



Federal Acquisition *Insight*

November 2004 Edition

Featuring the Latest Acquisition Workforce News and Events • Come visit us online at www.fai.gov

From the Desk of the Director

by Gloria Sochon

The new fiscal year is underway, and with it, FAI continues to bring you news on initiatives and tools to help you perform better on the job. The last decade brought significant reforms to how we conduct and manage acquisitions. We are still absorbing many of these reforms and continuing to learn more and better ways of applying them which helps to better support how our agencies plan and execute their missions. This issue focuses on several developments that have practical value to acquisition professionals:

- o Consider using Energy Savings Performance Contracts (ESPCs) to reduce energy costs and consumption.
- o Explore one-stop shopping for information on service contracting at the new Acquisition Center of Excellence (ACE) for Services.
- o “Get It Right” by learning more about GSA’s

ESPCs Reauthorized through 2006

By Cynthia Vallina, Office of Federal Procurement Policy

The FY 2005 Defense Authorization Act signed by President Bush on October 28, 2004 includes a provision to reauthorize the use of Energy Savings Performance Contracts (ESPCs) by all federal agencies through October 1, 2006. ESPCs are used to reduce energy costs and consumption at federal facilities without increasing budgetary outlays. Contractors, using private investment capital, design, build, install, and maintain energy and water efficiency improvement projects, and/or on-site cogeneration and renewable energy projects at federally-owned facilities. Government payments are made to the contractor from the energy and related Operations and Maintenance (O&M) cost savings generated by the investments. The contractor is required to guarantee the savings, so payment is made only when actual savings result. Once a contractor is fully paid from delivered savings over the negotiated term, all additional savings accrue to the government.

ESPC authority expired October 1, 2003. The new bill

plan to improve use of its governmentwide contracts.

- o Learn how the Electronic Subcontract Reporting System will simplify subcontract reporting.
- o Look for the new Competitive Sourcing training video to better understand the purpose and benefits of this Administration initiative.
- o See how Bowie State University, in partnership with FAI, is working to develop and attract qualified candidates among Historically Black Colleges and Universities.

o Take advantage of an opportunity from JWOD to recognize the achievements of one of your associates and find resources to help you locate JWOD products.

In the near future, FAI will be working with the Office of Federal Procurement Policy and the Chief Acquisition Officers Council on significant new acquisition workforce initiatives. We will start bringing you news of these initiatives in our next issue to keep you up-to-date. ■

makes the extension retroactive to October 1, 2003, authorizes the inclusion of water conservation projects including wastewater treatment in ESPCs, and extends the authority until October 1, 2006. Within 180 days after enactment, the Secretary of Energy is to review the ESPC program and report to Congress on: (1) statutory, regulatory, and administrative obstacles preventing full utilization of the program, and (2) areas for increasing program flexibility and effectiveness. The Secretary is to implement regulatory and administrative changes to increase program flexibility and effectiveness consistent with statutory authority.

>> *continued on page 2*

Check out the FAI 2004 Annual Report at www.fai.gov!

Visit FAI's new home page at www.fai.gov.

More information, easier to use!

Highlights

ESPCs Reauthorized Through 2006	1
ACE for Services Launch.....	2
Save the Date for FACE 2005.....	3
“Get It Right” Plan Update	3
Nominate a JWOD Program Supporter	3
PACE Opening Ceremony Highlights	4
New Competitive Sourcing Video	4
Use eSRS for Subcontracting Data	5
Easy Access to JWOD Products	6

ESPCS Reauthorized Through 2006 *(continued from page 1)*

ESPCs were first authorized in the Energy Policy Act of 1992 which also requires agencies to install by January 1, 2005 all energy and water conservation measures with payback periods of less than 10 years. ESPCs are a predecessor to the share-in-savings concept currently being piloted for information technology investments and have been described as the ultimate performance-based service acquisition.

Since 1998, contracts have been awarded for more than \$1.7 billion of investments. Over the last few years, ESPCs made up more than half of the government's total investment in building energy efficiency improvements. The Department of Energy (DOE) estimates that these contracts save the federal government about 13.6 trillion site BTU annually. This equates to about three percent of the government's energy use in standard buildings or the amount of energy consumed annually by 132,200 households—a city of about half a million, such as New Orleans.

