

Initial Regulatory Flexibility Analysis

Carriage Vessel Overhaul, Repair, and Maintenance DFARS Case 2007-D001

This initial regulatory flexibility analysis has been prepared consistent with 5 U.S.C. 603.

1. Description of the reasons why action is being taken.

This interim rule amends the Defense Federal Acquisition Regulation Supplement (DFARS) to implement Section 1017 of the National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364). Section 1017 requires DoD to establish an evaluation criterion, for use in obtaining carriage of cargo by vessel, that considers the extent to which an offeror has had overhaul, repair, and maintenance work for covered vessels performed in shipyards located in the United States or Guam.

2. Succinct statement of the objectives of, and legal basis for, the rule.

The objective of the rule is to maintain a strong national ship repair industrial base. Therefore, the rule contains an evaluation preference for use in DoD solicitations for carriage of cargo by vessel, to apply to those entities that use domestic shipyards for vessel overhaul, repair, and maintenance.

The legal basis for the rule is Section 1017 of the National Defense Authorization Act for Fiscal Year 2007 (Public Law 109-364).

3. Description of and, where feasible, an estimate of the number of small entities to which the rule will apply.

The requirements of the rule will apply to entities interested in receiving DoD contracts for carriage of cargo by vessel. An evaluation preference will be given to offerors of carriage who use domestic shipyards for vessel overhaul, repair, and maintenance work. This is expected to have a positive effect on entities owning domestic shipyards, by encouraging the

use of those shipyards. The number of small entities that will be affected is unknown at this time.

4. Description of projected reporting, recordkeeping, and other compliance requirements of the rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record.

The rule requires offerors to provide the following information on all "covered vessels," as defined by the statute and implemented in the rule, for which overhaul, repair, and maintenance work has been performed during the period covering the current calendar year, up to the date of proposal submission, and the preceding four calendar years:

- (1) Name of vessel.
- (2) Description of qualifying shipyard work performed.
- (3) Name of shipyard that performed the work.
- (4) Inclusive dates of work performed.
- (5) Cost of work performed.

DoD will use this information to evaluate offers submitted in response to solicitations for carriage of cargo by vessel, and to prepare annual reports to Congress, as required by Section 1017 of Public Law 109-364. No special skills are needed for preparation of this information. The information should be readily available to offerors through records normally maintained to document business transactions.

5. Identification, to the extent practicable, of all relevant Federal rules which may duplicate, overlap, or conflict with the rule.

The rule does not duplicate, overlap, or conflict with any other relevant Federal rules.

6. Description of any significant alternatives to the rule which accomplish the stated objectives of applicable statutes and which minimize any significant economic impact of the rule on small entities.

There are no significant alternatives that would meet the objective of the statute cited in Section 2 of this analysis.