

# Procurement Countdown

Winter 1993/94, No. 102

## Headquarters Acquisition Division Becomes A Reinvention Lab

by Susie Marucci

“Less red tape.” “Fix the (fill in the name of any agency).” “Reinvent government.” Today the sounds of Americans calling for change in the government can be heard everywhere. From the man on the street to the President of the United States, people are demanding innovation from the government.

### Sweeping Changes

NASA is taking part in the changes sweeping across the federal government. For procurement, one of the big changes is a test program called a Procurement Reinvention Laboratory. Under this program, the organization will be making new rules to do things differently. The Headquarters Acquisition Division (Code HW), that portion of the Office of Procurement that deals with acquiring items for Headquarters, has volunteered to become a Procurement Reinvention Laboratory.

Reinvention Labs were developed under Vice President Gore's National Performance Review (NPR). The NPR looked at the Federal government and the individual agencies to determine more efficient ways of operating. Sites chosen as Reinvention Labs agree that throughout FY 94 they will change the operating structure and do things differently than they have been done before.

When Reinvention Labs were first invented, Laura

Layton, director of Code HW, met with Deidre A. Lee, the Associate Administrator for Procurement. Together they decided to nominate Code HW as a Procurement Reinvention Lab. They chose HW as opposed to any of the center Procurement Offices because it is smaller, it has fewer and less risky procurements, and because it is located inside Headquarters; if any emergency policy problems come up, they can be solved more quickly.

### GSA Delegation

The entire Headquarters Acquisition Division is part of the Reinvention Lab process. As such, everything from grants to small purchases to multimillion dollar contracts will be touched by the process. The lab works on three different types of changes. The first is the external changes. Layton has worked out an agreement with GSA to increase NASA Headquarters' delegation of procurement authority to \$50 million for competitive ADP-related Headquarters' procurements and \$2.5 million for specific make and model acquisitions. Thresholds are currently \$2 million and \$200,000 respectively. It means that most, if not all, of the ADP-related procurements that take place at Headquarters during this fiscal year will not need to submit the individual requests for procurement authority and the overwhelming paperwork normally

required by GSA. This agreement was approved in December 1993.

### Internal Changes

The second type of change is internal to NASA Headquarters. Code HW is working with several different codes, specifically the Office of Management Systems and Facilities (Code J) and the Office of the Chief Financial Officer/Comptroller (Code B) to redesign and streamline Headquarters-internal processes. This will involve reducing the number of required approvals on paperwork and changing the way invoices are processed.

The third type of change is the one in which Layton expects to see the biggest difference. These are the ones she calls the “little steps.” They are changes that are internal to Code HW. For the one-year experiment, Code HW has the ability to do procurements without using the regulations prescribed in the NASA FAR Supplement (NFS). This does not mean that the NFS is arbitrarily locked away for a year, but it gives the procurement professionals the flexibility to work without the NFS if it will benefit the procurement process. Layton noted that while some people may be rejoicing about fewer regulations, it is hard for others who have it ingrained in them that the NFS is

(continued on page 4)

### Inside:

Good Luck  
Wes Dean  
pg. 3

Design-Build  
pg. 5

NASA Meets  
SDB Goal  
pg. 6

COTR  
Training  
pg. 8

Acquisition  
Streamlining  
pg. 9

# Write to the Top

**Q)** What are NASA's plans regarding creation of a new single contract document generation system for use at all the centers? Will the current system be upgraded or replaced?

**A)** A number of current initiatives that have been undertaken by the Office of Procurement as well as by the OFPP as a result of a Presidential directive impact our plans to create a new single contract document generation system for use by all the centers. Currently, we have a single contract document generation system. This system, which is a part of our PMTP program, is the Enhanced Document Generation (EDGE) Subsystem. It is available at all of the NASA centers, except one, and the number of users has increased

steadily as a result of upgrades to the system.

However, there have been some problems in the past with the EDGE system and the cost of maintaining the system. Because of these, we are conducting a study of available Commercial-Off-The-Shelf products which could be used agency-wide and eventually provide for a cradle-to-grave purchase request/purchase order system. This study is a result of recommendations from the Code H Procurement Business/System Plan. Further, a letter from the President dated October 26, 1993, to all federal agencies directs the agencies to implement electronic commerce. NASA is participating with other federal agencies on OFPP Task Teams to develop

a government-wide electronic commerce acquisition system. When NASA determines how this government-wide system will be defined as to architecture, standardization of procurement documents, etc., the Office of Procurement will then work with the NASA Procurement Offices to determine the type of agency-wide system we need that will meet the Presidential directive. Once the above determinations are made we will decide which approach to take.

