



December 2000

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U. S. Department of Veterans Affairs

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OSDBU UPDATE



Notes From Scott

In this issue I want to welcome a new member to the OSDBU management team. On December 4, 2000, Wayne A. Simpson joined the OSDBU Staff as Deputy Director for Small Business Programs. A demonstrative small business advocate and seasoned acquisition professional in his own right, Wayne comes to OSDBU from the National Cemetery Administration (NCA) Operations Support Center, Quantico, VA, where he served as Chief of NCA's Centralized Contracting Division since March 1995. Before his selection to that position, Wayne served as Deputy Director, Office of Memorial Programs, VA

Headquarters. Wayne also held the positions of contract administrator, contract specialist and procurement analyst with VA's Office of Acquisition and Materiel Management, and served as a VA Medical Center contracting officer as well.

A native Washingtonian, Wayne is a graduate of the U.S. Office of Personnel Management's Executive Potential Program, where he served in a developmental assignment on the Staff of the House Veterans Affairs' Committee's Housing and Memorial Affairs Subcommittee. He is also a graduate of George Washington University's Contemporary Executive Development Program and the Leadership VA Program Class of 1998.

Wayne is a member of the National Contract Management Association and the Federal Managers Association. In his previous assignments, organizations that Wayne played an integral role on the management team received such prestigious awards as the Vice President's Hammer

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Outstanding Commitment to 8(a) Program

By Lynette Simmons

Congratulations!!! Congratulations!!! Congratulations!!!

The Office of Small and Disadvantaged Business Utilization sends congratulations and thanks to **Ms. Gloria Garcia**, Contracting Officer, VA Central California Health Care System, Fresno, California, for her outstanding and continuing dedication in providing opportunities for small businesses. In addition to effectively using the 8(a) Program, Ms. Garcia went far beyond the call of duty in assisting the contractor in obtaining the required bonding. In recognizing Ms. Garcia, U.S. Small Business Administration Fresno District Director, Antonio Valdez, pointed out how Ms. Garcia's efforts have benefited the local economy, as well as many of the 1,331 employees and families of 8(a) firms in the Fresno area. Mr. Valdez presented Ms. Garcia with a Certificate of Appreciation in recognition for her "outstanding commitment and invaluable service to the development of SBA Fresno District 8(a) small businesses." **Way to go Ms. Garcia!**

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Award, VA Deputy Secretary's Scissors Award, and were twice recognized by the President's Council on Management Improvement for "demonstrating and promoting Government management excellence." Wayne's focus in OSDBU will be on small business programs and expanding on VA's many accomplishments with these important programs, particularly the HUBZone Program. Join me in welcoming Wayne!

We at OSDBU would like to thank all of the procurement officials who work in the field and show such great support to the small business programs. We would like to wish all of you a happy and prosperous new year, and look forward to working with you in the upcoming months. Again, thank you and, **Happy Holidays from OSDBU.**



GENERAL

ACCOUNTING OFFICE (GAO) EVALUATING HISTORICALLY UNDERUTILIZED BUSINESS ZONE (HUBZONE) SMALL BUSINESS PROGRAM

By Ramsey Alexander, Jr.

VA's OSDBU office met in Veterans Affairs (VA) Central Office on December 6, 2000, with representatives of the General Accounting Office (GAO) team in an entrance conference where they were seeking information on the Department of Veterans Affairs' HUBZone Empowerment Contracting Program. GAO also requested an OSDBU discussion to provide some information on VA's procedures and guidelines regarding awarding VA contracts to Historically Underutilized Businesses. The Agenda also included

GAO advising VA representatives of their objectives and the methodology for the review that they plan to undertake. VA is one of the original ten major federal agencies that were included in GAO's Program review for FY 1999 and 2000. As of September 30, 2000, the HUBZone program applies to all federal departments and agencies. This GAO entrance conference with OSDBU, Intergovernmental Affairs, Office of General Counsel, Office of Policy and Planning, Congressional Affairs, Office Acquisition & Material Management, and National Cemetery Administration covered some of the nuts and bolts of the HUBZone program in the VA as it relates to the following:

1. Public Law 105-135 Agency policy
2. Procedures (FAR Part 19.13 & VAAR)
3. Guidelines regarding

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- awarding contracts to HUBZone businesses
- 4. Training on the program
- 5. Implementation and promotion of the program
- 6. Outreach
- 7. Narrative report
- 8. Analysis of FY 1999 achievements and failures
- 9. Pro-Net and SBA HUBZone business certification letters
- 10. FPDS reporting FY 1999 & 2000
- 11. Contract Goals

GAO will continue talks over the next several months with representatives of this office about the program and specifically the FPDS side of contract reporting. They will be contacting various VA contracting activities sometime in the January/February 2001 timeframe to talk about how the program is being carried out within VISNs or individual contracting offices. This GAO Job Code Number is 120012 for future reference and contact with this office about the subject review and status.



