

# Initiative #1 – Shipyard Investment Strategy (Navy/Industry Partnership)

## Overview:

**Step 1:** Solicit Industry via RFI for capital investment recommendations

- Industry provide business cases for equipment they recommend we procure on their behalf
- Equipment must yield Navy positive Return on Investment (ROI), based on:
  - Cost to buy/maintain equipment
  - Improvement to existing process generated by new equipment
  - Historical demand for the improved product / service

**Step 2:** Navy reviews Industry recommendations to choose improvements with highest ROI

- Largest dollar savings and/or Largest percent savings

**Step 3:** Navy releases RFP for Industry to procure equipment and nest within their private facilities as Government Furnished Property (GFP)

- Offeror with best business case ROI to Navy wins GFP (Based on Cost, Improvement to Existing Equipment and Historical Demand)
- Navy can pay for this GFP with Other Procurement, Navy (OPN)
  - OPN Appropriation (H.R. 244-106) “For procurement and installation of equipment, appliances and machine tools in public and private plants”

# Initiative #2: Award CNO Availability's at "A-360"

## Timeline

- Release Availability RFP (A-540)
  - Include Work Items for Modernization, CMP lifecycle maintenance & known CSMP Repair
  - Include Work Item Options to complete typical lifecycle repair requirements (ship class and availability type specific)(Similar to MSC model)
  - CMP Lifecycle Maintenance would include Reservation / RTR scope to be further defined in post award (as now)
  
- Award Phase 1 (A-360) - Award Integration Preparation & LLTM Procurement Base CLIN
  - Scope includes collaboration associated scope (meeting attendance), scope refinement (possible participation in Navy assessments), Integrated Schedule refinement, LLTM procurement, pre-fabrication & Kitting
  - Navy /Contractor would convert CSMP reservation / RTR scope into definitive scope based on TSRA assessments prior to Availability commencement to greatest extent possible using RTR like process

Award Phase 2 (A-120) - Award Work Item Scope option CLINs

Repair incorporated into Availability using following methods

- Navy brokers I level repair work to Navy IMA
- Navy exercises appropriate / applicable CSMP Repair Options with shipyard
- Separate competition (Specifically for repair that isn't conjunctive with solicited maintenance & modernization to avoid interference with shipyard scope)
- Utilize Normal RCC process with awarded shipyard (Specifically for repair that is conjunctive with solicited maintenance & modernization, to avoid interference with shipyard scope)

## **Initiative #3: Pre-solicitation Planning Support Delivery Orders**

- Award Delivery Orders to MAC holders to enable early collaboration on specification review and planning efforts. Delivery Orders would potentially fund:
  - Participation in FAST process
  - Review work item feeder products (work notifications, automated work requests, etc) to allow potential offerors to better understand Navy scope intent
  - Provision of feedback at 50, 80 and 100% locked packages (on specification quality, scope clarity, produce-ability, and potential logical requirement improvements)
  - Participation in Assessments & facilitation of ship-checks
  - Participation in Work Package Integration Conferences / IPTD events
  - Provision of integrated schedules & schedule conflicts / solutions

# Initiative #4: Value Adjusted Trade-off vs. LPTA

## Current State - Lowest Price Technically Acceptable (LPTA) Source Selection

- Offeror’s proposed performance evaluated on acceptable / unacceptable basis
- No trade off if proposed performance metrics exceeds RFP performance thresholds
- Awardee is lowest priced offeror deemed technically acceptable

## Proposed State - Value Adjusted Trade Off (VATO) Source Selection

- RFP assigns a \$ value to predetermined performance metrics (like # of Days early)
- Offeror obtains a \$ credit if proposed performance metrics exceeds RFP thresholds on unit for unit basis
- Offeror’s proposed price offset by these credit(s) to determine Total Evaluated Price
- Offeror held accountable to proposed performance metrics with Liquidated Damages and QASP deductions

