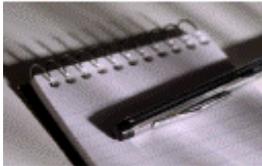


# OSDBU UPDATE



MAY 2001



## Notes from Scott

In this issue of the *Update* I want to talk about VA's outreach efforts to small business. First, outreach is a very important part of advancing small business programs that cannot be over emphasized. Second, outreach is also an excellent way for VA contracting staff to develop a better understanding of industry and to enhance their market research, keeping abreast of technological innovations in products and services that will support VA's mission of providing care and service to America's veterans. Outreach facilitates open communications between VA and industry and helps eliminate the notion that VA is locked into doing business with preferred contractors.

Small businesses are now more

sophisticated and technologically capable than at any previous point in time. They offer many innovative solutions and products that will ensure that VA obtains the highest quality products and services and stays on the leading edge, at very competitive prices. And thanks to the outreach efforts of many of VA's small business specialists, particularly in the field, a number of small businesses are now contracting with VA for their first time ever to provide supplies and services. However, much more is needed in order to reverse a disturbing two-year trend that shows a decline in VA's small business accomplishments by approximately nine percent. Standardization, Prime Vendor, purchase card programs, and other acquisition efficiencies are taking their toll on small business programs. Outreach programs can help reverse trends in this important area.

Each year, this office receives

in excess of **100** invitations and requests for VA participation in small business conferences and trade and industry shows from around the country. Now that is a lot of invitations, regrettably far too many for OSDBU to be able to attend each one. But thanks to the efforts of small business specialists and acquisition professionals in the field, VA is well represented at the local level in response to many of these requests. We understand the time it costs for your participation, and want to assure you that the investment in time and efforts you make on behalf of small businesses are not only appreciated by this office, but by the small businesses that benefit directly from your knowledge of VA acquisition operations and opportunities. VA participation at the local level not only generates good will with small business, it also provides an excellent opportunity for one-on-one counseling to enhance their understanding of VA and improve their competitive

position. Moreover, the field's efforts embody the "One-VA" concept.

I want to thank Ron Bednarz, VHA's Chief Logistics Officer and VHA field Chief Logistics Officers for their continuing commitment to supporting VA attendance and participation at these events from the local level. Remember, the difference each of you makes, makes all of the difference.

## **Training is Available Through OSDBU**

*By Deborah VanDover*

VA's Office of Small and Disadvantaged Business Utilization (OSDBU) is ready, willing and able to provide contracting offices with training pertaining to all small business programs. Each procurement analyst currently assigned to OSDBU provides training on a rotational basis. Your training can be customized to provide as many, or as few, segments as needed. Training topics include: small business set-asides, the small disadvantaged business program, the HUBZone program, the 8(a) program, small business competitiveness demonstration program, women-owned small businesses, Public Law 106-50 – the Veterans Entrepreneurship and Small Business Development Act of 1999, the Very Small Business

Program, subcontracting program requirements, contract bundling, the new partnering agreement with the Small Business Administration (SBA), Certificates of Competency (COC), the non-manufacturer rule and how to apply for a waiver, internet acquisition market research, acquisition planning and forecasting and VA Form 90-2268 requirements.

We are happy to be able to provide you with this service and hope you will avail yourselves of this opportunity. Understandably, we cannot provide training at each individual medical center and suggest you consolidate your training requirements on a VISN wide level. Please contact us at (202) 565-8124 if you have any questions or would like to schedule training for your facility.

## **SUBCONTRACTING**

*By Deborah Van Dover*

Acquisition efficiencies can be detrimental to small business programs. As VA consolidates more and more requirements, moves more products under the National Standardization Program, and uses more Prime Vendor-type procurement vehicles, prime contract opportunities for the small business community continue to decline. In the last two fiscal years, VA's small

business accomplishments have declined by approximately nine percent, a disturbing trend. Thus, the opportunities presented under the subcontracting program become increasingly important.

VA contracting officers are required to submit proposed subcontracting plans to the Office of Small & Disadvantaged Business Utilization (OSDBU) for review, assistance, and concurrence, prior to award of a contract requiring a subcontracting plan. No contract requiring a subcontracting plan is permitted to be awarded without an approved plan. After reviewing numerous subcontracting plans from field activities, central contracting activities and the national contracting activities, we have compiled a listing of some of the most common deficiencies found in subcontracting plans submitted for review. The cognizant contracting officer prior to being sent to OSDBU for concurrence should review proposed subcontracting plans.

Many subcontracting plans do not contain the 11 required elements as listed in FAR Part 19.704. There is really no required format in which the plan must be written, however, it must contain each of these 11 elements.

FAR 19.704(a)(1) lists each

type of small business ownership for which a separate dollar goal and percentage goal is required. Many plans submitted for concurrence are missing several of the goal categories.