FPDS Corner

By Lisa Russell

After the end of the grace period for Fiscal Year 2000, the Federal Procurement

Data Center notified us that the General Accounting Office reviewed all firms reported as HUBZone small business concerns to see if they had been certified by the Small Business Administration. A firm can be located in a HUBZone however, if they are not certified by the SBA, they cannot be considered a HUBZone small business concern. Unfortunately, GAO used DUNS numbers to check the company in Pro-Net or on the list of HUBZone small business concerns maintained by the SBA. After our experience with DUNS numbers in FY 2000, it is easy to imagine the type of data that was produced. FPDC provided us with a list of firms that were not found as HUBZone small business concerns and requested that we correct the reports immediately.

There were 54 reports representing 35 different small businesses on the list. Three firms on the list were actually HUBZone small business concerns. Two of the three firms had reorganized recently, received a new DUNS number from Dun & Bradstreet, but had not updated their Pro-Net profile with the new DUNS number. The contracting activity contacted the company and requested that they update their Pro-Net profile. The third company had received a letter from the SBA informing them that they were a certified HUBZone small

business concern and that a record was created for them in Pro-Net, but the firm was not found in Pro-Net, nor were they on the SBA's HUBZone list. In each of these instances, the FPDS report was left coded as HUBZone small business concern. Our office informed the FPDC that the records were coded correctly.

The SBA and FPDC are developing a link between the SBA's HUBZone list and the FPDS reporting platform to check any firm reported as a HUBZone small business concern against the SBA list at the time your report is submitted. It appears as if they intend to use the DUNS number to do this. Although this will necessitate some communication on your part to the SBA and the contractor in order to clarify any discrepancies, it will clarify them much sooner in the process. Our office is going to request that all FPDS reports submitted for small businesses be checked against the SBA HUBZone list so that we can receive credit for awards to firms that were incorrectly reported as not being HUBZone certified. At this point, though, the implementation phase for the verification process is unknown, so you will have to continue verifying the firm's HUBZone status in Pro-Net or on the SBA's HUBZone list.

SUMMARY OF BEST PRACTICES REGARDING SMALL BUSINESS PARTICIPATION UNDER ID/IQ AWARDS

By Deborah Van Dover

Agencies use Indefinite Delivery/Indefinite Quantity (ID/IQ) task order contracts to fill recurring requirements for services. The size and scope of these contracts could prevent small businesses from competing even though these firms have demonstrated their ability to be competitive in providing professional and technical services. Agencies are encouraged to structure solicitations for multiple award contracts in such a manner that will guarantee small and small disadvantaged business firms an opportunity to win prime contracts, which then will allow them to compete for individual orders under the contracts. Contracting Officers (CO) should work closely with program officials and the Office of Small and Disadvantaged Business Utilization (OSDBU) regarding the planning of multiple award contracts so small and small disadvantaged business opportunities can be identified early in the acquisition planning process. This allows the small business specialists to inform the program office of the qualified small and small

disadvantaged business firms that can perform segments of the work. Business strategies such as teaming arrangements can be discussed in an effort to maximize opportunities for these firms. Teaming arrangements not only increase business opportunities for small and small disadvantaged businesses, but also expand the skill mix of the team.

Department of Transportation (DOT), under its Information Technology Omnibus Procurement (ITOP) contract, structured award of its prime contracts to allow at least one "full and open" award, one competitive small business set-aside award, and one competitive 8(a) award in each functional area. DOT divided its IT requirements into three functional areas: information system engineering, systems/facilities management and maintenance, and information systems security. Task orders are competed among all firms within a functional area irrespective of whether the firm is 8(a), small business, or large business. Ten of the prime contracts awarded under ITOP went to small and small disadvantaged businesses. This afforded them the opportunity to compete against other qualified firms for the individual task orders in their functional area of expertise. Under its Volpe Center research and development contract, DOT noticed the lack of small business participation in the information systems

engineering functional area of its previous contract. The re-competition of these services included a small business set-aside in that functional area.

Another example of structuring contracts to fully utilize small and small disadvantaged businesses is the General Services Administration's (GSA) Federal Systems Integration and Management (**FEDSIM**) contract for Information Technology (IT) support services. Two of the eight awardees are small businesses, which compete head-to-head with the other awardees for task orders. The small business primes also may team with the large business prime contractors to obtain work under these contracts.

For multiple award contracts that require a subcontracting plan, agencies also have demonstrated success in improving subcontracting opportunities for small and small disadvantaged business firms under these contracts. One method being used is to assign appropriate weight to the quality of the contractor's subcontracting plan or past performance under earlier plans as an evaluation factor or sub factor in the overall competition for the contract. COs should make clear to awardees that their performance in this area will be reflected in their record of past performance for future awards. Some agencies also include mandatory

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subcontracting commitments for awards to small and small disadvantaged business firms in their multiple award contracts.

