

The Beacon

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February 2001

Special points of interest:

- New Deputy Director On Board
- Order of Precedence for SB Programs
- MOU with DCMC
- GAO and HUBZone
- ID/IQ Awards Best Practices

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A Message From the Director of OSDBU

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 Af-



Scott F. Denniston, Director OSDBU

fairs' 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

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Small Business Program Order of Program Precedence

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 the confusion.

1. The Contracting Offi-

cer 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

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Message From the Director



Wayne Simpson
Deputy Director

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 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!

"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."

Memorandum of Cooperation

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 subcontracting pro-

gram. We previously participated in such a review of one of VA's large prime contractors and found the process very enlightening. This review provided us with helpful information regarding subcontracting. The negotiated MOC 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 subcontracting program. 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.



MOU Signed with DCMC

GAO EVALUATING HUBZONE PROGRAM

VA's OSDBU office met on December 6, 2000, with representatives of the General Accounting Office (GAO) team in an entrance conference where they were seeking information on the HUBZone Empowerment Contracting Program. GAO also requested an OSDBU discussion to provide some information on VA's procedures and guidelines regarding awarding VA con-

tracts to Historically Underutilized Businesses. The GAO advised 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 fol-

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GAO Evaluates HUBZone

Small Business Best Practices Under ID/IQ Awards

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 Disad-

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“Contracting Officers should work closely with program officials and the OSDBU offices regarding the planning of multiple award contracts so small business opportunities can be identified early in the acquisition process.”

SB Program Precedence

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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: re-requirements currently being performed by an 8(a) participant or re-requirements that SBA has accepted for performance under the authority of the 8(a) program, unless SBA has consented to re-lapse the requirements from the 8(a) program.

3. If the incumbent contractor is a small business, the HUBZone Sole Source procurement method can-

not 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), pro-*

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Order of Precedence Small Business Programs

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vided—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 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 emerging 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 of 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

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lowing:

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

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vantaged 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 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).

**SBA OFFERS
HUBZONE
TRAINING**

AT

www.sba.gov/HUBZone

OSDBU

Office of Small and Disadvantaged
Business Utilization (OSDB)
810 Vermont Ave. NW
Washington, DC 20420

Phone: 202-565-8124
1-800-949-8387
Fax: 202-565-8156

We're on the Web!
www.va.gov/osdbu

Small Business Builds America

As the Federal Government's second largest department, and the operator of the free world's largest health care organization, VA buys a wide variety of medical supplies and services. These services include architectural/engineering services, construction, prosthetic devices, pharmaceuticals, information technology products and services, management consulting and analysis requirements, and a myriad of other products and services. Assistance and counseling on doing business with VA are available from the Office of Small and Disadvantaged Business Utilization (OSDBU).

The mission of OSDBU is to encourage the use of small, disadvantaged, women-owned and veteran-owned small businesses, to increase subcontracting opportunities for those firms, and to facilitate the use of 8(a) firms.

OSDBU promotes the increased use of small and disadvantaged businesses, provides service to these businesses on marketing their products and services and establishes and monitors goals for procurement awards. Check out our website at www.va.gov/osdbu, or call us toll free at 1-800-949-8387.



Helping Small Business
Grow

SB Program Precedence

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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 pur-

chases 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).



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