Executive Order 13123 and the Office of Management and Budget (OMB) encourage agencies to use ESPCs to help them achieve federally mandated energy use reduction goals of 30% by 2005 and 35% by 2010, as compared to their 1985 energy use. Both the Department of Defense and DOE have indefinite delivery indefinite quantity (IDIQ) contracts available to all federal agencies for ESPC delivery orders. To date, ESPCs have been implemented by 18 federal agencies in 46 states. More than 260 projects have been awarded since 2000. ■

OFPP Launches the Acquisition Center of Excellence (ACE) for Services

By Julia Wise, Procurement Analyst, GSA (on detail to Office of Federal Procurement Policy)

On Thursday, November 18, 2004, the Office of Federal Procurement Policy (OFPP) launched the online Acquisition Center of Excellence (ACE) for Services. Acquisition professionals discussed their performance-based service acquisition best practices featured on ACE.

The ACE for Services is an online central clearinghouse for public and private sector service contracting best practices, policy and guidance, e-tools, as well as education and training opportunities. The center was established collaboratively by the OFPP, Defense Acquisition University (DAU), Federal Acquisition Institute (FAI), civilian agencies, and industry representatives, associations, and organizations, in accordance with Service Acquisition Reform Act (SARA), Section 1431(b).

Date/Time: Thursday, November 18, 2004, from 9:00 a.m. to 12:00.

Location: The General Services Administration (GSA) Auditorium,
1800 F Street, NW, Washington, DC 20405

Guest Speakers: The Honorable Tom Davis R- VA (invited)
Mr. Robert Burton, OFPP Associate Administrator;
Dr. James McMichael, DAU Vice President;
Mr. Karl Reichelt, Chief Acquisition Officer, GSA;
Mr. William T. Woods, Government Accountability Office (GAO), Director, Acquisition and Sourcing Management

Services Best Practice Panel: Dani Wildason, US Coast Guard;
Susan Balog, Hewlett-Packard;
Michael Cameron, Booz-Allen Hamilton

Target audience: The private and public sector acquisition community, including: program managers, project managers, contracting officers, contract specialists, contracting officer representatives, contracting officer technical representatives, and anyone else involved in planning, acquiring, and administering a service contract.

ACE Point of Contact: Julia Wise, Procurement Analyst, OFPP (detailee), (202)395-7561

ACC Point of Contact: Jeffrey Birch, Knowledge Project Officer, DAU, (703)805-4576

ACE for Services Website: www.acqnet.gov and www.acc.dau.mil/ace, after November 18, 2004 ■

Mark Your Calendar for FACE 2005

The 2005 Federal Acquisition Conference and Exposition is scheduled for **June 7 and 8, 2005** at the **Washington Convention Center in Washington, DC**. The conference provides the opportunity to learn about important issues and emerging trends in acquisition. Stay tuned to <http://www.fai.gov/coneve/face2005.htm> in the coming months for more information on the conference. ■

“Get It Right” Plan Updates

On October 27, 2004, the Federal Acquisition Institute and Defense Acquisition University co-sponsored the “Get It Right” acquisition learning seminar on how the “Get It Right” plan will improve the federal acquisition process and allow agencies to obtain best value when acquiring products and services needed to accomplish their missions. Panelists included: GSA Chief of Staff and Chief Acquisition Officer, Karl Reichelt; GSA Deputy Chief Acquisition Officer, David Drabkin; Mary Davie, FTS Assistant Commissioner, Office of CRM and Sales; Roger Waldron, Director, FSS Acquisition Management Center; Christopher Yukins, Associate Professor of Government Contracts Law, The George Washington University Law School, and Domenico Cipicchio, Deputy Director Policy, Defense Procurement and Acquisition Policy, Department of Defense. The seminar was attended by 163 participants in Washington, DC. A video of this session will be available online.

