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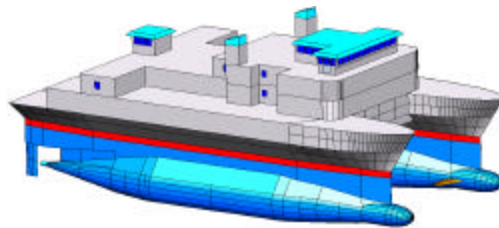
NAVY ACQUISITION REFORM

INFO-ALERT



A Unique Contracting Approach Supports AR Initiatives

NAVSEA's Auxiliary General Oceanographic Research 26 (AGOR 26) Small Waterplane Area Twin Hull (SWATH) program office has employed *Section 845/804: Other Transactions Authority* contracting methods to accelerate the award of their design and construction contract. The AGOR 26 ship program



will provide operating capabilities to conduct general purpose oceanographic research in coastal and deep ocean areas.

Section 845 of Public Law 103-160, as amended by Public Law 104-201, Div. A, Section 804, Title 10 removed standard contracting requirements and provided for participation by

non-traditional contractors. Use of these provisions permitted **83%** of the appropriated Fiscal Year 98 funds to be applied directly to the ship's detail design and construction. In prior programs for similar ships, only **63%** appropriated funds were allocated to detail design and construction.

A reduction to the program cycle time is estimated from 94 months to 60 months. The 30% reduction was attained by government and industry teaming to ensure the earliest possible inputs from all team members.

Benefits of Section 804

The key reasons and benefits expected from the use of this authority include:

- Enhanced Government -Contractor interaction and teaming, particularly in the initial design phase. [An alternate FAR procurement was seen as more restrictive.]
- Anticipation that non-traditional Government contractors would participate. [Of three proposals received, one was classified as a non-traditional Government contractor.]
- Cost avoidance through oversight reduction particularly in the area of cost accounting standards and normal reviews. [Accounting systems were required to meet only Generally Accepted Accounting Practices.]
- To facilitate a strategy designed to maximize ship capability through early down select and capability tradeoffs in design to meet Cost As an Independent Variable (CAIV) goals for each shipbuilding phase.

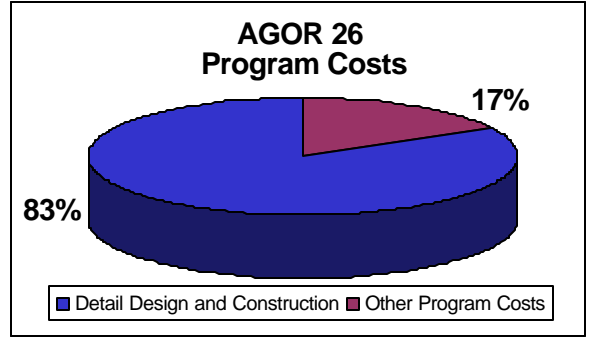
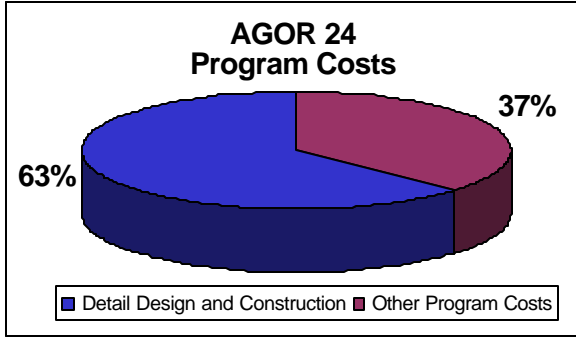
Upcoming Events

Navy Knowledge Fair	1 August
Navy-Industry R&D Partnership Conference	9-11 August
World Standards Day Conference	14-15 August
Military & Aerospace Avionics COTS Conf.	22-25 August

Related Links:

- http://www.abm.rda.hq.navy.mil/abm97_20.html
- <http://www.acq.osd.mil/es/dut/>
- <http://www.acq.osd.mil/es/dut/bidconf/ota/ota/il/>

AGOR 24/26 Acquisition Cost Comparison



AGOR 24 (FY98\$)	
Detail Design and Construction	\$ 36.8M*
Other Program Cost	\$ 21.4M
Total Program	\$ 58.2M

AGOR 26 (FY98\$)	
Detail Design and Construction	\$45.0M
Other Program Cost	\$ 9.0M
Total Program	\$54.0M

“Other Transactions Authority” Reaps Additional Benefits

Use of the “Other Transactions Authority” can result in reduced acquisition and life cycle operating costs by inserting commercial products and processes into the earliest stages of the acquisition process. Also, early and sustained interaction between Government and industry was achieved in a critical part of the proposed acquisition strategy for the development of the novel design concepts planned for SWATH AGOR. This practice maximized cost savings and reduced the time required to develop the design and construct the vessel. The standard contract approach for acquiring supplies or services and Federal Acquisition Regulation, Part 12, for the acquisition of commercial items, were also considered for acquiring the design and construction of the SWATH AGOR. Use of standard contract procedures was rejected because it would result in the administrative burden and cost of conventional contract oversight, limitations caused by conventional progress payment mechanisms, the possibility that new industry involvement would be discouraged, and delays in development of the design and construction inherent in use of the traditional method of acquiring ship design and construction. Similarly, use of FAR Part 12 commercial item acquisition procedures was rejected because it is inconsistent with and limits the Government’s involvement in the initial design process.

AGOR 26—Cost and Schedule

FINANCIAL (\$M)		
RDT&E,N		
FY	98	00

Funding	45	9

SCHEDULE					
FY 98	FY 99	FY 00	FY 01	FY 02	
10/10/97 - PRE-PHASE I START					
4/7/98 - PRE-PHASE I END					
5/5/98 - PHASE I START					
	3/30/99 - PHASE I END				
	7/99 - PHASE II START				
			9/01 - EST DELIVERY		
				5/02 - PHASE II END	