design documents. The government reviews are for the purpose of ensuring the requirements of the RFP have been satisfied. We are looking for design documents that are "build-able" and fully comply with the RFP. Complying with these requirements on the first submittal will expedite reviews and minimize subsequent submittals. The return letter on all DB design submittals tells the Contractor to contact the PM if he feels any comments are outside the scope of work. The contractor should never incorporate items which he feels are outside the scope of the RFP without first consulting the Contracting Officer.*

7. There needs to be a standardization of past performance surveys. The situation is that many agencies ask for customer surveys to be filled out by the ROICC or similar competent authority for each project listed as a reference in a phase 1 submission. The unfortunate result is that we end up going back to the

same ROICC or Contracting Officer over and over for a reference on the same project. He or she is asked to fill out a slightly different form and send it to a different procurement office each time, in response to the many such RFP's we pursue during any given timeframe. These kind folks have been gracious so far, but it is sad to have to ask them to fill out similar forms over and over again. Procurement staffs are shorthanded enough without wasting time on such actions. The ACASS/CCASS systems provide a central repository for a standard report. If more information is truly required - a standard form should be adopted and filled out once only. It could then simply be duplicated and forwarded to any inquiring agency for selection purposes.

Answer: *This is a very good idea. We have initiated just such a program here at LANTDIV where past performance data from a source selection is kept in a file under the contractor's name. If the same project is submitted a second time, the file is consulted and the survey results produced without going back to the same client. This is just starting and frankly we are having growing pains but we're optimistic it will cut down on duplicate efforts in time*

Follow On:

Q: We need to use Standard Forms too much work feeding info into performance system.

A: We agree & we need to standardize having trouble getting ideas off the ground.

Q: Need to get COE and NAVFAC together.

A: We agree...slowly but surely.

Q: If A&E Firm has worked with Contractor, does this satisfy intended past performance of a Design Build Firm...?

A: NO, however reference is useful.

C: Suggest using ACASS Forum as standard past performance submittal.

C: Should modify performance evalswith Design Build.

8. Find a way to embrace Fast-Tracking your projects. One major benefit of Design Build is faster project delivery. NAVFAC's reluctance to Fast Track the design and construction process precludes its ability to take advantage of the potential time savings that is inherent in the Design Build process. If your project durations were reduced, NAVFAC could save money on two fronts: (1) The faster projects are completed, the faster your resources can be reassigned therefore reducing your project administration cost. (2) Likewise, the faster projects are completed, the faster the Design Builder can reassign resources therefore reducing their project administration cost, which accrues back to NAVFAC in the form of lower General Conditions cost.

Answer: *LANTDIV has used Fast Track on all DB's since 1996. It is built into our RFP's. NAVFAC and LANTDIV use various degrees of "bridging", depending upon the circumstance of each individual project. Our preference is to provide as much site information as feasible to enable the contractor to design and start the site work as soon as possible, but to allow the contractor the most freedom to design a facility to best meet the requirements of the RFP. Our primary objective is always to deliver the proper product. The biggest problem we are finding is getting Design documents that comply with the RFP requirements.*

Q: When Design Build is overly ambitious and has a limited budget the process gets compromised.

A: We agree and do not expect this to occur very often.

Q: Is LANTDIV interested in Design Build as 2 step?

A: Yes. LANTDIV used 2 Phase Design Build process for all of our Design Build projects.

C: 2 step process may lower level of effort for the firms.

Q: Accept AE without Bond?

A: No.

Q: Accept Joint Venture Bond?

A: Yes

C: Government Construction Representatives need to back off on detail requirements.

A: We need to improve our RFP's. However, Contractor Staff needs to accept responsibility for compliance with RFP requirements as well.

Q: Please provide any & all concept ideas.

A: There may be a benefit here, however, this can limit KR creativity. It is doubtful that multiple concepts will be presented in the RFP.

C: We feel a good "medium" is to provide info as "bubble" in nature.

C: Repeated BAFO's very expensive for us to participate.