The preceding data was taken from a report on Best Practices, ID/IQ Contracting published by the Office of Federal Procurement Policy (OFPP).

FAR Part 19—Small Business Programs Highlights of Regulatory Guidance Concerning Order of Program Precedence

By Deborah Van Dover

There still seems to be some confusion as to the order of precedence for the Small Business Programs. Hopefully, this will assist you and alleviate some of the confusion.

1. The Contracting Officer should consider 8(a) first. SBA will give priority to HUBZone 8(a) firms.

FAR 19.800(e): Before deciding to set-aside an acquisition in accordance with Subpart 19.5 or 19.13, the contracting officer should review the acquisition for offering under the 8(a) Program. If the acquisition is offered to the SBA, SBA regulations (13 CFR 126.607(b) give first priority to HUBZone 8(a) firms.

2. If the incumbent contractor is an 8(a) concern, the HUBZone Program cannot be used in a re-competition, unless SBA specifically authorizes the requirement for the program.

FAR 19.304(d): The HUBZone Program does not apply to: requirements currently being performed by an 8(a) participant or requirements that SBA has accepted for performance under the authority of the 8(a) program, unless SBA has consented to relapse the requirements from the 8(a) program.

3. If the incumbent contractor is a small business, the HUBZone Sole Source procurement method cannot be used in a re-competition unless SBA specifically authorizes the requirement for the program.

FAR 19.1306(a)(3): A participating agency contracting officer may award contracts to HUBZone small business concerns on a sole source basis without considering small business set-asides (see 19.1305), provided—the requirement is not currently being performed by a non-HUBZone small business concern.

4. The HUBZone Program has priority over Small Business Set-Asides.

FAR 19.501(c): For

acquisitions exceeding the simplified acquisition threshold, the requirement to set-aside an acquisition for HUBZone small business concerns (See 19.1305) takes priority over the requirement to set-aside the acquisition for small business concerns.

5. The HUBZone Program and the 8(a) Program are higher priority than the Small Business Competiveness Demonstration Program (Emerging Small Business Set-Asides, Full and Open Competition)

FAR 19.1006(b): Acquisitions in the designated industry groups shall continue to be considered for placement under the 8(a) Program (see Subpart 19.8) and the HUBZone Program (see Subpart 19.13).

6. HUBZone Set-Aside Actions have higher priority than HUBZone Sole Source requirements.

FAR 19.1305(a): The contracting officer shall consider HUBZone set-asides before considering HUBZone sole source awards (see FAR 19.1306) or small business set-asides (see Subpart 19.5).

7. HUBZone Competitive Set-Aside Program is optional under \$100,000

FAR 19.1305(c): A
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participating agency may set-aside an acquisition exceeding the micro-purchase threshold but not exceeding the simplified acquisition threshold for competition restricted to HUBZone small business concerns at the discretion of the contracting officer.

8. HUBZone sole source actions are prohibited under \$100,000.

FAR 1306(a)(4): A participating agency contracting officer may award contracts to HUBZone small business concerns on a sole source basis without considering small business set-asides (see Subpart 19.5), provided—the acquisition is greater than the simplified acquisition threshold (see part 13).

9. Requirements under \$100,000 are automatically reserved for small business. There are two exceptions: very small business set-asides and emergency small business set-asides have higher priority than small business set-asides.

FAR 19.502(a): *Except for those acquisitions set-aside for very small business concerns (see Subpart 19.9), each acquisition of supplies or services that has an anticipated dollar value exceeding \$2,500, but not over \$100,000, is automatically reserved exclusively for small*

business concerns and shall be set-aside for small business unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms or market price, quality and delivery.

10. The Emerging Small Business Set-Asides in the Small Business Competiveness Demonstration program have higher priority than Very Small Business Set-Asides.

FAR 19.904(a): A contracting officer must set-aside for very small business concerns each acquisition that has an anticipated dollar value exceeding \$2,500 but not greater than \$50,000 if—
(1) In the case of an acquisition for supplies—the contracting officer is located within the geographical area served by a designated SBA district; and there is a reasonable expectation of obtaining offers from two or more very small business concerns headquartered within the geographical area served by the designated SBA district that are competitive in terms of market prices, delivery and quality; or
(2) In the case of an acquisition for services—the contract will be performed within the geographical area served

by a designated SBA district; and there is a reasonable expectation of obtaining offers from two or more reasonable very small business concerns headquartered within the geographical area served by the designated SBA district that are competitive in terms of market prices, delivery and quality.

11. Actions below \$2,500 and FAR 8 actions are exempt from the Small Business Program.

FAR 19.502-1(b): This set-aside requirement does not apply to purchases of \$2,500 or less or purchases from required sources of supply under FAR Part 8 (e.g., Federal Prison Industries, Committee for Purchase from People Who are Blind or Severely Disabled, and Federal Supply Schedule Contracts).