### SAN DIEGO EXAMPLE:

In the above example

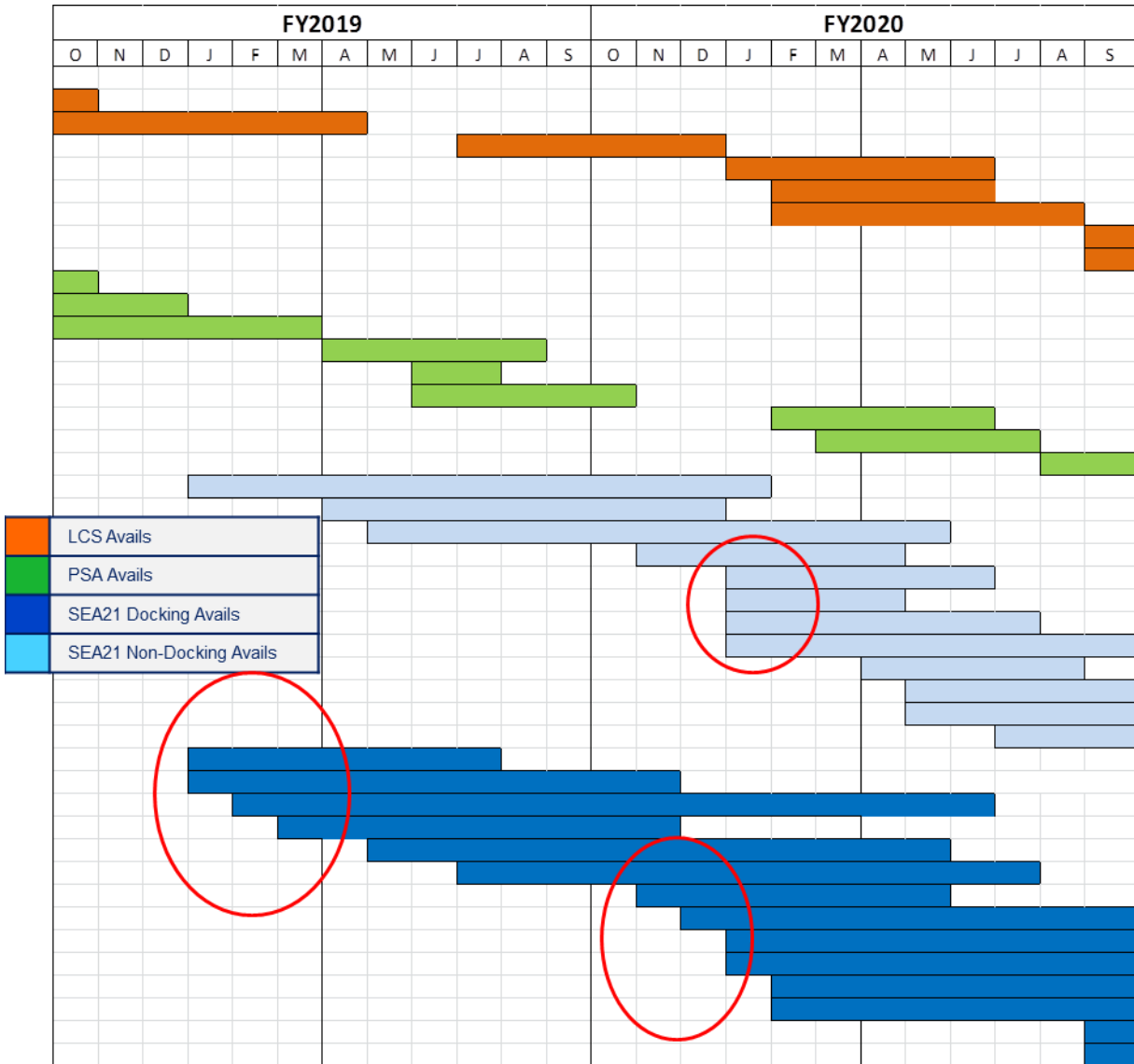
- Offerors can earn the Availability Duration Factor by proposing a shorter dry dock duration or overall avail durations than forecasted durations
- **Offerors can earn the San Diego Dry-Dock Utilization Factor by:**
  - Reducing the days in a core San Diego dock from planned dock threshold (“Core Docks” are the typical docks used for Surface maintenance)