The General Services Administration continues its internal “Get It Right” activities. At the GSA Outreach Europe 2004 Expo in Heidelberg, Germany, the emphasis was on delivering the “Get It Right” message. Arthur Hackney, Director of Procurement Operations for GSA’s National Furniture Center, led a roundtable discussion with FTS Assistant Commissioner Mary Davie, Senior Assistant General Attorney Kacie Haberly, and the Mid-Atlantic Assistant Regional Administrator for FSS Jack Williams, as well as contracting command representatives from the U.S. Army, Navy, and Air Force Europe. The “Get It Right” message was also delivered throughout multiple training courses including Best Value Source Selection, How to Use Multiple Award Schedules and GSA e-Buy, as well as a dedicated contractor forum emphasizing acquisition excellence.

GSA’s Regional offices are also spreading the word on “Get It Right.” The Rocky Mountain Region held a Townhall Meeting October 28 to discuss the “Get It Right” plan. David Drabkin, GSA Deputy Chief Acquisition Officer, outlined the key action items of the plan: make policies clear, improve training, ensure compliance, and communicate with the acquisition community. The meeting concluded with a question-and-answer session. ■

Do You Know a Career Javits-Wagner-O’Day (JWOD) Program Supporter?

By Stephanie Lesko, Committee for Purchase From People Who are Blind or Severely Disabled

If so, then be sure to submit a nomination for the 2005 E.R. “Dick” Alley Career Achievement Award.

The Committee for Purchase from People Who Are Blind or Severely Disabled is soliciting nominations for the E.R. “Dick” Alley Career Achievement Award. The Alley Award was established in 1998 in honor and recognition of Dick Alley who provided more than 25 years of dedicated service to the Javits-Wagner-O’Day (JWOD) Program as the Deputy Executive Director of the Committee staff. This is the highest award given by the Committee and is intended to recognize current federal employees who have provided extraordinary, sustained support for the JWOD Program and its mission of creating employment opportunities for people who are blind or have other severe disabilities. All individuals employed by the federal government are eligible to be nominated. The award will be presented at both the NISH and National Industries for the Blind Annual Conferences in 2005.

The 2004 recipient of the E. R. “Dick” Alley Career Achievement Award was James Edwards, Director of Contracting at the Army Contracting Agency in Fort Lewis, Washington. During his 22 years of supporting the JWOD Program, he awarded a number of contracts for traditional JWOD Program services, and he became an advocate for setting aside more complex and technically challenging work for the Program. Most recently, Mr. Edwards’ hard work on a groundbreaking \$17 million contract enables JWOD employees to work within a Department of Labor-approved journeyman training program in Installation Vehicle Maintenance, which currently employs over 230 people with severe disabilities who earn an average wage of \$17.85 per hour.

Nominations for the 2005 E. R. “Dick” Alley Career Achievement Award must be received by February 25, 2005. Nomination instructions and forms can be found on the Committee’s website at www.jwod.gov or by contacting Stephanie Lesko of the Committee staff at slesko@jwod.gov or (703) 603-0036. ■

... And the PACE Begins

By Dr. Shelton Rhodes, PACE Director and Chair of the Department of Management, Marketing, and Public Administration in the School of Business, Bowie State University



In late September, more than a 100 students, federal acquisition professionals, and business owners attended the Procurement Acquisition Center of Excellence (PACE) at Bowie State University's opening ceremony and seminar, "Opportunities in Federal Acquisition." Under the sponsorship of the Federal Acquisition Institute (FAI), the seminar panelists shared robust experiences, stories, and information about careers and opportunities in federal acquisition.

The first panelist, Ms. Pat Brooks, Director, Contracts Operations, Office of the Chief Acquisition Officer, GSA emphasized the importance of having flexible and strategic career goals. Neal J. Couture, Executive Director of the National Contract Management Association (NCMA), enticed the audience with data about how lucrative the acquisition field could be. Then, Ken Johnson, Special Projects Consultant of the USDA, spoke on his personal experiences and stressed the importance of planning, an essential acquisition skill. Finally, Cori Sabet, Leadership and Performance Specialist of the Department of the Interior, discussed acquisition internships and training programs that can benefit anyone entering into or seasoned in the acquisition field.

