NAVFAC Southwest Command Overview

for
American Council of Engineering Companies

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Commanding Officer, NAVFAC Southwest

** Data contained herein is based on the best available information and is subject to change **

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Purpose of this Brief

- The Navy and Marine Corps are making major facility investments
  - Focused on operational facilities (hangars, runways, piers) and new weapons platforms
  - RDT&E facility investment has increased
  - Utility investment remains steady
  - Quality of life capital improvements is reducing

- DoN is business minded and looking for partners
  - Leveraging real estate for capital investment and O&M funding
  - Encouraging energy production and financed energy resiliency
  - Using Public-Public Partnerships (IGSA)

- Changing methods and reducing administrative controls
  - Raising a variety of approval thresholds
  - Pushing authority and capability to the field
  - Reducing environmental burden through partnerships and methods
America’s success depends on our access and relationships abroad. The U.S. Navy guarantees that access!
Projecting Power for National Defense

- IndO Pacific Region
  - 40 nations
  - 60% of the world’s population
  - More than half of the world’s surface
  - 30% of the world’s GDP
  - 70% of the world’s oil transits through the Strait of Malacca
- Top 4 trading partners
  - Canada, China, Mexico, Japan
- 6 largest militaries
  - China, U.S., India, Russia, North Korea, South Korea

60% of the Fleet to the Pacific

Training Ranges
Maintenance Hangars
Simulators
Command and Control Centers

Indoor Shooting Ranges
Piers
Ammo Storage and Handling
Training Centers
Resilient Utility Systems
NAVFAC Southwest

**MISSION**

NAVFAC is the Naval Shore and Expeditionary Systems Command that:
- Plans, builds, and maintains sustainable facilities.
- Delivers environmental, utilities and other base services.

**WHAT WE DO**

The Southwest’s naval shore construction and acquisition agent delivering $2 billion of annual business and facilities lifecycle sustainment. Integrated team of multi-disciplinary professionals with expertise in planning, real estate, design, construction, utility operation, energy solutions, facility services, transportation and weight handling.

**Major Programs**
- Littoral Combat Ship
- USMC Infrastructure Reset
- Maritime Surveillance
- KC-46 Pegasus Tanker
- Joint Strike Fighter
- Naval Special Warfare - Coastal Campus
- Broadway Redevelopment

**Core Competencies**
- Facilities Planning, Operations & Sustainment
- Environmental Compliance & Restoration
- Shore Anti-Terrorism Force Protection
- Utilities and Energy Management
- Specialized Technical Services
- Design, Repair & Construction
- Real Estate

**Supported Commands**
- Navy Installations Command
- Navy Fleet and System Commanders
- MCIWEST, TECOM & USMC Units
- Air Force
- Federal Agencies and non-DOD tenants

**Staffing**
- 3366 Civilians and 140 Military at 19 locations

**SW Volume of Business ($B)**

- FY14
- FY15
- FY16
- FY17
- FY18

- Construction
- Repair
- Environmental
- Planning
Major Programs: Current OPS

**LITTORAL COMBAT SHIP**
Naval Base San Diego LCS
- 2013-2020
- 5 MILCONs
- $205M

**USMC INFRASTRUCTURE RESET**
USMC IR
- 2017-2028
- $240M/yr annual savings
- $180M in Demo

**NAVAL SPECIAL WARFARE**
Coastal Campus
- 2015 - 2024
- 29 MILCONs
- $1B

**KC-46**
**JOINT STRIKE FIGHTER**
**MARITIME SURVEILLANCE**

**KC-46A Program at Travis AFB**
- 2018-2021
- 10 MILCONs
- $165M

**West Coast JSF**
- 2018-2027
- 23 MILCONs
- $1.3B

**Naval Base Ventura County**
- 2014-2019
- 4 MILCONs
- $77M

Enabling a rebalance. Programmatic approach. Dynamic requirements.
Rapid exchange of lessons learned. Acquisition strategies driven by IOC timelines.
New Platforms: Future OPS

Naval Base San Diego
2019-2024
5 MILCONs
$343M

Naval Base Ventura County
2013-2021
4 MILCONs
$60M

Naval Base Coronado
2019-2020
2 MILCONs
$171M

Gateway to PACFLT

At or pushing capacity. BOS impacts. Utility system limitations.
Real Estate Innovation

• Commercial Out Leasing (COL) provide revitalized or new infrastructure
• COL and Public Private Venture or Partnerships (PPV) build a platform for private and/or public entities to achieve real property development furthering asset utilization and value

Leveraging underutilized assets to achieve mission ready facilities
Old Town Campus, San Diego

