DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
2531 JEFFERSON DAVIS HWY
ARLINGTON VA 22242-5160

IN REPLY REFER TO

NAVSEAINST 4280.2C
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NAVSEA INSTRUCTION 4280.2C

From: Commander, Naval Sea Systems Command

Subj: MASTER AGREEMENT FOR REPAIR AND ALTERATION OF VESSELS; MASTER SHIP REPAIR AGREEMENT (MSRA) AND AGREEMENT FOR BOAT REPAIR (ABR)

Ref: (a) DoD Federal Acquisition Regulation Supplement, Part 217, Subpart 217.71, entitled MASTER AGREEMENT FOR REPAIR AND ALTERATION OF VESSELS

Encl: (1) Master Ship Repair Agreement (MSRA) Eligibility Requirements
(2) Agreement for Boat Repair (ABR) Eligibility Requirements

1. Purpose. To revise policy, guidelines, and procedures governing the issuance of the Master Ship Repair Agreement (MSRA) and the Agreement for Boat Repair (ABR) to firms meeting the eligibility requirements prescribed in enclosures (1) and (2) respectively. This instruction is a major revision to the previous version and should be read in its entirety.

2. Cancellation. NAVSEAINST 4280.2B of 8 August 1988.

3. Background. NAVSEAINST 4280.2B refined the minimum eligibility qualification requirements for obtaining/retaining an MSRA and/or ABR that had been set forth by NAVSEAINST 4280.2A of 4 September 1984. The instruction identified managerial, technical and facilities characteristics which a ship/boat repair contractor must possess and maintain to ensure that the repair effort on a naval vessel is accomplished satisfactorily. The basic eligibility requirement to obtain an MSRA under NAVSEAINST 4280.2B was the ability to accomplish the entire overhaul of a Mine Sweeper Ocean (MSO) Class ship. This included the ability to dock the MSO class ship in a Navy certified dry dock. As the MSO Class was decommissioned and retired from the Fleet, it became necessary to revise the standard for obtaining an MSRA.

4. Discussion

a. The type of work that comprises ship repair, and the conditions under which it is performed, require that NAVSEA contract only with ship repair companies that are fully capable of conducting all aspects of shipboard work. By its nature, shipboard repair work is complex and demanding. The compact arrangement of machinery and systems aboard ship, the sophistication of systems installed in naval ships, and the

Navy's absolute requirement for reliable operation, create a unique repair environment that demands special expertise and capability.

Further, naval ships are designed and built with a high degree of interaction among components and systems. Repairs or modifications to a single system or component may have wide-spread effects on the operation of many other systems or components that are physically remote from the one being repaired. A thorough understanding of these effects and the ability to manage shipboard work as an integrated package are absolutely essential.

b. Successful accomplishment of ship repair work requires careful coordination of a work force possessing a wide mix of skills and trades. Even relatively minor repairs may entail the following:

- Advance planning
- Engineering
- Material identification and procurement
- Material management
- Work site preparation
- Rip-out and removal of interferences
- Handling, removal and disposal of hazardous materials/wastes
- Removal, disassembly, repair and reassembly
- Reinstallation and test
- Restoration and test of interferences
- Work site restoration
- Quality Assurance
- Integrated system testing
- Correction of documentation

c. Timeliness and quality control are of utmost importance in the conduct of ship repair in order to return the ship to a mission-ready state as well as to provide maximum assurance that it will remain so while deployed until the next scheduled maintenance period.

d. The two tier vessel repair certification process was established to ensure the Navy receives a satisfactory repair effort and to promote an active, competitive private sector industrial base to repair Navy vessels. The two agreements utilized are formally titled as follows:

(1) Master Agreement for Repair and Alteration of Vessels (Master Ship Repair Agreement (MSRA)).

(2) Master Agreement for Repair and Alteration of Vessels (Agreement for Boat Repair (ABR)).

e. The MSRA is issued to those firms that have the management, organization, production, and facilities capabilities to perform an entire complex repair and alteration package on a Frigate Guided Missile (FFG-7) class Selected Restricted Availability (SRA). The firm must be capable of performing 55% of the work package within its own facilities utilizing its own shops and work force. Specifically, the firm must possess or have committed access to a pier located within the firm's immediate geographic region that must be accessible to, and capable of berthing, a Frigate Guided Missile (FFG-7) Class vessel.