Lowest Price Technically Acceptable (LPTA) Method				Value Adjusted Trade Off (VATO) Method		
			Out of Port Offeror A			Out of Port Offeror A
Work Item Price			\$75,000,000			\$75,000,000
Inter-Port Differential (Applied)			\$5,000,000			\$5,000,000
<b>Evaluated Price</b>			<b>\$80,000,000</b>			<b>\$80,000,000</b>
	ADS Forecasted Requirement (Days)	Offeror Proposed Days	Price Adjustment	Value Adjustment Factor Value	Offeror Proposed Days	Price Adjustment
San Diego Dry Dock Use Factor	150	0 San Diego Dry-Dock Days	No Adjustment using LPTA method	-\$20,000	0 San Diego Dry-Dock Days	-\$3,000,000
Availability Duration Factor	360	360 - No benefit to shorter duration	No Adjustment using LPTA method	-\$200,000	330	-\$6,000,000
<b>Total Evaluated Price</b>			<b>\$80,000,000</b>			<b>\$71,000,000</b>

- Double Docking: Using a core dock for two concurrent dockings (Days = overlap period)
- Using a dock other than a core dock within San Diego
- Using a dock other than a core dock outside San Diego

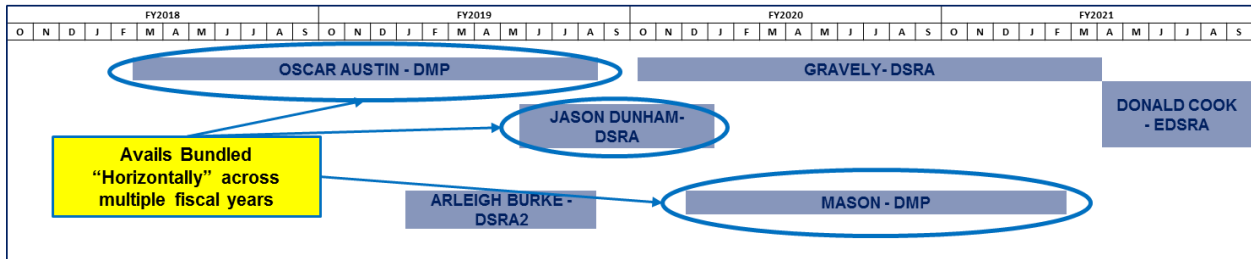
This initiative can be combined with other initiatives (avail grouping)

## Initiative #5: Vertical Availability Grouping



- Procure multiple overlapping Availabilities in a single solicitation with the possibility for multiple awardees
- Allows the Navy to evaluate Workload & Docking constraints in each port as a system, instead of for each Availability individually
- Ensures that proposed beneficial behavior (like double docking) is reflected in proposal evaluation and contract awards
- Navy would solicit actual availability work scope. Therefore, requires planning milestones to be accelerated to accommodate grouping and potentially increased evaluation time requirements

# Initiative #6: Horizontal Availability Grouping



## Overview:

- Procure multiple Availabilities (not necessarily overlapping) in a single solicitation to an individual contractor through a competitive bid process
- Navy could solicit actual availability work scope for 1<sup>st</sup> Availability
- Navy would negotiate FFP awards for follow on Availabilities in sole source environment

## **Initiative #7: Hybrid - Contract Planning/Execution**

- Continues with utilization of 3PP
- Award a contract for a collection of availabilities for up to a 5-year contract term
- Award based on best value tradeoff as opposed to LPTA for source selection
- Contract includes both Cost and FFP CLINs to be negotiated during contract execution
  - Cost Execution Planning CLIN – to go through availability's open & inspect timeframe
  - FFP Execution CLIN

## **Initiative #8: Hybrid - Availability Type**

- Continue with utilization of 3PP
- Compete individual availabilities as either Cost and FFP Contracts based on Availability Types & requirement specifics



# **Initiative #9: Industrial Base Training Strategy (Navy/Industry Partnership)**

## **Overview:**

- Create Public/Private Partnership between Navy and a designated “training entity” to create the next generation of the maintenance workforce.

## **Proposed model:**

1. Ships Repair Associations create a non-profit training entity, aligned with local community colleges Similar to Naval Engineering Education Consortium (NEEC) mode
2. Navy and Industry collaborate to create curriculum and standards - Could utilize NSY apprentice programs as model & training location via Centers of Industrial & Technical Excellence program
3. To provide seed funding, Navy would award these entities sole source contracts, justified under Industrial mobilization, to complete non-critical, non-time sensitive industrial work
4. Navy and Industry collaborate to oversee and provide mentorship to training entity to complete this work as foundation of training
5. Potential to model from existing state or industry sponsored training entities