10 Buildings
70.5 Acres
2 Miles from Downtown
Next to Old Town Transit Station
Next to I-5, I-8 & Pacific Hwy

Requirements
4k Personnel, 1.5M sqft of
Admin, Warehouse & Laydown

• Industry Forum held 5 Nov 18 to present DoN real
estate authorities and obtain Request for Interest
OPPORTUNITIES…
• Public Private Partnership between DoN and
entity to modernize existing footprint
• Long-term ground lease for new or renovated
Navy facilities
• Land swap with new Navy facilities

Site 1
403 ft x 753 ft
403 ft x 753 ft
403 ft x 829 ft

Site 2

Transit
Retail
Urban Village
OTC proximity to Midway redevelopment
Energy Out-Grants

Model 2
On-base Generation for Off-base Consumption
(Real Estate: Outgrant)

- Model 2: 10 U.S.C. § 2667 authority to out-grant, leveraging land for energy resiliency. (Models 1 & 3 are for power purchases)
- Lease Term: Up to 37 years; includes 1 year construction and 1 year for demo
- In-kind Consideration (IKC) applied towards installation resiliency vice “cash”
- Examples
  - Photovoltaic panels, batteries, gas turbine, diesel generators.
  - Auto transfer of generation directly to the installation’s electrical distribution system during a utility grid outage
  - Electrical distribution upgrades and/or maintenance, energy conservation measures
- IKC must meet or exceed the fair market value of the land

Leveraging Underutilized Land Assets to Increase Readiness
Energy Partnerships

• **Marine Corps Air Station (MCAS) Yuma**
  - 3 acres of underutilized land leased to Arizona Public Service (APS)
  - 26 MW of on-site diesel generation for APS load shaping
  - Direct connect to MCAS electric grid provides 100% back up generation

• **Intergovernmental Services Agreement (IGSA) with City of San Diego**
  - Miramar Landfill Gas (LFG) energy for MCAS Miramar
  - Additional 1.6 MW direct connect to MCAS microgrid (existing 3.2 MW LFG)
  - 10 year initial term per recent legislative 10 USC 2679 Sole Source authority
  - Overall energy cost reduction and enhancement of microgrid resiliency

• **California Islands (San Clemente and San Nicolas) Resiliency**
  - Industry Forum March 2019 to seek holistic approach for energy/water sustainability and resiliency. Solutions may include PPA’s, ESPC’s, UESC’s, and all other authorities
  - Both islands currently have wind turbine generation and primary diesel generation
  - Fuel and water are barged
  - High cost of Navy generated power
  - Non-robust grid
Environmental Process Improvements

• Planning – National Environmental Policy Act (NEPA)
  – Navy EA/EIS templates
  – New Navy CATEXs
  – ASN(EI&E) Section 106 Consultation memo
  – Create and utilize more Programmatic consultation documents
  – Promoting legislation extending periods for Marine Mammal Protection Act Letters of Authorization

• Compliance
  – Pro-active partnering relationships
    • California Air Pollution Control Districts
    • Active Industry Organization Participation
    • AB617 Community Air Program
  – Joint education forums promoting Navy positions; improved rulemaking and permit conditions; community acceptance of Navy mission

• Contaminant Cleanup (Environmental Restoration)
  – Remedy optimization reviews
  – Formal facilitated regulatory partnering
Management Initiatives

• Alignment with the Pacific creates business opportunities

• NAVFAC Enterprise Reorganization
  • End of “Integrated Product Team” construct
  • Integration AM, EV and CI personnel into communities
  • Leadership and Project Managers collocated as before (Coastal, Desert & Marine Corps)
  • Greater flexibility in technical assignment and skills development

• Electronic Construction Management System (eCMS)
  • Platform to submit, review, respond to, and store RFIs and submittals for construction and facilities support contracts over $150K
  • Action items and calendar to help team members stay organized
  • System to capture communications, decisions, and information related to lifecycle of project
Execution Initiatives

• **Public Works Department Optimization**
  • Right balance between a PWD’s contracting tools and its in-house shop forces creating efficiency and effectiveness
  • Creates a multitude of competitive tools for faster and cheaper execution of smaller, less complex work
  • Replaces many sole source contracts with competitive procurements, saving ~23% ($15.8M/year at SW Navy bases)

• **Workload balancing: Shift in execution of projects <$5M to the installations (<$10M if size of office supports)**
  • Increase technical staff at those offices
  • More response to clients, designers, and contractors
  • MCON work will not be shifted
Focused Contracts for Installations

- Geographical Mini-MACs
- High Voltage Electrical PM & IDIQ
- Job Order Contracts (JOC)
  - General Construction
  - Electrical/High Voltage Electrical
  - Mechanical and Plumbing
  - Civil
- Indefinite Delivery/Indefinite Quantity (IDIQ)
  - Airfield Paving & Road Paving
  - Flooring
  - Roofing
  - Fencing
  - Painting

