

# Western Dredging Association 2023 Meeting Galveston District Contracting: Alternative Delivery Methods

*Champions of America's Energy Coast!*

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US Army Corps  
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# AGENDA



- Types of Alternative Delivery Methods
- 2 Phase Design-Build for Civil Works
- Economic Price Adjustment
- PIVOT (Price Includes Variation Over Time)
- Profit and Fair & Reasonable Price



# ALTERNATE DELIVERY METHODS



**Currently Line of Effort #4 on Southwestern Division Strategy Map, CG's #1 LOE!**

- Early Contractor Involvement (ECI)
- Integrated Design and Construction
- Fixed Price Incentives
- Award Fee / Award Term



# 2 PHASE DESIGN-BUILD FOR CIVIL WORKS



**A single solicitation with 2 phases of evaluation to award a single contract to the most highly qualified offeror utilizing competitive negotiations.**

## **Phase 1:**

- Solicitation includes:
  - Scope of Work
  - Phase 1 evaluation factors
    - Technical Approach
    - Technical Qualifications ( i.e., Specialized experience; technical competence; capability to perform; past performance for both A/E and construction members)
    - Other appropriate factors (excluding price)
  - Phase 2 Evaluation Factors
  - Maximum number of offerors allowed in phase two (only most highly qualified allowed in Phase 2)

## **Phase 2:**

- Follows FAR 15
  - Phase 2 Technical Evaluation Factors
    - Design Concepts
    - Management Approach
    - Key Personnel
    - Proposed Technical Solutions
  - Price Proposal Evaluation
- Final selection made utilizing best value tradeoff procedures



# ECONOMIC PRICE ADJUSTMENT (EPA)



EPA clause provides a contract structure to accommodate uncertain market conditions

## Established Prices

- Adjustments based on published or pre-established pricing
- Best fit for basic materials where standard or semi-standard pricing is readily available
- FAR 52.216-2 or -3 applies

## Actual Costs

- Adjustments based on actual prices
- Contract cannot include significant design
- Actual costs must be sufficiently documented to establish adjustments
- May disincentivize seeking best pricing
- FAR 52.216-4 applies

## Indexes

- Adjustments based on price indexes
- Best when quantities can be reasonably estimated, and indexes are available for identified materials/commodities
- Custom clause language



# PIVOT = (PRICES INCLUDE VARIATION OVER TIME)

- Goals: keep KTRs at the table, keep prices valid longer.
- Fosters increased competition while addressing market pricing risk.
- GOV/KTR partnership to share the unique risk profile of an acquisition.
- New optional pre-award pricing and source selection methodology.
- Basic idea: scale proposed prices **OVER TIME** as proposals age and market moves.

## Current Approach

	<u>Proposal</u>
ACME, Inc. 123 Elm St. City, US 54321	
CLIN 0001 .....	\$ 1,000
CLIN 0002 .....	\$ 5,000
CLIN 0003 .....	\$ 4,000
<b>TOTAL .....</b>	<b>\$10,000</b>

## New Approach

	<u>Proposal</u>		
ACME, Inc. 123 Elm St. City, US 54321			
	<b>Period 1</b>	<b>Period 2</b>	<b>Period 3</b>
	<b>0-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>
CLIN 0001 ...	\$ 1,000	\$ 1,100	\$ 1,500
CLIN 0002 ...	\$ 5,000	\$ 5,500	\$ 7,100
CLIN 0003 ...	\$ 4,000	\$ 4,400	\$ 6,400
<b>TOTALS .....</b>	<b>\$10,000</b>	<b>\$11,000</b>	<b>\$15,000</b>



# PROFIT BREAKOUT



## APPLICABILITY

- Applicable to RFP and IFB (including TO on IDCs)
- Required on actions over the Simplified Acquisition Threshold (>\$250K)
- Recommended on actions under SAT (<\$250K) if commercial, etc.
- Contracting Officer (KO) prerogative to determine Fair & Reasonable pricing.

## OBJECTIVE

- Short Term: support determination of fair and reasonable price on specific acquisition
- Long Term: evaluate trends and realize efficiencies. Aid in more effective Market Research.

CLIN 0001a .....	Cost = \$9,000
CLIN 0001b .....	Profit = \$1,000
<hr/>	
<b>TOTAL .....</b>	<b>\$10,000</b>

**NOTE: only encouraging profit breakout, not all cost items (e.g., G&A, OH, etc.)**



# QUESTIONS/ FEEDBACK

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