

Senate Committee on Small Business and Entrepreneurship
Debi Heims – H&S Environmental, Inc.
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Thank you for the opportunity to speak to you and the other participants at this roundtable forum. My name is Debi Heims and I am the President of H&S Environmental. H&S is an 8(a) woman-owned environmental consulting and engineering firm based in Westborough, Massachusetts with a satellite office in South Carolina.

With over 15 years in the environmental industry and over ten years working with the federal and state governments, I am honored to represent the women owned businesses in our industry.

H&S has been both a prime and a sub-contractor to the government. We have worked with many Federal and State agencies including the U.S. Army Corps of Engineers, the United States Navy, the Coast Guard, the Massachusetts Division of Capital Asset Management (DCAM) and the Mass Bay Commuter Rail.

I personally have served as the Society of Military Engineers Post President for the Boston Chapter as well as co-chaired the Regional SAME Conference in 2006. I have been recognized by Brigadier General Meredith Bo Temple by receiving the Commander's Coin as well as receiving the Patriotic Civilian Services Award from Lieutenant Col Brian Baker.

Finally, I want to take this opportunity to thank all the people who believed in me when I started this journey over five years ago. I would like to extend a special thank you to Ms. Sandra Ledbetter, my PTAC (Procurement Technical Assistance Center) representative, for all of her guidance and excellent advice. And most importantly, I want to thank my husband, Steve; without his support for me and our family, this success story could never be told.

While I consider H&S to be a moderately successful small business, we struggle, like most small businesses everyday to survive. Not only are we forced to compete against large firms (up to 500 employees) for prime contract work, but more often we are competing against other small business firms for the precious few available subcontracting opportunities.

Thank you again for inviting me to this forum and I look forward to addressing your questions.

I. Federal Procurement/Women's Procurement Program

(a) There is a huge barrier to entry to play in the federal marketplace. For the past 5 years, we have grown our business as a subcontractor to large business prime contractors to "build our resume" in order to be taken seriously as a real player in larger contracts.



We have been successful in this subcontractor role. But it is difficult to step into the prime contractor role. Let me provide you some additional background on why this is the case.

H&S received its 8(a) status in December 2005, and has just received its first award through the 8(a) program in Jan 2008. That is 3 years into the 8(a) nine year program. We are 1/3 through this program with one contract to show for it. One suggestion that would make this program much more valuable is that the clock to expiration should begin when the first contract is awarded to the 8(a) contractor not from the time you are certified. Also, I would suggest that a true women's set-aside program (not just goals) at the prime and subcontracting level would allow woman-owned businesses the opportunity to grow as a prime contractors and also might allow us the opportunity to compete with the "big boys" and more established firms on some of the more substantial contracts.

(Note: It seems absurd that the RAND study found that only four industries were "under-utilized" including: National security, coating, heating & engraving industry, kitchen cabinet manufacturing and other motor vehicle dealers. There are many industries in which women owned businesses are under represented.)

(b) There is such a disparity between the NAICS codes in the environmental industry it is frustrating.

For example, NAICS Code 541330 – Engineering has a small business cap of \$4.5 million which is an incredibly low threshold. While the Remediation NAICS code – 562910 has a threshold of 500 people. When the government solicits under the remediation code, unless we joint venture with a large business – we could never demonstrate the depth and breath of experience as a 10 person firm compared to a firm with 499 employees. The true small businesses need to be considered in the 5-15 million dollar ranges. I recommend that you review these "small" business classifications.

(c) Federal funding is also a major issue. H&S is a subcontractor on a very successful team with Jacobs Engineering as the Prime at the New Bedford harbor superfund site. The Corps of Engineers - New England District has set very high requirements for the prime to utilize small and women owned businesses (which our firm appreciates) and we are thrilled to be a part of this team. However, the original funding was \$80 million for this cleanup project. Each year, we mobilize and demobilization for 40 days of operation. The project was initially suppose to run for a much longer season. From an economy of scale, these costs are extremely expensive and time consuming. Each year our 8(a)/SDB status continues to tick away; when we graduate from this program in 2014, as the job exists today it will still not be completed. H&S will never realize the revenue it thought it was going to receive by being an 8(a) contractor on this project.