One of PACE's primary goals is to introduce Historically Black College and University (HBCU) students and community to the opportunities and possibilities of a federal acquisition career. As PACE Project Director, I'm responsible for creating and implementing activities to support our goals and mission. I invite you to join me and contact PACE at PACE@bowiestate.edu and share any ideas, initiatives or suggestions you may have for moving PACE forward. ■

Competitive Sourcing Video to be Released

By Rita Bartholomew, Federal Acquisition Institute

This fall, the Chief Acquisition Officers Council (CAOC) will launch a one-hour video on competitive sourcing. The video's purpose is to share best practices and review the basic building blocks of public-private competition. Competitive sourcing has shown improvement in job performance and lower costs to date. Over \$1 billion has been saved in competitions, and, over 85% of the time, the government has won those competitions. The following topics are addressed throughout the video:

- Myths regarding competitive sourcing
- Basics and foundations of competitive sourcing
- Policies supporting competitive sourcing
- FAIR Act Inventory process
- Creating a competitive sourcing plan
- Streamlined/Standard competitions
- Post competition accountability
- Making competitive sourcing work

In the video, a number of agencies rated green on the Management Agenda scorecard share their challenges and successes throughout the competition process. Agencies who participated in the video include:

- Office of Management and Budget
- Department of Energy
- Department of the Interior
- Department of Defense
- Department of Transportation
- Internal Revenue Service, Dept of the Treasury
- Department of Labor
- Administration for Children and Families, Department of Health and Human Services

The video is sponsored by the CAOC's Competitive Sourcing Working Group and produced by FAI. To view it, go to www.faionline.com and register at the online university. For more information on the video, please contact Rita Bartholomew at rita_bartholomew@sra.com. ■

Electronic Subcontract Reporting System (eSRS) Will Be the New Governmentwide Database for Subcontracting Data

By Lisa Cliff, Integrated Acquisition Environment, Office of Communications

The federal government's role in offering subcontracting assistance to small business was changed significantly in 1978 by P.L. 95-507, which amended Section 8(d) of the Small Business Act. Prior to the enactment of this law, special provisions for small and disadvantaged or minority small business contracting was voluntary on the part of prime contractors conducting business with the government. Once contractors had made their make-or-buy decisions, they might have attempted to subcontract some of the work to small business, but they were under no obligation to do so. Over the years the percentage of contracts going to small businesses grew, but as federal prime contracting became more complex and specialized, it was evident that more could and should be done for small business subcontracting in the high-dollar, complex procurements.

To address this, P.L. 95-507 was passed, requiring large prime contractors (small businesses are exempt from the requirement) to establish subcontracting plans that afforded small and small disadvantaged business "maximum practicable opportunity" to participate in the performance of contracts expected to exceed \$500,000 (\$1 million in construction). Since then, Congress has further amended Section 8(d) and added several additional socio-economic categories, including separate goals for women-owned small business, HUBZone small business, veteran-owned small businesses, and service-disabled veteran-owned small businesses.

This was the genesis for the FAR clause 52.219-9, "Small Business Subcontracting Plan and Reports" requiring contractors to submit SF 294 (*Subcontracting Report for Individual Contracts*). The form is received by the contracting office in order to analyze the contractor's performance against the goals in its subcontracting plan. The clause also requires submission of SF 295 (*Summary Subcontract Report*) to the procuring agency to be consolidated governmentwide. This data ultimately helps to determine if the federal government has met its statutory or Small Business Administration (SBA)-negotiated subcontracting goals in each of the socio-economic categories.

For many years, the SF 295 data has been captured in the FPDS, via agency submission. Prior to FPDS, agencies tabulated the SF-295 data manually, and each agency submitted a report to SBA. When FPDS

was replaced by FPDS-NG, the requirement to collect this data was designed to be part of an independent subcontracting component that is being developed as part of the Integrated Acquisition Environment E-Gov initiative (IAE). Beginning with FY 2004 data, the *Electronic Subcontract Reporting System* (eSRS) will be the governmentwide database for subcontracting data. The SBA will use it to generate its year-end report for the President and the Congress required by Section 15(h) of the Small Business Act.

As part of IAE's mission to use technology to streamline federal procurement processes, the electronic system that is being developed will allow contractors to enter both SF 294 and SF 295 into a single website that is part of eSRS. The website is not available yet but the URL will be www.esrs.gov. At this time, the award to build eSRS is being finalized, and it is expected that eSRS will be up and running by mid-February 2005. Training will be provided for both industry and government before the system is implemented.

