



A Procurement Technical Assistance Center (PTAC)

# LOCATING, SECURING, AND MANAGING FEDERAL CONSTRUCTION CONTRACTS AND SUBCONTRACTS

October 23 2019 – The Contract Academy





Assist businesses in creating, developing and growing their sales, revenue and jobs through Federal, state and local government contracts.

*WPI is a Procurement Technical Assistance Center (PTAC) funded in part by the Defense Logistics Agency (DLA), WEDC and other funding sources.*

# WPI OFFICE LOCATIONS

## ▪ MILWAUKEE

- *Technology Innovation Center*

## ▪ MADISON

- *FEED Kitchens*
- *Dane County Latino Chamber of Commerce*
- *Wisconsin Manufacturing Extension Partnership (WMEP)*
- *Madison Area Technical College (MATC)*

## ▪ CAMP DOUGLAS

- *Juneau County Economic Development Corporation (JCEDC)*

## ▪ STEVENS POINT

- *IDEA Center*

## ▪ APPLETON

- *Fox Valley Technical College*

## ▪ OSHKOSH

- *Fox Valley Technical College*
- *Greater Oshkosh Economic Development Corporation*

## ▪ EAU CLAIRE

- *Western Dairyland*

## ▪ MENOMONIE

- *Dunn County Economic Development Corporation*

## ▪ LADYSMITH

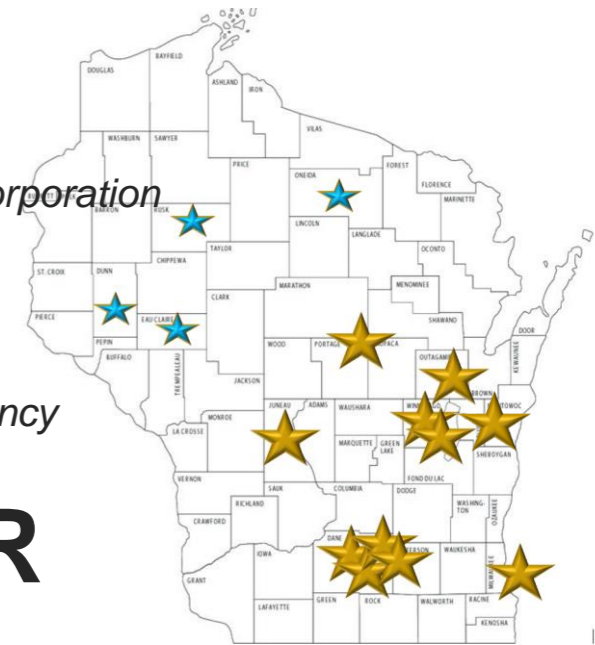
- *Indianhead Community Action Agency*

## ▪ RHINELANDER

- *Nicolet Area Technical College*

## ▪ GREEN BAY

- *Advance Business & Manufacturing Center*

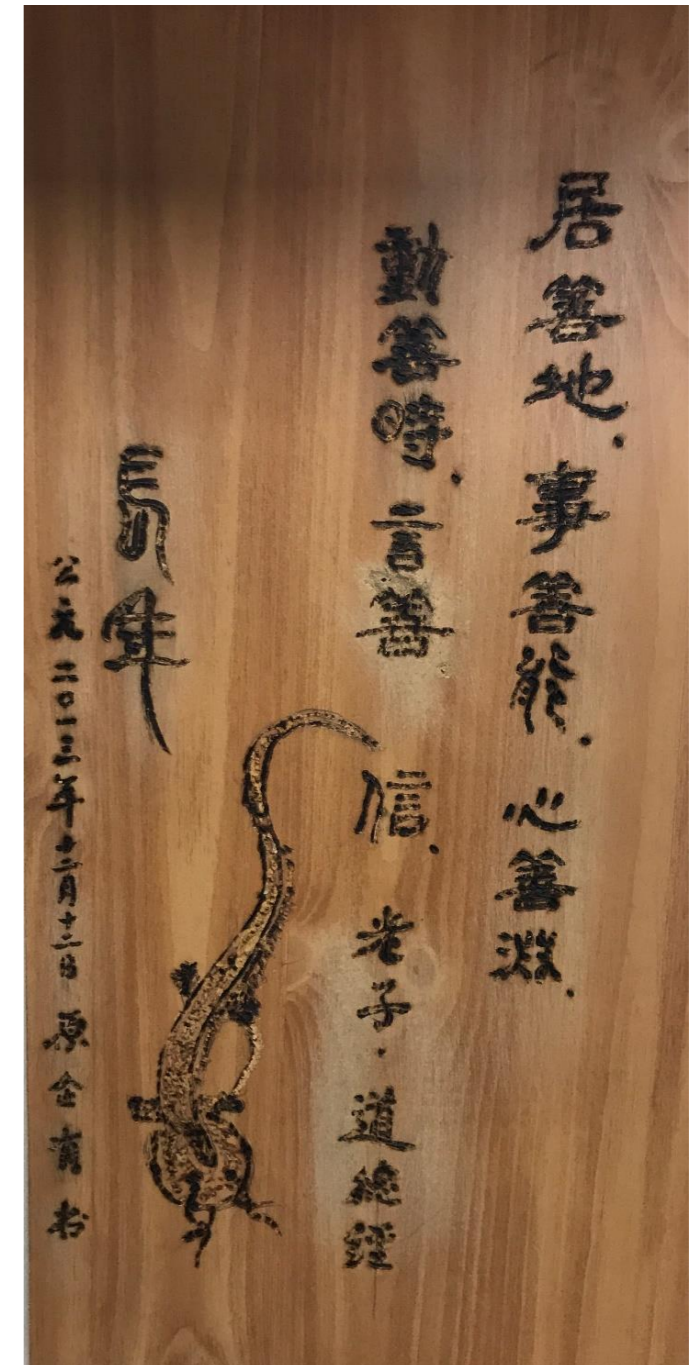


# WHAT WE WILL COVER...

1. Basic first steps
2. How to locate and evaluate opportunities
3. Leveraging federal small business programs
4. Meeting contract requirements and specifications
5. Unique issues and considerations for contractors and subcontractors

## QUOTATION OF DAODEJIN PRINCIPLES (500 BC) FROM LAO ZI, 2500 YEARS AGO, CHINA

1. Only work on project that makes sense and truly makes profit;
2. Only do what you can actually handle within your capabilities;
3. Make sure you have profound understanding of the project;
