

MANUAL OF ORDERS

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NO. 640-1

EFFECTIVE DATE
January 17, 1974

SUBJECT

AWARD AND TERMINATION OF MARITIME ADMINISTRATION
MASTER LUMP SUM REPAIR CONTRACTS

Section 1. Purpose:

This order prescribes the procedures for awarding and terminating a Maritime Administration Master LUMPSUM Repair (Pro forma) Contract, (Master LUMPSUMREP Contract).

Section 2. Procedure:

2.01 Applications for Master LUMPSUMREP Contracts. A person desiring a Master LUMPSUMREP Contract shall apply to the appropriate Region Director, submitting the following data as to physical and financial abilities, in support of his application:

- 1 History of the firm
- 2 Location, size and type of construction of plant buildings
- 3 Pier space
- 4 A listing of the principal machinery and equipment and condition thereof
- 5 Listing of officers and key supervisory staff and the qualifications of each for performance of ship repairs
- 6 The quantity and scope of ship repair work accomplished by the applicant
- 7 Form MA-151, Contractor's Statement for Purpose of Transacting Business, certified to by an independent Certified Public Accountant (CPA), or independent Public Accountant where state law permits such certification, reflecting the financial status of the applicant as of a date within three (3) months prior to the application (exception may be made to the certification requirement in those instances in which the applicant is generally known to be a concern of long established reputation for good business and satisfactory performance as well as for financial stability. When such exception is deemed practical and warranted, however, the applicant must furnish a copy of the statement of financial condition prepared and certified to by an independent CPA (or independent Public Accountant, where applicable) as of the close of his last fiscal accounting period as well as a current statement certified to by a responsible official of the firm).

2.02 Inspection of Facilities. The Region Ship Management Officer shall conduct an inspection to verify the applicant's representations as to the plant, facilities, machinery and equipment and condition thereof. This inspection shall also include interviews of the officers and supervisory staff of the applicant to verify the qualifications of each in the ship repair field. The Region Ship Management Officer shall prepare

a report of the findings and submit it to the Region Director with a recommendation as to the feasibility of awarding a Master LUMPSUMREP Contract to the applicant, setting forth the reasons for the determination.

2.03 Analysis of Financial Statement. The Region Finance Officer shall obtain and review the applicant's financial statement and prepare a recommendation to the Region Director as to the applicant's financial qualifications and the limitations to be imposed. If there is any reason to believe that the applicant may be a contractor in another Region and there is any question as to the applicants financial position, the Region Finance Officer will contact the other Region Offices by memorandum (with a copy to the Office of Financial Analysis) prior to making his final determination and recommendation.

2.04 Significance of the Financial Limitation. The established financial limitation shall be the monetary aggregate of work for the Maritime Administration's account (including work awarded by General Agents on Maritime Administration-owned ships operated under General Agency Agreement) which the contractor may have under contract at any one time. In considering the contractor's eligibility for award of a job order under his Master LUMPSUMREP Contract this aggregate will include the contractor's bid price on the work to be awarded plus the cost of any unfinished work for the Maritime Administration's account (including work awarded by General Agents on Maritime Administration ships) which the contractor may have at the time the award is to be made.

2.05 Resolvment of Contractor's Qualifications. The Region Directors, in awarding Master LUMPSUMREP Contracts shall, in their capacity as Contracting Official, determine finally the qualifications of applicants, considering the recommendations of the Region Ship Management Officer, the Office of Financial Analysis or Region Finance Officer as appropriate, and other controlling factors. Lack of physical qualification, or financial resources is sufficient reason for rejecting an application.

Awards may be made of the Master LUMPSUMREP Contract to applicants found physically qualified to perform work of a specialized or restricted nature, such as, tank cleaning, painting, electrical repairs, refrigeration repairs, joiner work, minor voyage repairs, etc., provided that satisfactory physical and financial qualifications are established as specified in Sections 2.02 and 2.04.

2.06 Notification to Contractor. The applicants shall be notified in writing by the Region Directors of the final action accorded applications for Master LUMPSUMREP Contracts setting out the basis on which the awards are being made or applications rejected. If an application is approved the notification shall state the type of work for which the applicant has been approved and the financial limitation.