Also, the firm must have the internal structure and capability to accomplish 55% of the work package within its own facilities and utilizing its shops and work force. The latter requirement, when evaluated during an on site survey, is viewed generically as having the appropriate mix of capabilities to perform structural, electrical/electronic, machinery and piping work. Some repair firms concentrate their primary capabilities in one or two of these areas. Since the scope of work will vary from repair package to repair package, an MSRA does not automatically certify that a contractor can accomplish a specific work package. The Procuring Contracting Officer (PCO) may determine that a complete Pre-Award Survey is required prior to award of a job order to verify a contractor's managerial capabilities, financial status, production capacity, percentage of work subcontracted and/or facilities capabilities and capacities among other factors.

f. ABR holders must, as a minimum, demonstrate managerial capabilities to schedule and to control boat/craft repairs, have the technical/production capabilities to repair steel, aluminum, fiberglass or wood hulled vessels and possess the physical capability and capacity to lift the boat/craft out of the water. Specifically, an ABR holder must have the management, production organization and facilities to accomplish the scope of work defined for ABRs above. This agreement (ABR) was established for those contractors who can perform boat/craft repair and overhaul work as well as non-complex work on Navy ships. The scope of work may encompass Restricted Availabilities (RAV), Technical Availabilities (TAV), Planned Restricted Availabilities (PRAV), boat/craft overhauls and dockside repairs, as well as selective shipboard component repairs. As with an MSRA, the qualification requirements are generic. Therefore, depending upon the specific solicitations requirements, a Pre-Award Survey may be required prior to the award of a job order.

g. Neither the MSRA nor the ABR is to be used to evaluate the qualification requirements for submarine repair work.

h. Remote Site Performance Plans. To enable an MSRA and/or ABR holder to work in a site other than their home location, the MSRA and/or ABR holder must submit a remote site performance plan acceptable to the Supervisor of Shipbuilding located in that remote site. The plan must address: management of the effort, production control, hazardous waste and material control, technical support, material procurement and control, subcontracting, safety/security, and quality control. The plan must also include a hazardous waste generator number issued to the MSRA and/or ABR holder for that specific remote site.

5. Policy

a. Master Ship Repair Agreement (MSRA)

(1) MSRA eligibility requirements are set forth in enclosure (1).

(2) The certification of MSRA contractors and the issuance and control of all MSRAs shall be accomplished by NAVSEA Headquarters, SEA 071 and SEA 028 respectively.

(3) The management of MSRA Certification Process shall be in NAVSEA Headquarters, SEA 071.

(4) The planning, scheduling and coordination of surveys, as well as the responsibility for being Certification Team Leader, shall be accomplished by SEA 071 in concert with SUPSHIP Portsmouth.

(5) All active MSRA holders will be recertified over a three (3) year cycle to ensure that each firm has maintained the organization and facilities which warrant retention of its MSRA.

(6) All MSRA holders will also automatically be issued an ABR.

b. Agreement for Boat Repair (ABR)

(1) The ABR eligibility requirements are set forth in enclosure (2).

(2) All contractors who do not qualify for the MSRA in accordance with enclosure (1) will be considered for the ABR in accordance with the eligibility requirements of enclosure (2).

(3) ABR contractors may request a resurvey to obtain the MSRA under the provisions of enclosure (1) should their

capabilities/facilities be upgraded to the levels prescribed therein.

(4) All ABR holders will be recertified over a three (3) year cycle to ensure that each firm has maintained the qualifications which warrant retention of its ABR.

6. Responsibilities

a. Master Ship Repair Agreement (MSRA), Agreement for Boat Repair (ABR) or Both

(1) Supervisors of Shipbuilding, Conversion and Repair, USN (SUPSHIP)

(a) Ensure that all private shipyards, in their respective area of cognizance, making application for an MSRA and/or ABR understand the requirements of this instruction.

