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To: David C. Childs A-76comments/OMB/EOP@EOP
cc:
Subject: OMB Circular A-76

December 18, 2002

Mr. David C. Childs
Office of Federal Procurement Policy
Office of Management and Budget
New Executive Office Building, Room 9013
725 17th Street, NW
Washington, DC 20503

Dear Mr. Childs:

I am writing on behalf of CH2M HILL in support of several revisions to OMB Circular A-76 and several related policy documents that govern how the Federal government obtains goods and services. Our company and its employees endorse the underlying premise behind these revisions, that all activities currently performed by the Federal government are presumed to be commercial in nature unless they are justified as inherently governmental.

Alignment of OMB Circular A-76 with the Federal Acquisition Regulations (FAR) is a very sound decision. This will facilitate the Administration's competitive sourcing policy and ensure "apples to apples" comparisons in any resulting competition between the private sector and government agencies that are commercial in nature. There is one exception, the procurement of Architectural-Engineering services, discussed later in this document.

Leading edge companies like CH2M HILL provide the ideas, innovations, studies, designs, and related services upon which projects are based. These services significantly impact life-cycle costs and ability to satisfy customers. We applaud the decisions to end work for others by Federal agencies - "back door" inter- and intra-service agreements (ISSA) that preclude our being considered. Similarly, we applaud the decision to control the use of Inter-Governmental Agreements through which Federal agencies aggressively market their services to our clients – state, local, and tribal governments – often using the gambit of partial funding at taxpayer expense.

I call to your attention, however, a conflict between the revised Circular A-76 and the statutory requirements for the procurement of Architectural-Engineering (A-E) services. Since the procurement of these unique services is done through "Qualifications Based Selection" (QBS) and not simply on the basis of cost, as prescribed under (40 USC Section

541 et seq.), an approach needs to be crafted to enable Federal agencies to compete in a manner consistent with the statute.

We strongly support the suggestions that are being made by our various industry organizations to address this in a manner consistent with statutory requirements. Alternatively, since there is no justification for the Federal government to have this costly and redundant capability when such are readily available from a more efficient and innovative private sector, we respectfully urge that these be Directly Converted.

We support Direct Conversion based on both our thorough review of your proposed revision to OMB Circular A-76 and CH2M HILL's long-term experience as a premiere provider of A-E services to a great number of successful Federal projects. An exemption for A-E services analogous to that already provided for research and development contracts is entirely appropriate based on the fact that both R&D and A-E services require a high level of technical competency. In addition, A-E services must be provided by registered professional engineers and other design professionals with appropriate state certification and licensing to protect public health and safety.

Once again, CH2M HILL and its employees endorse and applaud this courageous initiative to issue a revised OMB Circular A-76 and appreciate this opportunity to comment on them.

Employee-owned CH2M HILL, now more than 12,000 strong, has served clients on six continents for nearly 60 years with engineering, construction, operations and major project management services for nuclear, energy, water, environmental, telecommunications, transportation, and high technology industrial infrastructure for both the public and the private sectors.

Please do not hesitate to contact me if you have any questions on these comments or if I can provide you with additional information or assistance.

Sincerely yours,

Michael D. Kennedy, P.E.
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