



DEPARTMENT OF THE NAVY
U.S. FLEET AND INDUSTRIAL SUPPLY CENTER
(YOKOSUKA, JAPAN)
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FISC YOKOSUKA INSTRUCTION 4280.2

Subj: MASTER AGREEMENT FOR REPAIR AND ALTERATION OF VESSELS;
MASTER SHIP REPAIR AGREEMENT (MSRA) AND AGREEMENT FOR
BOAT REPAIR (ABR) FOR THE FAR EAST (KOREA AND JAPAN)

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 provide 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.

2. Background. NAVSEAINST 4280.2C of 27 Nov 96 provides guidelines and procedures governing the issuance of MSRAs or ABRs to prospective ship repair contractors within the United States, its possessions, or Puerto Rico. In accordance with reference (a), it is in the best interest of the U.S. Navy to establish local master agreements with ship repair companies located in Japan and Korea. This instruction is modeled after NAVSEA's instructions. However, due to the unique business environment in the Far East and to provide a viable competitive base of ship repair contractors some of the NAVSEA eligibility requirements were modified.

3. Discussion.

a. The type of work that comprises ship repair, and the conditions under which it is performed, require that FISC Yokosuka and its detachments contract only with ship repair companies that are fully capable of conducting various aspects of shipboard work. By its nature, shipboard repair work is complex and demanding. The compact arrangement and sophistication of machinery and

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systems installed on naval ships and the Navy's absolute requirement for reliable operation creates 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 widespread 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:

- (1) Advance planning
- (2) Engineering
- (3) Material identification and procurement
- (4) Material management
- (5) Work site preparation
- (6) Rip-out and removal of interferences
- (7) Handling, removal and disposal of hazardous materials and wastes
- (8) Removal, disassembly, repair and reassembly
- (9) Reinstallation and test
- (10) Restoration and test of interferences
- (11) Work site restoration
- (12) Quality Assurance
- (13) Integrated system testing
- (14) 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

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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 Ship Repair Agreement (MSRA)
- (2) Agreement for Boat Repair (ABR)

e. The MSRA is issued to those firms that have the management, organization, production, and facility capabilities to perform an entire complex repair and alteration package on a Frigate Guided Missile (FFG) class Selected Restricted Availability (SRA). The firm must be capable of performing 40% of the work package within its own facilities utilizing its own shops and work force and/or resident subcontractors¹. 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) class vessel. During an on site survey, the prospective firm will be reviewed for processing 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 contract to verify a contractor's managerial capabilities, financial status, production capacity, percentage of work subcontracted and/or facility capabilities and capacities among other factors.

f. ABR holders must, as a minimum, demonstrate managerial capabilities to schedule and to control boat/craft repairs and have the technical/production capabilities in at least two specialties with the ability to subcontract for crafts not part of

¹ A resident subcontractor is defined as a subcontractor who resided on-site within the shipyard on a long-term basis (6 months or longer). Proof (provided by the prospective contractor) would include written documentation of a long-term relationship, shared office space with subcontractor personnel, subcontractor equipment permanently stored on site, etc.

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their core competencies. This may be demonstrated by providing subcontractor lists or documentation of partnerships or teaming arrangements. Specifically, an ABR holder must have the management, production organization and facilities to accommodate its in-house specialties and be able to accomplish an integrated work package. 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 solicitation requirement, a Pre-Award Survey may be required prior to the award of a contract. At the discretion of the FISC Yokosuka Ship Repair Contracting Branch Chief or FISC Yokosuka Detachment Sasebo Contracting Division Director, an ABR may be granted with limitations. These limitations will define what type of ship repair work the contractor is qualified to perform on U.S. Navy vessels. The contractor will be notified, in writing, if their ABR is subject to any limitations.

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

4. 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 the FISC Yokosuka Ship Repair Contracting Branch Chief or FISC Yokosuka Detachment Sasebo Contracting Division Director.

(3) The planning, scheduling and coordination of surveys, as well as the responsibility for being Certification Team Leader, shall be accomplished by the FISC Yokosuka Ship Repair Contracting Branch Chief or FISC Yokosuka Detachment Sasebo Contracting Division Director. These duties may be delegated to senior contract specialists.

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

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(5) 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 or facilities be upgraded to the levels prescribed therein.

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

5. Responsibilities. The FISC Yokosuka Ship Repair Contracting Branch Chief (geographic area of responsibility includes all of Korea and Japan with the exception of Kyushu) and the FISC Yokosuka Detachment Sasebo Contracting Division Director (geographic area of responsibility is Kyushu, Japan) are responsible for the following:

a. Ensuring 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. Contacting the cognizant Defense Contract Audit Agency (DCAA) and requesting that a formal financial capability evaluation be conducted for all new applicants, which, at a minimum should provide an evaluation of the firm's accounting system, their ability to segregate costs, financial ratios, credit availability and whether accounts payable are aging.

c. After verifying that the application is complete and obtaining the DCAA audit, designating the survey team members and forwarding a letter to the contractor informing them of the survey date.

d. Providing team members direction in support of MSRA/ABR certification and re-certification surveys.

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e. Documenting the site survey findings, developing the survey team recommendation, and drafting the formal survey report documenting his/her decision.

f. Maintaining the necessary documentation and backup data to support survey team recommendations in the event of contractor debriefings, or other inquiries.

g. Conducting debriefings with MSRA/ABR applicants on survey results and responding to inquiries on the MSRA/ABR program.

h. Acting as the point of contact and liaison with other agencies such as Military Sealift Command, Coast Guard and the Army for MSRA/ABR issues.

i. Granting MSRAs and/or ABRs to qualified shipyards.

6. 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.

7. Lead Code. Far East Contracting Department (Code 200).



D. R. SMOAK

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**Master Ship Repair Agreement (MSRA)
Eligibility Requirements**

1. MSRA contractors are required to be capable of performing 40% of a Selected Restricted Availability (SRA) on a U.S. Navy Frigate Guided Missile (FFG) class size ship within their own facilities, utilizing their own shops and work force and/or resident subcontractors. 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. 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 geared toward ship repair at all levels of size, value and complexity, and toward technology innovation and process improvement. The characteristics set forth below will be evaluated to determine a firm's eligibility for an MSRA:

- Administration/Management Control. Clear lines of authority and 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.

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- 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. Written 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.
- 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 agency issued hazardous waste generator number. Disposal records which indicate type of material, date and place of disposal.

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➤ 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 at which a FFG class ship can access and be berthed;
- 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.

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- Woodworking. Ability to repair hulls made of wood.
- Rigging. Availability of equipment to remove and to install major ship components and equipment.
- Preservation. Ability to perform preservation work such as painting, tank cleaning, and deck covering.
- Habitability. Ability to perform carpentry work.
- Scaffolding. Ability to install and take down scaffolding.

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**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. An ABR contractor must possess the following capabilities:
 - Administration/Management Control. 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.

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- 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 agency issued hazardous waste generator number. Disposal records, which indicate type of material, date and place of disposal.
- Facilities. Shop capabilities to support in-house trade specialties (i.e., structural, machine, pipe, electrical/electronics and/or carpentry shops).

3. 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 must be qualified in at least two of the following trade specialties utilizing in-house personnel with subcontractor relationships to cover the other trade specialties:

- Shipfitter 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.