Q: Will future MACC's come from LANT only or will they be solicited from the components (CHE, NORTH, MED)? Any idea for Design Build MACC's at MED?

A: Ches and North already have Design Build MACC's. Design Build in Med is being investigated.

C. Cost of DB:

9. Design-Build often puts pressure on design firms to provide design without the assurance that the firm will get paid. Is the Navy considering some method of reimbursement of design firms for this free design work?

Answer: *We understand that to the extent that we request design effort either through design concepts or other narrative solutions, competing A & E's incur costs. Therefore we attempt to not require more than what is necessary to allow us to make an informed selection decisions. We recognize that non-selected firms do not recover their costs. At the present time we have no plans to offer stipends or other means to offset these costs. Should the current process result in a void of qualified firms competing, we might have to reassess.*

10. Does the Navy plan to consider the use of stipends under appropriate circumstances?

Answer: *No. To date we have had sufficient interest in our projects that NAVFAC is not entertaining the notion of stipends at this time. What LantDiv has tried to do over the past few years, is to reduce the amount of information required at the proposal stage so as to reduce expenditures for unsuccessful proposers.*

D. AE Led DB:

11. Our firm has started a construction company in response to the movement toward design-build as a contracting method. Does the Navy perceive a benefit to designer-led design-build?

Answer: *The Navy creates the RFP for the project that indicates all of the necessary requirements. All the Navy requests is that the DB team complete the project in accordance with those requirements.*

12. Can A&E firms be allowed to be the prime contractor for design build contracts?

Answer: *Sure. Get bonded, create the Design Build joint venture, and lead.*

13. Include the A/E in the actual construction process more.

Answer: *This is both part of the RFP and the relationship between the contractor and the AE. RFP will dictate certain responsibilities. Others are part of the joint venture. Navy would like to see DB AE involvement throughout the project. However, we do not want to shift responsibility away from the prime*

contractor to the government by rigidly dictating the constructor / designer relationships.

E. RFP Requirements:

14. Does the "Bridging A/E" have specific guidance from Atlantic Division on this or will the Navy vary the design level as a function of the project's needs, timing and funding?

Answer: *RFP will be created based on the needs of the project. There are general standards that we require on all projects, but the completeness of the RFP documents will vary from project to project.*

15. If a general contractor is selected as the prime, does the Navy require the prime to select a Project Manager who is qualified, by training and experience, to understand construction methods and engineering designs?

Answer: *No, there was not a contract requirement for the Project Manager who is qualified, by training and experience, to understand construction methods and engineering designs. However, the Prime Contractor is fully responsible for the full design and the end product of the construction effort. To that end it is in the contractors best interest to have someone acting as the Project Manager that understood the entire process.*

This overview role of the Project Manager does not have to be limited to one individual; it can be done with a team of individuals

16. Don't over-design during the development of a Design Build solicitation. One of the benefits of Design Build delivery is the inherent value-driven design solutions. The more restrictive the criterion, the less latitude there is for creative, value-driven design solutions. Develop true performance criteria rather than product specifications and design mandates. This will allow true Design Builders the opportunity to develop design solutions that satisfy the performance requirements in the most cost-effective manner, which ultimately leads to better value for NAVFAC.

Answer: *Our intent is to provide the minimal level of documentation and design requirements that ensure the appropriate level of quality and that the operational requirements of the Navy will be satisfied. We will use performance specifications to the maximum extent possible, but to some extent, every performance spec is a combination of prescription and performance. LantDiv will allow flexibility to the greatest degree possible with the above-mentioned limitations in mind.*

17. Don't withhold design documents that you have already created. For example, if during the development of a solicitation, a building program is translated into a floor plan, issue the floor plan with the solicitation package. The problem that is created when a project team begins developing a design solution

is that everyone involved becomes attached to and develops a bias toward that design solution. Once this happens, the technical proposals that are submitted end up being measured against the review committee's vision of the "correct design" rather than objectively evaluating the merits of each design solution. In effect, it becomes a "guess what I'm thinking" competition rather than a design competition. If the temptation to develop specific design documents is unavoidable, issue those documents with the solicitation so that the competing firms can focus their efforts on the incremental improvements to that plan rather than creating one from scratch only to have it be inconsistent with the pre-conceived notion of the "correct design". Obviously, it would be better, if in this example, the floor plan was never created and the solicitation was issued with the program alone. This truly affords the Design Builder the opportunity to create a design solution that provides maximum value to NAVFAC.