4. When you take a move, make sure the timing is right;
5. When you speak in business, make sure your words build trust through the business dealings.



# BASIC FIRST STEPS

## Are you **READY** to work with the Federal Government?

- Past Performance/Experience– Contracting Officers usually look for experienced prime contractors
- Financial requirements – bonding, financing, cash flow
- Capacity – labor, equipment, teaming and joint ventures, etc.
- Understand the Processes- award process, submittal approval process, change order process, payment process etc.

# REGISTER IN SAM

**NO COST TO REGISTER in SAM – WPI can help!**

<https://www.sam.gov/>

The screenshot shows the SAM.gov website homepage. At the top left is the SAM logo with the text "SYSTEM FOR AWARD MANAGEMENT". To the right is a yellow callout box with the text "A NEW WAY TO SIGN IN - If you already have a SAM account, use your SAM email for login.gov." and a "Log In" button. Below the callout is a "Login.gov FAQs" link. A dark blue navigation bar contains links for HOME, SEARCH RECORDS, DATA ACCESS, CHECK STATUS, ABOUT, and HELP. Below the navigation bar is a red alert banner: "ALERT: SAM.gov will be down for scheduled maintenance Saturday, 10/12/2019, from 8:00 AM to 1:00 PM". The main content area features a paragraph: "The System for Award Management (SAM) is an official website of the U.S. government. There is no cost to use SAM. You can use this site for FREE to:" followed by a bulleted list: "• Register to do business with the U.S. government", "• Update or renew your entity registration", "• Check status of an entity registration", and "• Search for entity registration and exclusion records". Below this is a "Getting Started" section with three cards: "Create A User Account" with a person icon, "Register Entity" with a folder icon containing a plus sign, and "Search Records" with a magnifying glass icon over a document.

# DEVELOP A STRONG PROFILE IN SBA'S DYNAMIC SMALL BUSINESS SEARCH DATABASE (DSBS)

<http://dsbs.sba.gov>

- Contracting Officers use this to find small businesses
- Large prime contractors use this to find small businesses to meet their subcontracting goals
- Small Businesses use this to find other small businesses for teaming and joint venturing

# LOCATING OPPORTUNITIES

- <https://www.fbo.gov/>  
(Soon moving to <https://www.beta.sam.gov>)
- Go to Pre-Bid Site Visits –find Prime Contractors that might be bidding and looking for Subcontractors
- NETWORK - Go to Industry days and Small Business Conferences
- WPI Bid Matching

## EVALUATING OPPORTUNITIES

- *Consider HOW the Government will make the award...*
  - Lowest price responsive, responsible bidder – IFBs
  - Lowest price, technically acceptable (LPTA) – RFPs and RFQs
  - Best Value – cost/technical trade off – RFPs and RFQs

# EVALUATING OPPORTUNITIES

*If best value, what Evaluation Factors may be used?*

- Management/Key Personnel – Do you have the appropriate people on staff?
- Experience – Do you have the number of years of experience required?
- Past Performance – Have you successfully completed similar work?
- Technical Approach – How will your company accomplish the specific requirement?

# EVALUATING OPPORTUNITIES

- Competition restrictions/Set asides – Do you qualify? Could you joint venture or team with another contractor to qualify?
- Is this requirement a good fit for your company at this time?
- Do you have the required experience, expertise?

# EVALUATING OPPORTUNITIES

- Bonds – Are you able to provide the required bonds?
- Can you meet the required schedule?
- How much time and money will it take to prepare a thorough proposal?
- Do you have a good chance of being selected for award?

# LEVERAGING FEDERAL SMALL BUSINESS PROGRAMS

- 23 percent of prime contracts and subcontracts for small businesses [table of size standards](#);
- 5 percent of prime and subcontracts for [women-owned small businesses](#);
- 5 percent of prime contracts and subcontracts for [Small Disadvantaged Businesses](#) (including minority);
- 3 percent of prime contracts and subcontracts for [HUBZone](#) small businesses;
- 3 percent of prime and subcontracts for [service-disabled veteran-owned](#) small businesses [VA also has both a veteran and service disabled veteran business preference with a higher goal ].

**LARGE PRIME CONTRACTORS must also negotiate small business goals**

# DEVELOP RELATIONSHIPS

- Work with more experienced federal contractors
  - Mentor/Protégé program,
  - Joint Venture arrangements,
  - Teaming arrangements
- Find supporting resources
  - Wisconsin Procurement Institute  
<https://www.wispro.org/>
  - Small Business Administration  
<https://www.sba.gov/>
  - Society of American Military Engineers  
<https://www.same.org/>

A modern multi-story building with balconies and large windows, partially obscured by a teal overlay. The building is set against a clear blue sky.

# Discussion of the Challenges in estimating construction costs

WENBIN YUAN  
**Dakota Intertek**

[www.dakotaintertekcorp.com](http://www.dakotaintertekcorp.com)

# *Contractor's Purpose of Estimating cost and risks*

1. Determine project cost and profit and the strategies to win the project against competition and risk analysis.
2. To Implement cost verification measure.
3. To develop a database that can be used for future project and to search database.
4. **Federal contracting unique costs.**



**EXAMPLE**

11/9/11

Agreements - Path Forward

1. All parties agree that they must get price to \$604 mil. They will each expend resources to ~~reach~~ <sup>keep</sup> that goal.
2. VA shall cause JVT to produce a design that meets their ECCA with use of alternates and other methods as a safety net.
3. Agreed:
  - A. FTP set to \$604 m/clg. @ 610
  - B. Duration 1228 days
  - C. Extended ~~at~~ ~~for~~ Pre con duration/service
  - D. move \$ from CLIN 2 to CLIN 1
  - ~~E.~~
4. Design Delivery milestones needed.
- ~~5. FTP shall be @ 604 mil.~~
- ~~6. EPA not in contract~~

*Shobha W. D. D. D.*  
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*[Signature]*  
*T. Hayden*

*[Signature]*

EXHIBIT A

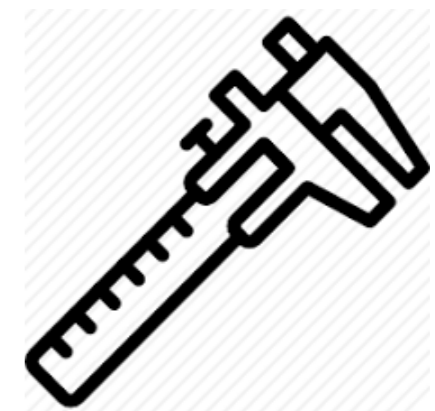
# *Thumb in the air estimate*

## ● Advantages

1. Allows a quick determination of the feasibility of a project.
2. A quick decision about feasibilities and go or no go.