(b) For all new applicants, contact the cognizant Defense Contract Audit Agency (DCAA) and request that a formal financial capability evaluation be conducted which at a minimum should provide an evaluation of the firm's accounting system, their ability to segregate costs, a Z-Score, current and acid test ratios, credit availability and whether accounts payable are aging.

(c) After verifying that the application is complete and obtaining the DCAA audit, forward it to NAVSEA 071, with a copy to SUPSHIP Portsmouth, Code 415. The contractor shall be informed by means of a separate letter that the application has been sent to NAVSEA.

(d) Provide team members in support of MSRA/ABR certification and recertification surveys.

(2) Supervisor of Shipbuilding Conversion and Repair, USN. Portsmouth Code 415

(a) With NAVSEA concurrence, plan, schedule, coordinate and conduct MSRA/ABR certification and recertification surveys, including liaison with the cognizant SUPSHIPs to obtain survey team members.

(b) Notify cognizant SUPSHIPs of pending survey schedules so they may provide adequate notice to the contractors of the site survey date.

(c) Document the site survey findings, develop the survey team recommendation, draft the formal survey report and forward it to SEA 071.

(d) Maintain the necessary documentation and backup data to support survey team recommendations in the event of contractor debriefings, media inquiries or Congressional correspondence.

(3) SUPSHIP Management Group (SEA 071)

(a) Review all MSRA and ABR surveys to ensure consistent application of the eligibility criteria, provide a recommendation, and forward the package to SEA 028.

(b) If the recommendation is to cancel an existing MSRA/ABR, obtain SEA 07 concurrence prior to forwarding the package to SEA 028.

(c) Conduct debriefings with MSRA/ABR applicants on survey results and respond to media and Congressional inquiries on the MSRA program non-contractual issues.

(d) Act as the point of contact and liaison with other agencies such as Maritime Administration, Military Sealift Command, Coast Guard and the Army for MSRA and ABR non-contractual issues.

(4) Contract Management Division (SEA 028)

(a) Review all MSRA and ABR applications and the recommendations forwarded by SEA 071 and provide concurrence.

(b) If the recommendation is to cancel an existing MSRA/ABR, obtain SEA 02 concurrence prior to forwarding the package to SEA 00 for approval.

(c) As Contracting Officer, issue all MSRAs and/or ABRs that have been jointly approved by SEA 071 and SEA 028 and issue correspondence on recertifications and denials.

(d) Act as the point of contact and liaison with other agencies such as MARAD, MSC, Coast Guard and the Army for MSRA and ABR contractual issues.

7. Format of the MSRA and the ABR. The format and content of all Master Agreements for Repair and Alteration of Vessels will be in accordance with reference (a), Subpart 217.71.

G. R. STERNER

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1401 SO FERN ST
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Master Ship Repair Agreement (MSRA) Eligibility Requirements

1. MSRA contractors are required to be capable of performing 55% of the work package on Navy ship Selected Restricted Availabilities (SRAs) of Frigate Guided Missile (FFG-7) Class size within their own facilities, utilizing their own shops and work force. Further, the firms must be capable of subcontracting for those elements beyond their managerial, technical, or physical capability or capacity. MSRA contractors must also be capable of assuming full responsibility for the integrated scheduling, cost and quality of subcontractor performance.

2. Therefore, the MSRA contractor must be a company recognized as engaged in ship repair work. The MSRA contractor must possess an organization capable of the full scope of planning, engineering, quality control, shipboard/off ship production and component/system testing and trials.

3. Such an organization includes established organizational elements as set forth below. These characteristics will be evaluated to determine a firm's eligibility for an MSRA:

- Administration/Management Control. Established organization geared toward ship repair at all levels of size, value and complexity, and toward technology innovation and process improvement. Clear lines of authority. Delegation of responsibility. Mid-level managerial positions in place. Competent and experienced employees with ship repair experience. Capability to develop and integrate planning, estimating and scheduling functions. Defined managerial responsibilities for production, quality assurance, material procurement/control and subcontractor control.

- Financial Control (evaluated by DCAA). Segregation of accounting costs. Adequate accounting system. Favorable cash flow-ratios. Availability of a line of credit or other source of financial income to support the work effort. Prompt payment of subcontractors and suppliers.