Memorandum of Cooperation

By Deborah Van Dover

We are excited about a recently negotiated Memorandum of Cooperation (MOC) with the Defense Contracting Management Command (DCMC) team in Chicago, Illinois. DCMC strives to provide customer focused contract management services – throughout the acquisition life cycle -- around the clock,

around the world. To accomplish its mission, DCMC performs a variety of functions, including contractor system reviews. These reviews include the contractor's small business and subcontracting programs. We previously participated in such a review of one of VA's large prime contractors and found the process to be very enlightening. This review provided us with helpful information regarding subcontracting. The MOC we negotiated will enable us to participate in reviews scheduled by DCMC - Chicago. We hope to attend each review in which the contractor is a VA prime contractor. The report to the contractor, following each review, will be a combined VA/DCMC report and will list deficiencies and shortcomings within the firms' small business and subcontracting programs. It is our belief that these reviews will assist us in creating more subcontracting opportunities for the small business community. We look forward to developing more relationships such as this within the entire DCMC.

Central Texas Veterans Health Care System

By Lynette Simmons and Robert L. Stringer

The Contracting Officer Mr. Robert Stringer, Central Texas Veterans Health Care System (Temple, Waco, Marlin and Austin), TX, finalized a negotiated

procurement for Medical Transcription Services. The two offerors were PrimaStaff, Inc. out of San Antonio, TX, and Data Dynamics, Inc. out of Grafton, ND. This was a HUBZone set-aside. The competition was extremely close as both offerors were dead even on technical qualification. Pricing was the final determiner as to the winner. Pricing constituted 15% of the overall total score. PrimaStaff was the winner (99 to 95). The evaluation board at Central Texas Health Care System was impressed with the submissions and qualifications from both offerors. Past performance, qualifications, and technical evaluation were very detailed and provided an excellent word picture of how each would provide transcription services. If you have transcription needs, this is an excellent opportunity for serious competition between two fully qualified HUBZone contractors. Mr. Stringer thinks that this will be a successful four-year contract for them. It is not his intent to provide free advertising for any contractor, however, you do need to capitalize on positive experiences and he thinks both offerors are worth consideration for medical transcription needs. Mr. Stringer states that, "Both contractors are 'true' HUBZone contractors who play by the rules rather than skirt them. He only wishes that he could have awarded to both. "Data Dynamics was a very worthy contender and they both deserve recognition."

NAC Represents VA at Chicago Conference

The General Services Administration (GSA) sponsored a small business conference focusing on the HUBZone program and Service Disabled Veteran owned businesses on December 1, 2000, in Chicago, Illinois. The daylong event was held for the purpose of bolstering support, commitment and participation in the HUBZone and Service Disabled Veterans programs. GSA's Great Lakes Region in Chicago, IL (which includes the States of Illinois, Indiana, Ohio, Michigan, Minnesota and Wisconsin) has a large concentration of small businesses; which is the reason for hosting the event in Chicago. Mr. Phil Nass, the Small Business Specialist from the National Acquisition Center represented the VA at the conference. Phil participated on a panel discussion with other Federal agency representatives.

There were approximately 200 small businesses that participated in the conference and received information on contracting with the Federal government and the Department of Veterans Affairs. Phil counseled the small business about doing business with the National Acquisition Center and the Great Lakes Acquisition Center. We here at OSDDBU appreciate Phil's willingness to represent the VA and his support of the small business.

Thank You Phil!!!

The following is a listing of the upcoming small business conferences and trade fairs that OSDBU is aware of. This office may be asking for local participation. If there are any local conferences that are not listed please email llene.waggoner@mail.va.gov and inform us of the conference.

CONFERENCES

1/22/01	Treasury VOS Session	Dallas/Ft. Worth, TX
2/8/01	National WOB Conference	Tempe, Arizona
2/13/01	7 th Annual African American Entrepreneurship Conference	Birmingham, Alabama
2/14/01	32 nd Minority Business Trade Fair	Los Angeles, California
2/16/01	10 th Annual Congressional Gulf Coast Conference	Mobile, Alabama
2/23/01	Big Sky Economic Trade Fair	Billings, Montana
2/28/01	NASA JPL Conference	Los Angeles, California
3/19/01	Economic Development Indian Country	Anaheim, California
3/19/01	Alliance Opportunities for SB	Philadelphia, Pennsylvania
3/25/01	AGMAS 2001 Conference	Ft. Lauderdale, Florida
3/26/01	CTMBC Opportunity Fair	Austin, Texas
3/27/01	Minority Business Opportunity Fair	Pittsburgh, Pennsylvania
3/28/01	Alliance 2001	Bellevue, Washington

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