

Patuxent River Air Base

Patuxent River Naval Air Station, Maryland

Commercial

- Total NAVAIR budget is \$20 billion with 75% spent on contracting.
- Contractors compete to win the right to be a C-Port, and they are restricted to using these companies. The contracts workforce is getting smaller and smaller and they are trying to buy smarter, using the C-Port as the one contracting vehicle. The C-port system drives economies of scale and savings.
- On average it is currently taking 300-380 days to negotiate single source contracts and 340 days for competed contracts.
- Use fixed fee incentive contracts withholding payments if performance levels not met.
- It is common practice to withhold the overall budget from competitors. If bids come in over the government estimate then the competition is cancelled and the tender re-issued.
- Found that Fixed price incentive fee has been an effective incentive to perform.
- Award Fee is also used and tied to technical progress and event-driven development. Care must be taken to ensure that the award fee is significantly more than the base fee if it is to be an incentivise the right actions.
- The feel that the quicker you can get to firm fixed price and the more risk you pass to the contractor the better. They did acknowledge that their needs to be an element of fairness though as in the past they have perhaps tried to pass too much risk onto the contractor. In some instances this has led to the demise of the contractor.
- A very tight statement of work is crucial.

Skills

- The Defence Acquisition Improvement Act requires classroom training for commercial staff and they have (in the past) had very regimented training routes to becoming commercial personnel. They feel that their training is generally on a par with industry though they often lose highly desirable skills to the city.
- The make-up of commercial officers can vary. Base location has an impact. For example if the base is quite remote (like the desert China Lake base) then you tend to get a higher percentage of older staff.

Relationships

- Often got over difficulties through having a good relationship with the contractors.
- They share good relationships with many of their contractors. Industry days are held prior to the writing of the requirement and they acknowledge the need to manage the different cultures within contractor organisations.

- Testing of contractors to ensure they understand the requirement. They use pop style quizzes and oral presentations to test the level of contractor understanding.
- Sit with the contractor and co-develop the bid. This is best done at the requisition stage as this is the stage where the most confusion sets in. This approach can only usually be done with single-source contracts.
- Whilst all support contracts should be performance based it is challenging to write performance-based statements of work.