- Production Control. A production organization. On board (or ability to obtain) trade mix/skills to perform ship repair work. Control of production efforts. Integration of other key functions with production. Use of scheduling techniques. Methods of progressing. Training available to trades employees.

- Production Technical Support. Engineering and design support capabilities (in-house or subcontracted) with sufficient capability to diagnose and evaluate technical problems and

issues and to make competent technical recommendations to the Navy when necessary and appropriate.

- Material/Procurement Control. A material purchasing department with staff. Procedures for control of material (purchasing, monitoring, receipt, inspection, segregation, issuance, nonconformance and disposal). An inventory system - ordering, tagging, warehousing. CFM/GFM storage, control and protection. Existing environmentally-controlled warehouse space. Material handling equipment. Familiarity with the Navy logistics support system.

- Subcontractor Control. Procedures for selecting, scheduling, managing, monitoring and controlling subcontractors.

- Quality Control/Test and Trials. A quality control organization/department/staff. Quality assurance procedures/manual. Calibration and metrology system availability. Test memo writing capability. Nondestructive Testing capabilities. Welding procedures and welders' qualifications. Ability to perform trend analysis. Potential to meet ISO 9000 Series Standards.

- Safety/security. Safety Organization/Manager or Engineer. Safety manual/procedures. Safety training. First-aid capabilities or medical services. Fire protection/procedures. Physical yard security/security procedures.

- Hazardous Material/Waste Control-. Proper procedures and facilities to meet the legal requirements for removal, storage and disposal of hazardous waste. Segregated storage. Documentation of licensed subcontractors responsible for control of hazardous waste removal, storage and disposal. Appropriate state/federal agency issued hazardous waste generator number. Disposal records which indicate type of material, date and place of disposal.

- Facilities. Although facility requirements may vary with the work authorized for a specific ship, the MSRA holder must be a ship repair company that possesses or has available the following facilities:

- Pier, with services in place in the immediate homeport area which a FFG-7 Class size ship can access and be berthed at.
- Structural Shop;
- Machine Shop;
- Pipe Shop;
- Electrical/Electronics Shop;

- Carpentry Shop;
- Rigging Equipment.

4. Further, ship repair firms are evaluated on their ability to accomplish:

- Shipfitting types of work. Cutting (gas, arc and shear), rolling, shaping, grinding and fitting steel plates and shapes.

- Sheet Metal work. Forming, shaping, cutting (gas, arc and shear) and stamping steel and aluminum sheets.

- Welding. Welding plates and shapes (steel and aluminum), sheet metal (steel and aluminum) and piping joints and fittings.

- Pipefitting. Targeting, fitting, bending, pickling, testing, stress relieving and threading all kinds of pipe (including brazing).

- Machinist/Mechanical (shop and marine). Removing, machining, repairing, testing, cleaning, hydraulic flushing and reinstalling shafting, propellers, sea chests, foundations, winches, elevator, hoists, davits, deck equipment, pumps, valves and bearings among other items.

- Electrical. Installing and checking out ships' cabling, controllers, switchboards, equipment, motors (including motor rewind and repair), lighting, communications, telephones, solenoids, pressure level indicators and metering.

- Electronics. Removing, repairing, (re)installing and operational testing of electronic equipment.

- Woodworking. Ability to repair hulls made of wood.

- Rigging. Availability of equipment to remove and to install major ship components and equipment.

Agreement for Boat Repair (ABR) Eligibility Requirements

1. To qualify for an ABR, a contractor must be primarily engaged in ship and/or boat/craft repair.

2. The Standard Industrial Classification (SIC) Manual, published by the Executive Office of the President, Office of Management and Budget (OMB) (1987), lists codes "for use in the classification of establishments by type of activity ... Each establishment is assigned an industry code on the basis of its primary activity."

3. Prospective ABR contractors must provide sufficient documentation to the cognizant SUPSHIP to indicate that they meet the general criteria of one of the following applicable SIC codes. (Documentation can include the contractor's listing, including one of the below listed SIC codes, in the latest editions of Standard and Poor's Register of Corporations, Dunn and Bradstreet Reference Book, or any similar publication.)