Answer: *The spirit of this question is 180 degrees at variance with the previous question. It shows that there is no one-way of looking at DB, even within the contractor community. It is our job to do what we think is best for our clients. With regard to providing floor plans, we would prefer to limit this in most cases to a bubble diagram reflecting the desired functional relationships and desired adjacencies and allow the designer to develop the best floor plan.*

F. Contractual Issues:

18. What are prime and subcontractor liability insurance requirements?

Answer: Per FAR 52,228-5, Insurance – Work on a Government Installation, requires prime contractors and subcontractors to provide insurance for work on a government installation. Contractors are required to obtain comprehensive general liability, automobile liability, workmen's compensation, employer's liability coverage, and others as required by state. The amounts and types of coverage are specified in Specification Section 01310N. The specified coverage applies to prime and subcontractors. Insurance is not required by a prime or subcontractor when only a small amount of work is required on the Government installation (e.g. a few brief visits per month).

19. How can we obtain a copy of the (a) NAVFAC design process and (b) pre and post award procedures?

Answer: *The Professional Service Guide is on the web site at www.lantdiv.navfac.navy.mil. Once on the LantDiv homepage, select Information Services from the pull down menu, and select Professional Service. Section 01006, Design Documents, tells the DB team what LantDiv expects to see in the Contractor's design submittals, pre and post award procedures.*

20. For true design build projects, a statement should be developed and included on every drawing that the documents were prepared specifically

for such a process and are not of sufficient detail to be used as bid documents. This will preserve the reputation of the A/E firm should someone unfamiliar with the project examine the design build documents and find them lacking in detail.

Answer: *This should not be a valid concern for the A/E. The RFP documents are just that and LantDiv does not distribute them for any purpose other than to solicit and evaluate proposals. The level of detail on the documents will vary depending upon the circumstances of the individual projects*

G. MACC Issues:

21. Can a copy of the list of contractors for all Multi Award Construction Contracts (MACC) be provided?

Answer: The following web site link lists the MAC contracts.

http://www.lantdiv.navfac.navy.mil/servlet/page?_pageid=441,698,1272&_dad=lantdiv&_schema=LANTDIV

or you may go through the following steps

LANTDIV website, Doing Business with Us, Acquisition, Small Bus Programs, Subcontracting Opportunities

22. Acknowledge the differences between Design Build and Construct Only delivery. The skills required to effectively execute Design Build projects are very different from merely building someone else's design. A company's proficiency at one method of delivery does NOT automatically equate to proficiency at the other. With this in mind, NAVFAC would receive superior results from its MACC programs if they were exclusively Design Build or Construct Only. This will ensure that the firms selected to participate in your MACC programs are the most qualified to perform as desired.

Answer: *Questions relates to our mixed MACC's and the JOC where we can do both DB and non-DB projects. We don't see any problem. Is this keeping "true" DB firms from proposing?*

Generally our MACC's indicate that they are predominantly DB or construct only. We reserve the right in each to place a few requirements that don't fit the predominant mode when it is in our best interest. The comment is valid however as to perhaps getting the best from both.

23. In some cases, design-bid-build documents have, because of time constraints, been issued to MACC or JOC Contractors. In these cases, the A/E should be allowed to make a brief presentation to the Contractors prior to bid to impart the intent of the design.

Answer: *While DBB documents should be sufficient without explanation, in MACC's and JOC contracts, the government has more flexibility and if that process would be beneficial, it could be done on a case-by-case basis.*