2.07 Preparation and Execution of Contract.

- 1 Three copies of the Master UUMPSUMREP Contract shall be attached to the notice to the applicant for execution by the contractor, affixing corporate seals, etc.
- 2 Upon return of the executed Contract to the Region Director, each copy shall be reviewed to be sure that no amendments or changes were made in its wording.
- 3 The original of the Contract shall be designated Counterpart I, the second copy Counterpart II, and the third Counterpart III.
- 4 A contract number shall be assigned to the Master UUMPSUMREP Contract by the Region Ship Management Officer and this number will be set forth on the cover sheet and first page of each Counterpart. Additionally, the approval of Counsel shall be obtained on each Counterpart.
- 5 The date on page 1 of the Contract shall be completed and the Region Director involved shall on the same date execute the three Counterparts as Contracting Official.
- 6 Counterpart I of each Master UUMPSUMREP Contract awarded shall be forwarded to the office of the Region Finance Officer for custody. Counterpart II shall be forwarded to the contractor, Counterpart III shall be retained in the Region Director's office involved. A copy of the letter transmitting Counterpart II to the contractor shall be forwarded to the Division of Ship Management.

2.08 Approval of Contractor's Insurance Coverage. The certificates or other proof of insurance coverage as prescribed by the Master UUMPSUMREP Contract shall be forwarded by the contractor to the Director, Office of Marine Insurance at the time the contractor becomes a successful bidder for a determination as to whether the insurance maintained or procured by the contractor conforms to the provisions of the Contract. Notification of approval or disapproval will be furnished the contractor, and a copy furnished the appropriate Region Director. The Region Director must have received this notice as prerequisite for the contractor to receive awards under the Master UUMPSUMREP Contract.

Section 3. Periodic Review of Physical and Financial Qualifications:

3.01 Review of Physical Qualifications. Master UUMPSUMREP Contractors plants shall be inspected when in the opinion of the Region Directors, a management or physical change has taken place that would materially change the conditions under which the original contract was awarded. Inspections shall be limited to contractors plants involved in ship repairs to government owned ships only, i.e. training ships or GAA Ships. Such inspections shall be made to insure that the machinery,

plant buildings and supervisory staff are at least comparable, or of the same quantity and quality as when the Master LUMPSUMREP Contract was originally awarded. A changed condition may be considered sufficient reason for reviewing the provisions under which the Master LUMPSUMREP Contract was awarded, or for cancellation of the Contract. The Region Director shall advise the contractors and General Agents in his Region of any change in Contract provisions which is made pursuant to this Section. A copy of the notice to the contractor in such instances shall be forwarded to the Division of Ship Management.

3.02 Review of Financial Qualification. At the discretion of the Region Finance Officer a contractor may be required to file a financial statement on Form MA-151 at any time. These statements shall be certified to by a responsible official of the contractor or, at the discretion of the Region Finance Officer, by an independent Certified Public Accountant, or, independent Public Accountant, where the state will permit such certification. The Region Finance Officer in accordance with the provisions of Section 2.03 of this order, shall review the financial statements, advise the Region Director of his findings and recommend the retention, revision or cancellation of the contractor's financial limitation. The Region Director, after considering such recommendation, shall determine if the existing financial limitation shall be continued or revised and so advise the contractor concerned. A copy of each notice shall be forwarded to the Division of Ship Management. The Region Director shall arrange for strict enforcement of the financial limitations established, in such manner as they consider appropriate. Region Directors shall notify General Agents promptly of the cancellation of a contractor's Master LUMPSUMREP Contract.

Section 4. Contract Termination:

4.01 Pursuant to MAO 100-2 (formerly AO-59), Redelelegation of Authorities to Region Directors, the Region Director is authorized to terminate Master LUMPSUMREP Contracts when such action is not caused by unusual circumstances which might have effects on national policy.

4.02 Repeated failure to respond to invitations for bids and requests for quotations, abuse of the sub-contracting provisions of the Master LUMPSUMREP Contract, non-compliance with the financial statement requirements, failure to maintain proper insurance during the performance and completion of the work under a job order or adequate physical or financial stability shall be considered sufficient cause to cancel Master LUMPSUMREP Contracts. A copy of each termination notice shall be forwarded to the Division of Ship Management.

4.03 When it is proposed to cancel a Master LUMPSUMREP Contract by reason of unusual circumstances which might have effects on national policy, the case shall be submitted to the Division of Ship Management for review and approval prior to cancellation action.

Section 5. Records and Reports:

5.01 There shall be maintained by the Contracting Officials current listings of contractors within their respective regions receiving awards of the basic Master LUMPSUMREP Contract. These listings shall be by port area and contain names of contractors, contract numbers, addresses, type of work for which contract approved if specialized, e.g., electrical repairs, refrigeration, etc., and financial limitation. The listing shall also indicate such contractors as have been removed from the list of eligible bidders for failure to submit financial statements, etc. The Region Directors shall revise this listing annually as of December 31 and furnish copies thereof to the Division of Ship Management, General Agents and local offices of the Maritime Administration for their information and guidance.



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