Proposed plans do not meet the minimum Government goals of 23% for small business, 5% for small disadvantaged business, 5% for small, women-owned businesses, and 2% for HUBZone firms. There is a VA goal of 7% for veteran-owned small business, which includes the 3% goal for service-disabled veteran-owned small business as prescribed in Public Law 106-50. The HUBZone goal increases by ½ percentage each year until the year 2003, when it will cap at 3%.

The subcontracting plan administrator must be an employee of the contractor, not a VA employee.

The type of subcontracting plan must be correctly stated. There are only three types of subcontracting plans: (1) Master; (2) Individual; and (3) Commercial. Whether done on a division-wide, section-wide, company-wide, basis, etc., subcontracting plans are still master, individual or commercial. If the products and/or services for which you are contracting are commercial ones, the chances are very

good it is a commercial plan. FAR 19.704 also lists the particulars of each type plan.

Many contactors submit “boilerplate” subcontracting plans. Upon review, there are often outdated references included because the boilerplate was not updated prior to submission. Please review the plans submitted to you for completeness and accuracy prior to submission to OSDBU for concurrence.

The plan must state the total contract value, as well as the total amount to be subcontracted.

The plan must reference the contract number(s) to which it applies.

An authorized representative of the firm must sign the plan.

If you need assistance with subcontracting issues, please contact your OSDBU representative. Training is available, as well as several publications, including a subcontracting SOP with checklist, to assist you.

### **FSC/CBD/PSC/NAICS**

*By Lisa Russell*

These are four different acronyms or abbreviations used in one or more areas, frequently not even in the same document. However, there is a direct correlation

between these codes.

Federal Supply Classification (FSC) codes are used to classify goods that the government buys. The first two numeric digits in the FSC codes represent the general category of the goods. For example, Group 39 is for materials handling equipment; Group 65 is for medical, dental, and veterinary equipment and supplies; and Group 66 is for instruments and laboratory equipment. The Federal Supply Schedule program also uses these codes for the classification of their schedules.

When advertising a solicitation in the Commerce Business Daily (CBD), a contracting officer has to select a classification code under which to place the announcement. If advertising a solicitation for goods, the contracting office selects a two digit numeric code for the general category of the goods. Group 39 is for materials handling equipment. Group 65 is for medical, dental, and veterinary equipment and supplies. Group 66 is for instruments and laboratory equipment. These two digit codes are the same as the two digit FSC codes used to classify the category of equipment.

After award of the contract for goods the contracting officer has to select a product/service

code (PSC) for use in their Federal Procurement Data System (FPDS) report. The contracting officer can select from many codes, so where does one start? The best place is the code used in the CBD announcement. If the goods were classified under FSC 65 and/or advertised in the CBD under classification code 65, the award should be reported into FPDS using a PSC that begins with 65.

When advertising a solicitation for services in the CBD, the contracting officer has to select a single digit alpha code under which to place the announcement. For example, C is the classification code for architect-engineer services; Q is for medical services; V is for transportation; Y is for construction of structures and facilities; and Z is for maintenance, repair or alteration of real property.

After award of the contract for services the contracting officer has to select a PSC code for use in the FPDS report. Again, the best place to begin is with the same code used in the CBD announcement. A solicitation for architect-engineer services would have been announced in the CBD under classification code C and reported into FPDS with a PSC that begins with C.

North American Industry Classification System (NAICS) codes do not correlate with

FSC, CBD, or PSC codes. NAICS codes are industry based codes, as opposed to the other codes which represent the requirements of the acquisition. However, contracting officers should be consistent with the usage of all the codes for each acquisition. If a NAICS code for manufacturing is used in the solicitation, then the CBD classification code should be a two digit numeric code and the PSC code used in the FPDS report should begin with the two digit numeric code used in the CBD announcement. If the NAICS code is for services, then the CBD classification code should be a one digit alpha code and the PSC code should begin with the same alpha character code used in the CBD announcement.

### **Using the 8(a) Program to Acquire A/E Services**

*By Wayne Simpson*

OSDBU has received a number of inquiries recently concerning contracting for A/E Services through the 8(a) Program, specifically as it relates to the competition requirements set forth in the Brooks Architect-Engineer Act, Public Law 92-582, as amended.

Section 543 of the Act, provides in part, that the

agency head... "shall conduct discussions *with no less than three firms* regarding anticipated concepts and relative utility of alternative methods of approach for furnishing the required services and *shall select there from*, in order of preference, based upon the criteria established by the contracting officer, *no less than three of the firms* deemed to be the most highly qualified to provide the services required."

The Small Business Administration's (SBA) Washington District Office advises us that contracting for A/E Services through the 8(a) Program does not eliminate the need for complying with the Brooks Architect-Engineer Act.