**Deidre A. Lee**  
**Associate Administrator**  
**for Procurement**

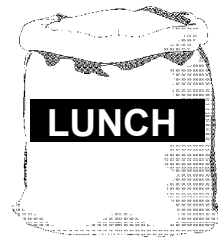
Questions for Write to the Top may be sent to Editor, *Procurement Countdown*, Code H, without identification. Or they may be sent via NASAmail to Smarucci. Questions may be edited for space and clarity before being printed.

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## ADP Brown Bag Lunch

The ADP Contracting Officers' Networking Group was held January 19, 1994, from 11:30 a.m. to 1 p.m. at the NASA Headquarters Auditorium. The speakers were Wayne Wittig, Assistant to the Administrator for National Performance Review, speaking on the National Performance Review; Tony Trenkle, Program Manager, Energy Star, GSA, speaking on the Energy Star Program; and Don Neilson, Director IRM Planning, Acquisitions and Security Service, VA, speaking on Electronic Commerce. The purpose of these brown bag

lunches, in addition to providing informational speakers, is to share information between government procurement personnel. They are held approximately



every three months, for more information or to get on the mailing list for future meetings, call Jean Lilly at (202) 283-1264.

## Procurement Initiatives Now Available

The latest versions of the Procurement Initiatives and Procurement Initiative Fact Sheets have been sent to all Procurement Officers for distribution. If you need additional copies, contact Susie Marucci at (202) 358-1896.



## People on the Move

### Procurement Awards

Congratulations to the following personnel/centers who were awarded Procurement Certificates of Appreciation:

**Rita I. Svarcas**, HQ/HK -- Procurement Analyst of the Year

**Kellye B. Welch**, JSC -- Contract Specialist of the Year (see story on page 10)

**Thomas D. Tokmenko**, LeRC -- Contract Manager of the Year

**Carol A. Whitcombe**, KSC -- Procurement Supervisor of the Year

**Sharon L. Sinnott**, ARC -- Purchasing Agent/Grants Specialist of the Year

**Robert P. Lisy**, LeRC -- Price Analyst of the Year

**Sandra G. Gates**, KSC -- Procurement Support Person of the Year

**Kennedy Space Center** -- Outstanding Competition Advocacy- Installation

The NASA Procurement Awards Program is an annual event to formally recognize outstanding performance of individuals and installations. Nominations are solicited annually from all Procurement Offices and must be endorsed by the Procurement Officer. While installations might initially receive any number of candidates, only one nominee for each category may be submitted by an installation. The nominees are reviewed by a board made up of representatives from Headquarters Codes HM, HC, HK, HP, and HS. The board selects the best of the nominees and the Associate Administrator for Procurement, or designee, approves the

## Upcoming Events

February 28-March 4 -- Winter Triad Small Business Conference  
Los Angeles, CA

March 17-18 -- Government Contract Administration Seminar  
Utah

March 29-31 -- Small Disadvantaged Business (SDB)  
Training Program; Ames

March 30 -- NASA/Industry Process Action Team  
Washington, DC

March 30 -- Contractor Open Forum; NASA HQ

April 19\* -- Quarterly Small Disadvantaged Business (SDB) Forum  
Ames

May 24-26 -- Small Disadvantaged Business (SDB) Training Program  
JSC

June 1-3 -- ISPA Conference; Boston, MA

July 19-21 -- Small Disadvantaged Business (SDB) Training Program;  
Lewis

Sep 20-22 -- Small Disadvantaged Business (SDB) Training Program;  
Goddard

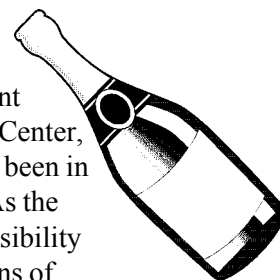
\* Tentative Date

selections. All deserving civil service employees from NASA's total work force who are performing procurement functions in a procurement organization are eligible. