CIC Attendees

Government	Industry
Steve Harnig	Peter Woodhull (Modus21)
Kelly Cannady*	Mark Miller* (Chugach)
Allison Huber*	Linda Resler (SAIC)
Sheela Casper	Jessica Fletcher (Atlas)
Audrey Orvin	Tad Walls (BAH)
Jesse Seaton	Ed Cheron* (LATG)
Todd Rollins*	
Giancarlo Dumenigo*	

*Attended via Microsoft Teams

Opening Remarks

Steve kicked off the meeting and welcomed all attendees. Today's meeting was held at the BAH facility and we had over half of the group in person.

This was also new member Jessica Fletcher's first time joining, so introductions were made prior to beginning the regular discussion topics.

Routine Discussion Topics

Discussion Topic 1 – Communication Challenges

Steve briefed to NIWC Atlantic Leadership Council, as well as at most recent SBIOI, regarding industry engagement. He stated he is not really training Industry on this, rather he is trying to communicate what NIWC Atlantic personnel are trained on. He has not gotten any questions from IPTs thus far. We do still see a lot of requests coming in through the front office, and the front office tends to include technical as well as the business side of the house in these meetings. It is still going to be difficult for IPTs to find the time/place and do the engagement at the level desired. The presentation Steve gave to both NIWC LANT and the SBIOI audience was adapted from a NAVWAR brief. He liked that they broke out specific things about market research, and is hopeful this will help IPTs in their conversations with Industry.

ACTION: Steve would like feedback from Industry on the presentation, and also requests input on what this group should tackle next (challenges, where do we need help).

Industry member asked if Steve could share a synopsis of the Industry Engagement presentation. Steve noted the slides should have been provided with the SBIOI slides which are uploaded via CDCA. If these are not sufficient, Steve asked that this group let him know. Industry question also regarding what type of feedback was received. Steve stated there was not a lot of feedback provided, but there was good discussion during the training. Several questions came up regarding "can I do this?" in specific instances. No one gave any pushback, more questions related to how certain situations should be handled. Steve said reviews of the event were generally positive. The NIWC LANT audience consisted of 500-600 people, including supervisors/managers, IPT Leads, and high-grades; probably

90% have some involvement with acquisition/contracting. <mark>Steve will also follow up with Leadership Council to see if there is a desire for a follow-on presentation on the topic.</mark>

An Industry member noted that he did see names on the some of the presentations at SBIOI this time, and found this helpful. There have been questions regarding which names/at what level can be published, and we will continue to work with NIWC LANT public affairs office to see if Contracts can provide additional names/POCs in the future.

Discussion Topic 2 – Process and Tools (Best Practices, and Training/Education of Industrial Base)

Planning a SEWP brief in October. Steve was not present for the SEWP briefing at SBIOI, but did get feedback stating it started out down the wrong path, although it came back to the right path based on questions. Overall not bad, but now we can follow that up and put some data together, and really get into how much SEWP is being used, efforts at improving supply buy action lead time, as the preponderance of commercial item buys are done with SEWP.

An Industry member mentioned that SEWP is primarily commercial items, but can also procure services in support of materials; states Industry is often focused on services or equipment, and the audience may need contextual relevance, as well as training on SEWP's flexibility of adding to the catalog. Example is provided of using SEWP to purchase a photocopier with an associated service plan. SEWP also is differentiated from a CMS that involves non-commercial solutions/systems. Steve stated he felt it would be beneficial for Industry to understand how we use SEWP strategically.

AMS feedback from Industry – did the training, got into the system, but there was "nothing there." They did engage with Christy Christopher on this. Industry feedback regarding the pipeline/forecast, in that they would like to see things more in advance. Most items seem to be within 6 months. Jesse Seaton feels some of the variation may be due to AMS actions triggering when items are added to the forecast, and he notes this is something that is still being worked through. Favorable Industry feedback regarding the improvements in the forecast compared to about 2 years ago.

Discussion Topic 3 – Barriers to Entry and How to Address

John O'Connor was not able to attend today's meeting, so Steve acknowledged this may not be the most detailed data, but through June LANT had met 2 of the 5 Small Business goals, pretty far behind on small business in general. (Meeting Women-owned and HUBZone goals) There will be a lot of actions awarded in the fourth quarter, but not as much as in the past as the workload is more spread throughout the entire year. Goals went up this year, and SECNAV is monitoring and driving that. Steve wants the group to let him know if they see things that are barriers or bad strategy.

Industry question on whether LANT considers portfolio risk perspective, and noted that this year in particular several relatively large tasks came out of Expeditionary and most went to preferred-status small businesses. This led to conversations that there are not a lot of preferred-status businesses that do work currently in the Expeditionary space, so seems to be a concentration of tasking into those preferred statuses. Industry reacts accordingly and figures out how to make it work, but questions whether this same type of thing will happen in different department(s) in the future. Steve stated this is considered, but there is not a lot that can be done about it. Industry member stated he has numerous colleagues who have a hard time dealing with the number of solicitations that came out from Expeditionary, within a short period of time, and some may struggle to pull together resources at execution time. Question as to whether LANT considers the impact of how these solicitations are released/timed. Steve stated LANT does not just pick when to do them, and everything is schedule-

driven, which we cannot always control. Sheela Casper stated in her group they have been looking at strategically segregating. Jesse stated in the past, Expeditionary tried to get things out of the fourth quarter, which is easier on Contracts, but does not feel anyone has taken a holistic view to assess this risk. Steve stated he will continue looking at this in hopes of getting better at tracking/capturing the data and helping the Departments logically fulfill their requirements.

Open Discussion/Questions:

Special Topic 1: LCAT Status - Update

The following was presented by Allison Huber & Jesse Seaton:

Naval Information Warfare Center ATLANTIC

LCAT Status Updates

▼ Solicited input prior to May 2022 revision of NIWC Atlantic standard LCATS (in anticipation of 01 October 2022 eCRAFT Full Adoption)
  - Limited feedback received; several new LCATs added to eCRAFT
▼ 15 June 2023 brief to NIWC Atlantic Leadership Council
  - Objective: Enhance understanding of eCRAFT, resulting LCAT changes/impacts and LCAT challenges moving forward
  - Focus on LCAT duties & experience necessary to adequately support tasking; remove emphasis on LCAT title, and ensure incumbent personnel are not the basis for personnel qualifications established
  - Job titles do not determine exempt status (professional LCATs versus SCA/SCLS LCATs); must overcome negative perception associating personnel in the SCA/SCLS series
  - Adding new LCATs to eCRAFT is a long lead action since it requires review and approval by eCRAFT CCB
▼ Currently collecting LCAT qualifications Dept./Div./Competency/IPT Leads still perceive as non-compatible (with existing eCRAFT LCATs); Discussion with eCRAFT LCAT Lead slated for early August
▼ Currently reviewing NAVWAR HQ (& NAVSEA) solicitations for LCAT implementation; Intent is to follow NAVWAR HQ lead, whenever practicable
  - Under Consideration (TBD): Potential of eliminating current NIWC Atlantic LCAT document and instead directing contractors to eCRAFT personnel qualifications listed on the NAVSEA/NUWC website: https://www.navsea.navy.mil/Home/Warfare-Centers/NUWC-Newport/Partnerships/Commercial-Contracts/Labor-Categories/
▼ Target Implementation Date for further LCAT revisions: **FY24 Q1**

Allison stated we are moving as quickly as possible, and hope to have this completed by FY24 Q1. Jesse mentioned that in terms of eCRAFT usage by other activities, a lot of it is that you do not know how they are implementing LCATs until you read the RFP, i.e., how do the clauses read, typical experience vs minimum required experience. Jesse stated we will try to be very similar to the NAVWAR enterprise but, as needed, you will see us deviate. Jesse received solicitations to review (from NUWC and others) from Manny, and this has been helpful because you can see the level of tailoring/variation happening. No decisions have been made thus far.

Steve added this discussion with this group has driven some good behavior. NIWC LANT's Expeditionary group has worked closely with Michelle DeForest, and labor categories are being looked at throughout the Command, not just within Contracts. Industry member stated they appreciate the fact that this is happening, and also that LANT has communicated that the IPTs must provide the requirements, and they must go to Contracts if there are concerns.

Industry follow-on question regarding standard labor categories: What is the requirement to stipulate the labor categories in the solicitation, other than a pricing matrix? Is there a way to alleviate the concern at execution time if you can say "any one of the standard eCRAFT labor categories is available for use?" Could this make the actual labor category "title" less relevant?

Jesse stated the idea is to bid the labor mix, but after that, it can generally deviate per the terms of the contract without need to limit to only certain labor categories. However, it is dependent on the specific language in each contract. Making steps towards performance-based service contracts. Industry member states this would make it easier to execute. Jesse stated we are almost there, but there is learning/education that needs to happen, as some CORs and/or IPT leads may not fully understand. There may not need to be a contract mod just for a labor category change.

Sheela reported most of these mods have been virtually eliminated, outside of some internal contracts, as it can be adjusted within eCRAFT. To utilize a labor category, there is no official notification required, but when you submit your cost report in eCRAFT [that must align with your WAWF voucher], if a labor category is used that wasn't evaluated and loaded at time of award, it notifies the COR that the billed category is not loaded for that order. COR must then have conversations with the contractor to ensure the change/add is appropriate and then, upon the COR's request, the KO can make update(s) in eCRAFT.

Where applicable, Provision L-328 in NIWC Atlantic RFPs advises offerors that actual task order performance may vary from the labor categories/labor mix cited in the associated pricing model. Similarly, there is guidance located in Section B (ex. "Fee Determination and Payment (Term type) text) advising contractors that "[n]ot withstanding any key personnel requirements of the order, the contractor may utilize any mix of labor categories in performing the required effort."

Industry member stated they recently had a task order issued subject to eCRAFT reporting, and the existing labor categories to ECRAFT labor categories cross-walk was a huge help.

Special Topic 2:   Highest Technically Rated with Fair & Reasonable Price (HTRFRP) Source Selection

Presentation provided by Tad Walls

A "NEW" SOURCE SELECTION APPROACH

HIGHEST TECHNICAL RATED WITH FAIR AND REASONABLE PRICE (HTRFRP)

- In short, LPTA and HTRFRP are at opposite ends of the best value continuum

- HTRFRP allow for a best value to be achieved but **does not require** the Government to conduct a tradeoff between non-cost factors and price

- It is a labor and time-saving methodology that allows the Government to obtain access to the technically superior offeror at a fair and reasonable cost via a competitive environment

Greater	Relative Importance of Cost or Price	Lesser
	BEST VALUE CONTINUUM	
Lesser	Importance of Non-Cost Factors	Greater

→ Tradeoff

Lowest Price Technically Acceptable (LPTA)	Highest Technically Rated with a Fair and Reasonable Price (HTRFRP)
1) Identify Offeror with lowest evaluated price	1) Evaluate and score technical proposals
2) Determine if technically acceptable	2) Identify Offeror with highest technical score
3) If yes, award without evaluating other Offeror's technical proposals	3) Verify if proposed price is fair and reasonable
4) If no, move to next lowest priced offeror and return to Step 2	4) If yes, award without evaluating other Offeror's price
	5) If no, move to next highest technically rated Offeror and return to Step 3

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BENEFITS TO THE GOVERNMENT?

- A labor and time-saving source selection method
  - Allows the Government to achieve a best value **without conducting a tradeoff** between non-cost factors and price
  - Allows the Government to obtain access to the **technically superior offeror at a fair and reasonable** price via a competitive environment

- Eliminates:
  - The need to justify why the perceived benefits of the higher priced proposal merit the additional cost (i.e., the rationale for tradeoff and benefits associated with additional costs)
  - The lengthy legal review process necessary to justify and document a tradeoff determination
  - The need to review all offerors' cost proposals
  - The need to conduct extensive cost realism analysis to determine an evaluated price
  - The potential for protest on the grounds of a flawed tradeoff determination or flawed cost realism analysis (In FY17, these were ranked the #3 and #5 most prevalent reasons GAO sustained a protest)

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WHY THIS IS GOOD FOR INDUSTRY

- A change to the HTRFRP model
  - Removes the requirement for the Government to conduct a tradeoff between non-cost factors and price (removes *incentive to propose an artificially low price to force a tradeoff*)
  - Takes the focus off of price and creates a mechanism to reach the technically superior support service provider in a efficient and defendable way

- Shifts Industry thinking away from bid to win and get well later
  - No ambiguity around the % premium required to support a trade-off for a higher rated technical solution
  - Takes the focus off trying to find cost loopholes and use aggressive pricing tactics
  - Ensure that the Government evaluators will/can assign enough weight to proposal strengths to justify higher rated offers?

- A move to this model allows industry to focus on their value proposition
  - Pre-award engagement with Government turns to innovation and how to solve challenges as this model rewards those who can bring innovation and unique capabilities
  - Removes industry attempts to "shape" favorable contracting strategies or evaluation criteria that limit competition
  - Focuses industry on finding ways to deliver long term value to customers

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HTRFRP – APPLICABILITY

- HTRFRP methodology has been recognized by GAO and the Courts
- It is suitable, and can be further tailored, for:
  - FAR Part 15 competitive acquisitions (multiple award IDIQs, single award IDIQs, C-type contracts)
  - Actions competed IAW FAR 16.505 (task and delivery orders under multiple award IDIQs)
- It is suitable for all contract types (cost-reimbursement, FFP, etc.)
- It is suitable, and can be tailored, for both support services and prime mission product (PMP) requirements
- It can be used while maintaining compliance with the FAR, DFARS, NMCARS, and the DoD Source Selection Procedures (if required)
- With minor modifications to how the Govt. traditionally conducts its source selections, it can utilize the HTRFRP methodology to effectively meet its near and long term contracting objectives

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END STATE

A SOURCE SELECTION PROCESS THAT IS:
- Efficient
- Transparent
- Defendable
- Repeatable

PLUS:
- A best value for the Government
- Establishes a suitable contract ceiling to meet current and future support needs

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Jesse would like to see actual RFPs that go out with this, to see how some activities are doing this. Are they doing cost realism and typical cost analysis? Are they asking for certified cost and pricing data, and if not, why not? Jesse also stated we've made significant progress on streamlining the cost evaluation over past few years. Also noted we do not want to give the incumbent too much of an advantage.

Steve noted LANT has two RFPs using this methodology. It has taken a while to get this on the street and get into evaluation, but will have some real-world experience in the near future.

Topic 3: Virtual v. In-person Industry Days

Steve stated he gets this question frequently at SBIOI. Pros and cons to both, but are there compelling reasons to move to more in-person? Industry member said they have heard numerous requests to shift back to in-person, but no clear rationale or justification. Suggestion that they put the question out to Industry to see why the preference for in-person. Another Industry member also mentioned possible barriers to entry, in terms of classified Industry days and the logistical challenges of these. Jesse asked if in-person Industry Days (in the past) were possibly more interactive? Need to determine if there are perceived benefits to in-person that could be incorporated into virtual.

Open Discussion: Another Industry member asked about the small business size recertification, which caused a lot of stir, and asked for continued updates on this. Also NIWC LANT's future work-shaping/divesting of work came up at SBIOI, and would like to hear more about this.

Jesse says we have heard nothing from the SEAPORT PCO. Industry member says SEAPORT pushed this out – Jesse has investigated and provided clarification (update below). Steve stated we will leave this topic on the agenda for future discussion.

Update: NIWC Atlantic and NAVWAR individuals (Contracts, Contract Policy, and Small Business) met with Contracts representatives from SeaPort, to include the NAVSEA deputy for small business. Although SeaPort has not yet made any changes to the contract and/or standard operating procedures regarding small business size status, there will be a forthcoming contract modification that will address size certifications.

Once drafted, details of the upcoming modification will be shared with SeaPort governance board members; SeaPort-NxG contract holders should receive an initial notification of an upcoming modification later this month. However, the modification most likely will not go into effect until January 2024.

The NAVSEA deputy for small business intends to coordinate with DoN Office of Small Business Programs concerning the MOA with SBA.

Wrap-up: Targeting late August/early September for next meeting, most likely virtual. Please send proposed topics and/or questions to Manny for discussion at next meeting.