"3731 Ship Building and Repairing"

Establishments primarily engaged in building and repairing ships, barges, and lighters, whether self-propelled or towed by other craft. This industry also includes the conversion and alteration of ships and the manufacture of offshore oil and gas well drilling and production platforms (whether or not self-propelled). Establishments primarily engaged in fabricating structural assemblies or components for ships, or subcontractors engaged in ship painting, joinery, carpentry work, and electrical wiring installation, etc., classified in other industries."

"3732 Boat Building and Repairing"

Establishments primarily engaged in building and repairing boats. Establishments primarily engaged in manufacturing rubber and nonrigid plastic boats are classified in Major Group 30. Establishments primarily engaged in operating marinas and which perform incidental boat repair are classified in Transportation, Industry 7997; and those performing outboard motor repair are classified in Services, Industry 7699.

4. In addition to meeting the general criteria of either SIC codes 3731 or 3732, an ABR contractor must possess, as a minimum, the following capabilities:

- <u>Administration/Management Control</u>. An established organization. Clear lines of authority. Qualified employees. Rudimentary capability to develop schedules. Defined managerial responsibilities.

- Financial Control (evaluated by DCAA). Segregation of accounting costs. Adequate accounting system. Favorable cash flow-ratios. A line of credit or other source of financial income to support the work effort. Prompt payment of subcontractors and suppliers.

- Production Control. A production organization. Skilled personnel. Control of production efforts. Integration of key functions with production. Ability to progress job efforts.

- Production Technical Support. In-house or subcontracted engineering and design support capabilities.

- Material/Procurement Control. A system for control of material (purchasing, monitoring, receipt, inspection, segregation, issuance, nonconformance and disposal). An inventory system. Adequate warehousing space.

- Subcontractor Control. Evidence of ability to control subcontractors.

- Quality Control/Test and Trials. An identified quality control system. Quality control procedures/manual. Calibration and metrology system availability.

- Safety/Security. Designated safety responsibilities. Safety procedures. Medical, fire and security protection.

- Hazardous Material/Waste Control. Proper procedures and facilities to meet the legal requirements for removal, storage and disposal of hazardous waste. Segregated storage. Documentation of licensed subcontractors responsible for control of hazardous waste removal, storage and disposal. Appropriate state/federal agency issued hazardous waste generator number. Disposal records which indicate type of material, date and place of disposal.

- Facilities. Capability (possess or have access) to lift/haul boats/craft from the water (Navy or non-Navy certified: dry-docks, synchrolifts or marine railways, or boat ramps, floating cranes, etc.). Dockside facilities such as piers or berthing spaces (owned or having committed access). Shop capabilities in structural, machine, pipe, electrical/electronics and/or carpentry.

5. Since ABR firms have the potential to perform a diverse scope of repair work, from boat and/or craft overhauls to selected

topside repairs to major vessels, ABR firms will be evaluated on their ability to accomplish:

- Shipfitting types of work. Cutting (gas, arc and shear), rolling, shaping, grinding and fitting steel plates and shapes.

- Sheet Metal work. Forming, shaping, cutting (gas, arc and shear) and stamping steel and aluminum sheets.

- Welding. Welding plates and shapes (steel and aluminum), sheet metal (steel and aluminum) and piping joints and fittings.

- Pipefitting. Targeting, fitting, bending, pickling, testing, stress relieving and threading all kinds of pipe (including brazing).

- Machinist/Mechanical (shop and marine). Removing, machining, repairing, testing, cleaning, hydraulic flushing and reinstalling shafting, propellers, sea chests, foundations, winches, elevators, hoists, davits, deck equipment, pumps, valves and bearings among other things.

- Electrical. Installing and checking out ships' cabling, controllers, switchboards, equipment, motors (including motor rewind and repair), lighting, communications, telephones, solenoids, pressure level indicators and metering.

- Electronics. Removing, repairing, (re)installing and operational testing of electronic equipment.

- Woodworking. Ability to repair hulls made of wood.

- Rigging. Availability of equipment to remove and to install major ship components and equipment.