SBA further advises that if an SBA office provides the contracting officer with the name of only one A/E firm for negotiation through the 8(a) Program, the contracting officer should contact that SBA office back and ask they provide you with the names of at least three A/E firms for consideration, the intent being to satisfy the Brooks Act requirement that the most qualified firm be selected.

The competition of any 8(a) A/E acquisition should be handled as with any non-8(a) A/E Firm in accordance with FAR and VAAR Subparts 36.6 and 836.6, respectively (with

the exception of publicizing/synopsizing the requirement course) – the A/E Evaluation Board or designated subject matter experts will rate and rank the firms and make a recommendation to the source selection authority. The source selection authority will authorize the contracting officer to enter into negotiations with the top-ranked firm.

Some have asked in light of the foregoing, what is the benefit to contracting for A/E Services through the 8(a) Program? The answer is easy and relatively simple – you can save considerable time in acquiring your A/E services, particularly in light of the improved turnaround times and streamlined procedures contained in the VA/SBA Partnership Agreement. You will also be supporting and contributing to the Department's 8(a) Program goals.

Since these are technically competitive procedures even when using the 8(a) program, please note that when reporting into FPDS that Item 26, Solicitation Procedures will be coded as D, Architect-Engineer Procedures; Item 27, Authority for Other Than Full and Open Competition, will be blank; and Item 29, Extent Competed, shall be coded as A, Competed Action. Since FAR 36.601-3(b), Applicable contracting procedures,

prohibits the use of FAR Part 13 for acquiring A-E services, Item 9, Kind of Contract Action, cannot be D.

**There are a couple of items that need to be forwarded to OSDBU:**

- ?? If you intend to use IDIQ contracts which are considered Open-Ended, then we request the list of the projects
- ?? If you intend to use emerging small business reserve (\$50k or less) procedures, we also request the list of projects; and
- ?? If you are going Full and Open, a 2268 must be submitted to OSDBU

**OSDBU Directors Conference**

*By Ilene Waggoner*

The 11<sup>th</sup> Annual OSDBU Conference 2001 was held on April 24<sup>th</sup>. This conference, sponsored by the Federal Offices of Small and Disadvantaged Business Utilization, was originally established in 1990 as the Procurement Opportunities Conference & Exposition. The purpose of the conference is to provide networking and educational opportunities to all conference participants. Many large corporations, government agencies and small businesses come together in one place for one day in the Washington, DC area to participate in networking opportunities and One-on-One Counseling

Sessions with program managers from different Federal agencies.

Seminars were available throughout the day exploring many aspects of the changing procurement process. Some of the workshop titles were, "Doing Business with the Government (For Newcomers);" "New Initiatives for Small Businesses;" "Small Business Administration One-Stop-Shop;" and "NASA Teaming Agreements."

Scott Denniston, Director, VA OSDBU participated in a seminar discussing recent legislation which has established new small business initiatives including service-disabled veteran-owned goals.

Also participating in the conference were Kaiser Braham, Assistant Director Acquisition and Materiel Management VISN-5; Derek Underwood, Procurement Analyst for the Washington medical center; and Dan Zalesko, Chief Acquisition & Materiel Management, Baltimore. They provided counseling to the many small business vendors who stopped by the VA booth. We appreciate the willingness of the local medical center procurement staff who take the time out of their busy schedules to help in our efforts to reach the small business community.

**The following is a list of upcoming conferences that the OSDBU office has been asked to support.**

U.S. Virgin Islands	Congresswoman Donna M. Christian Conference	5/1/2001
Kansas City, MO	Business Investment Expo	5/1-2/2001
Mobile, AL	Business Connections 2001	5/7-9/2001
Washington, DC	Small Business Week/Industry Day	5/7/2001
Milwaukee, WI	Partners for Profit	5/8-9/2001
Rochester, NY	Congresswoman Louise M. Slaughter 2001 Federal Contracting Conference	5/8/2001
Detroit, MI	Michigan Minority Procurement Conference	5/17-18/2001
Augusta, ME	Maine's Fourth Blaine House Conference & Expo	5/22/2001
Anchorage, AK	Alliance North 2001	5/17-18/2001
Morgantown, WV	Annual West Virginia Summit "Teaming to Win"	5/30-6/1/2001
Warrensburg, MO	Rep. Ike Skelton Procurement Conference	5/31/2001
Oklahoma City, OK	23 <sup>rd</sup> Annual OMSDC Business Conference	6/6-7/2001
Puerto Rico	Annual Procurement Fair/Chamber of commerce	6/21/2001
Colorado Springs	Small Business Day	6/29/2001
Indianapolis IN	2001 Government Procurement Conference	8/14/2001
Frederick, MD	Women's Business Institute Procurement Fair	9/10/2001

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Thelma Trotter, Outreach Team	"	<a href="mailto:Thelma.trotter@mail.va.gov">Thelma.trotter@mail.va.gov</a>
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