(d) The "Super 8(a)" program should be re-visited. We are in full support of the Federal Government offering business assistance programs for socially, economically, service disabled and disadvantaged companies. However, the concept that certain groups can get



unlimited contract awards such as the “Super 8(a)” program seems completely unfair and unreasonable. See exemption below:

Exemption from competitive thresholds for Participants owned by Indian tribes. SBA may award a sole source 8(a) contract to a Participant concern owned and controlled by an Indian tribe or an ANC where the anticipated value of the procurement exceeds the applicable competitive threshold if SBA has not accepted the requirement into the 8(a) BD program as a competitive procurement. There is no requirement that a procurement must be competed whenever possible before it can be accepted on a sole source basis for a tribally-owned or ANC-owned concern, but a procurement may not be removed from competition to award it to a tribally-owned or ANC-owned concern on a sole source basis.

II. State and Federal Woman Small Business Programs

On the federal side, it is great to see the various agencies attempt to reach out to small businesses by sending out the “sources sought” notifications for potential business opportunities. However, often these “sources sought” are “bundled” contracts requesting everything plus the kitchen sink, so to speak. In order to be responsive to the government, we have to form teams to fulfill these requests. As small business owners, we have to take normally billable resources and remove them from a task in order to write a response that would be taken seriously. This is extremely costly to the small business with no guarantee of a future solicitation or contract. We often find that the same agency, in different regions, will ask for the same type of requests at different times throughout the year. It would be exciting and more cost effective to everyone if at some point the government agency(ies) could get together as a whole and solicit an annual sources sought for specific types of services that they all use and then share the results among the other offices or districts. In NAVFAC Atlantic there are 7 different regions with the potential of 7 different sources sought requests. The Corps of Engineers has 8 divisions and 41 districts. As you can see the time and effort to respond to each of these could easily be weeks of non-billable hours. A small business can’t afford to compete but can’t afford not to!

The state of Massachusetts has done an excellent job in supporting women owned business by setting aggressive goals. H&S currently works as a subcontractor to large businesses that have direct contracts with state agencies. This is an excellent revenue stream for our firm. However, it would be even more exciting if the state of Massachusetts would be proactive and actually setting aside direct contracts for women owned small business too.

III. Other Comments and Suggestions

GSA Schedules! Where to begin....it takes enormous time and effort for any business but much more expensive for a small business owner to prepare the proposal, negotiate the contract and market the GSA federal supply schedule (GSA contract) once received. There are no guaranteed sales just because you are awarded a GSA contract. Unfortunately there are government agencies that won’t even talk to you if you don’t have a GSA contract. The GSA reserves the right to terminate your contract due to lack of sales. We believe (like we mentioned under the 8(a) certification) that the clock should not start until your first award (especially for small businesses with limited opportunities in the government to begin with). So I propose that instead of the two years



and your contract is cancelled if you've not generated \$25,000 in sales during this time that the clock for the 2 years should begin after your first award(s) totaling \$25,000 (i.e., awarded GSA FSS on 1/25/08 – first contract award(s) totaling \$25,000 not received until 1/25/11 – two year period starts on 1/25/11....under old criteria GSA contract would have been terminated on 1/25/10 with no awards reported and then one must meet a \$25,000 minimum each year thereafter – that \$25,000 annual requirement could remain the same).

I was told that approximately 400 environmental and MOBIS GSA contractors are in the process of having their GSA contracts terminated due to sales under \$25,000. With this cancellation, the contractors are entitled to a guaranteed minimum \$2500 from GSA. If all 400 cancelled contractors request their guaranteed minimum of \$2500 then GSA will be paying out \$1 million dollars just to cancel these contracts. This seems an absurd waste of taxpayers' money.

Another comment regarding GSA Schedules: in order for a government agency to use the GSA schedules they pay a fee to GSA. The agency that wishes to use a GSA Federal Supply Schedule then solicits a minimum of 3 GSA contractors and awards the contract to one of the GSA schedule holders (Note: there is no rotation of the contractors the agency solicits...they can continue to solicit the same 3 over and over again.) The winning contractor (small or large business) must pay an industrial funding fee (IFF) of 0.75% back to GSA in order to do the work. So, in essence they are receiving funding from both parties to have the privilege of being a GSA schedule holder and using a GSA contract.

In summary, the playing field is difficult enough for any business wanting to do government procurement add to that a woman owned small business wanting to do federal procurement and many additional hurdles are thrown in to the mix. Let's face it, no matter what laws are enacted the playing field will never be level but let's take a big leap in faith to enact a women's small business set-aside program and re-visit certification and contract expirations to make them more user friendly to the small business owner.

Once again, I appreciate all you and the Senate Small Business Committee does for the small business community and in particular your interest in women's business issues. I greatly appreciate the opportunity to be here today and to submit my written testimony. I am available to address any questions that might arise based on my testimony today.

Thank you again for listening to our concerns.