## ● Purposes

1. Assessing the risks and why me
2. Evaluate feasibility and resources
3. Evaluate the competitions and traps



# *Detailed Final Estimate*

- Prepared after drawings and specification are completed.
- Requires a complete quantity takeoff based on drawing and the complete set of contract documents, best to be done independently by two parties to check the accuracy.

- Need information on labor rate "productivity", material cost, cost of renting or purchasing equipment, cost of own equipment, lost opportunities cost, weather and critical path long lead items.

✓ Government factor to be considered: ranging from the level of difficulties: City, County, State, VA, USDA, GSA, Army, USACE, Navy, one is more difficult to deal with than the other. From factor of 0.02 cost, each shall add 0.02 cost into your estimate, as a caution of estimating.



## *Time*

- ✓ Cost increase based on new cost or anticipated cost  
Published by R.S. Means and ENR. Dakota had a 2% overall cost increase for a project that was temporary stopped by government for one year.
- ✓ Larger project needs third party TIA through P6 to get paid for delays that could mount up to millions.
- ✓ Timely response to submittals and RFIs is critical for larger projects because they could cause huge cost overruns and legal challenges down the road.
- ✓ Have an agreement for how long of a response is to be expected from owner's rep and assume approved after certain period. Dakota Navy project for boiler room as example.



## Location

**Fed contracting also means go to far away places and some factors affecting cost in different locations are:**

1. Transport and Per diem cost
2. Taxes (excise tax and sales tax, special assessed tax from some states and Dakota recent law suit against Navy for tax issues)
3. Prevailing wage Labor cost
4. Codes and local inspection and prevailing wage differences.
5. Multiple mobilization and demobilization cost has to be considered as a major factor

# MEETING CONTRACT REQUIREMENTS

- Federal government insists upon Strict Performance
- Contracting Officer Representatives (CORs) and Senior Resident Engineers (SREs) will be inspecting
- Federal Construction Specifications can be more stringent than state and local codes and/or Industry standards
- Rejection of work can cost you – (ex. retainage, re-procurement under inspection clause)

# MEETING CONTRACT REQUIREMENTS

- Keep track of your costs (each project should be treated as a separate business to track all costs and resources used).
- Know what is, and is not, included in the contract for the agreed upon price
- Document and track costs for all government changes and differing site conditions
- Notify the government as soon as the change occurs, or as soon as the differing site condition is found

# MEETING CONTRACT REQUIREMENTS

- “Time is of the essence” – All work must be finished by the completion date.
- Stay on top of the Schedule!
  - Delays can lead to government retainage
  - Inexcusable delay will likely result in assessment of actual or liquidated damages and possibly in default
  - Excusable Delay must be fully documented and justified (e.g. time impact analysis and detailed cost breakdown)

# THE DAVIS BACON ACT

- Applies to federal construction contracts over \$2,000
- Laborers and mechanics working onsite be paid at least the prevailing wage rates/fringe benefits set by the Department of Labor
- Certified Payrolls must be provided by Prime and Subcontractors as part of “daily report” and a final certification process
- You may not be paid for a long time for lack of paper work.

# Multiple Award Task Order Contracts/ Multiple Award Construction Contracts (MATOCs/MACCs)

- There is more than one awardee and work is ordered from the awardees by the issuance of individual task orders.
- The ordering period for each contract can be up to five years.

Prime Contractors should be on the lookout for MATOCs/MACCs. If you don't get a contract you could be locked out.

Subcontractors might find opportunities from Prime Contractors that have been awarded MATOC/MACC Contracts

# OTHER ISSUES IN FEDERAL CONSTRUCTION

- Simple bid with design
- Design/Build
- IDIQ contracts using unit pricing books (ex. RS Means)
- Differing Site Conditions
- Certified Cost and Pricing Data

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