<table>
<thead>
<tr>
<th>Installation</th>
<th>Contract Type</th>
<th>Value</th>
<th>Tentative Award Date</th>
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Performance Initiatives

• Mechanical Systems Improvements
  • Review adequacy of DB Whole Building Energy Simulation Source Selection Factor: Limited information pre-award prevents meaningful simulation
  • Hire additional mechanical engineers and technicians
  • Seek PWD feedback on mechanical systems performance
  • Identify acceptance issues during design
  • Improve commissioning team scheduling

• Commercial standards vs military criteria
  • Use of aluminum wire in addition to copper for outdoor equipment – previously limited to copper wire
  • More performance based seismic design with site analysis to better align with industry
Acquisition Initiatives

- Expanded use of Lean Process to all modifications (not just construction) and to task orders up to the SAT ($250K)
- Eliminated requirement for HQ approval to bring more than five offerors to Phase Two in D/B IDIQs and to make non-price factors more important than price
- Increased use of price-only selection procedures for MACC task orders from $10M to $25M
- Increased the threshold for written task order evaluation plans from $10M to $25M
- Increased MACC ceiling limit from $100M to $250M (or higher with HQ approval)
- Streamlined LPTA process so that evaluation is only required on the 3 lowest priced proposals (changed from 5)
- Revised policy to allow for 5-year contract terms vs options
Acquisition Initiatives

• Streamlined documentation process to allow Contracting Officers to sign their own work up to $750K (previously $150K)

• Increased local authority to approve source selection plans from $100M to $250M; approve A/E selection reports from $30M to $100M; authorize construction options to be exercised for a period longer than 365 days from date of contract award

• Eliminated requirement to prepare a separate decision memorandum documenting whether or not use of a project labor agreement is appropriate and to seek counsel review on streamlined acquisition plans less than $100M

• Eliminated requirement to obtain Level III Contracting Officer approval when the price of a modification or the sum of the modifications issued to date will exceed the original contract price
Acquisition Strategy

FY17  53% Design-Bid-Build
      47% Design-Build
FY18  44% Design-Bid-Build
      56% Design-Build
FY19  43% Design-Bid-Build
      57% Design-Build

- Acquisition strategy is based on several factors
  - DBB
    - Operational “need” date. Can start construction as soon as authorized/appropriated
    - New technology….unknown design requirements (e.g. JSF)
    - Complexity of project and/or special permitting
  - DB
    - UFC available (common building types, e.g. barracks)
    - Core competencies
  - Best vehicle
    - Multiple Award Construction Contract
    - Stand Alone procurement
    - Small Business (competitive or sole source)
  - Best Source Selection
    - Best value/trade-offs
    - Low Price-Technically Acceptable
    - Low Price

FY18 Contract Actions

- MILCON only DB Preferred for most smaller projects

- Design-Bid-Build (DBB)

- Design-Bid-Build (DB)

- UFC available (common building types, e.g. barracks)

- Best vehicle

- Best Source Selection

- Best value/trade-offs

- Low Price-Technically Acceptable

- Low Price MILCON only DB Preferred for most smaller projects
Partnering

• Best dispute resolution is dispute prevention
  – Cooperative relationships
  – Identify common goals & interests
  – Lines of communication – dispute resolution ladder
  – Cooperative problem solving
  – Clear expectations

• Increasing focus on formal partnering
  – Level of partnering had decreased
  – Growing number of projects have significant delays & cost impacts

• Greater A/E involvement
  – Critical with DBB
  – Resetting relationship when government owns the risk

Partnering: Dispute prevention to Increase Readiness
Cybersecurity Implementation

• UFC 4-010-06 (Cybersecurity of Facilities Related Control Systems)

• UFGS 25-50-00.00.20, Cybersecurity of Facility-related Control Systems
  • Navy-only directive for all projects in FY17 and beyond
  • ITG 2017-01, Application of Cybersecurity to Facilities-Related Control Systems provides interim basic criteria guidance
  • Provides Cybersecurity Hygiene Checklist
  • Cybersecurity policies are evolving - assistance is available through the Contracting Officer’s Representative (COR)

• Additional Future Guidance
  • Interim ECB describes requirements for incorporating cybersecurity in the design of all facility-related control systems
  • Tri-Service Unified Facility Guide Specification (UFGS) containing detailed cybersecurity guidance is scheduled for release later in FY18

Future Workload

Search “NAVFAC Southwest”

Future Workload Report at NAVFAC Southwest Homepage

USEFUL LINKS

- Contractor Visit Protocol
- Future Workload Projection for Q3 FY2017
- How to Obtain an Architect-Engineer Contract with NAVFAC Southwest


Full transparency on projects & acquisition tools