The eSRS will eliminate both SF 294 and SF 295 paper submissions, and contractors will now submit all their reports electronically to a single, governmentwide system. Having a single reporting tool for all subcontracting plans will streamline the process and provide the government with immediate access to the data. The contractor will be responsible for inputting accurate and complete reports. Contractors will benefit from eSRS because of improved data accuracy, as the system eliminates the need for manual data entry, computations, and multiple requests from agency personnel to validate percentages. An application interface will be available to most users so that contractors with their own automated systems can, in most cases, simply upload their data into the eSRS. The new requirement will not apply to small businesses, non-domestic contracts, and any other entities that do not normally submit subcontracting plans.

Some contractors have already submitted their paper SF 294s for the reporting year ending September 30, 2004. For those that have not submitted their reports, the due date for all FY2004 reporting has been pushed back to February 28, 2005. The government prefers

>> continued on page 6

electronic submission of the FY2004 reports, so contractors that have not already submitted their reports should suspend submission of them until the new system is ready. All SF-295s, *Summary Subcontract Reports*, for FY2004 must be entered into the eSRS so that SBA will be able to generate its report for the Congress and the President. If contractors have already submitted paper reports, they will not be required to re-submit the SF-294, *Subcontracting Report for Individual Contracts*, for FY2004. All contractors will be expected to use eSRS to enter all data for the reporting period ending March 31, 2005 that is due by April 30, 2005.

Upcoming changes to the FAR (52.219-9, subpart 19.7) will instruct government agencies to obtain all of their subcontracting data directly from eSRS in the future. Agencies will no longer have to maintain any existing subcontracting tool and can shut down their system when eSRS becomes available. The system will be populated with current vendor organization information from the Central Contractor Registration (CCR), current contract specific data from FPDS-NG, and will pull in the last four years of data from historical files from the old FPDS database.

Contracting officers, agency small business advocates, and SBA will be able to access both current and archived views of data with the click of a mouse.

An interagency committee developed the statement of work for eSRS and included representation from several agencies that have their own subcontracting systems, so we expect it to be a robust and feature-rich system with the contracting officer in mind. In addition to reducing a paper intensive system, eSRS will provide access to standard reports for determining contractor achievement of socio-economic goals and other analytical tools; it will automatically generate delinquent notices to contractors that have not submitted timely reports; and it will identify contractors who are delinquent on specific reports.

FAQs will be maintained at www.acqnet.gov until the new website is available.

The eSRS is a solution that will make everyone's job easier – contractor and government alike. It will greatly improve accountability, transparency, and communication.

For more information contact Lisa Cliff, IAE Office of Communications, 703-872-8593 or e-mail integrated.acquisition@gsa.gov. ■

JWOD Program Products are Easy to Find

By Stephanie Lesko, Committee for Purchase From People Who are Blind or Severely Disabled

Quality SKILCRAFT® and other Javits-Wagner-O'Day (JWOD) products are available through a variety of distribution channels to better meet your purchasing needs!

JWOD products are available through federal distribution channels, such as GSA Global Supply (www.gsaglobalsupply.gsa.gov), GSA Advantage! (www.gsaadvantage.gov), and the DoD EMALL (www.emall.dla.mil); JWOD-authorized commercial distributors, including both large and small businesses, many of which are also on GSA Schedule; JWOD.com, which has the most comprehensive listing of JWOD products and is also on GSA Schedule; and Base and Federal Supply Centers, more than 100 of which are operated by JWOD-participating nonprofit agencies. These various distribution channels provide purchase card holders with the options they need to meet their JWOD purchasing requirements as well as support the JWOD Program mission of creating employment opportunities for people who are blind or have other severe disabilities.

For a complete listing of JWOD distribution channels, including the most current listing of JWOD-authorized commercial distributors and their contact information, please visit www.jwod.gov/distributors.

To receive a copy of the 2004 JWOD products catalog, please contact National Industries for the Blind (NIB), at customer_service@nib.org or 1-800-433-2304. Please specify whether you would prefer to receive your copy of the catalog in print format or on CD-ROM. ■

We thank guest authors for their contributions and views and present these as part of Federal Acquisition Insight for our readers' information

**For more information
or to submit an article:**

Barbara Plevelich, FAI
(202) 219-3454
barbara.plevelich@gsa.gov
or visit www.fai.gov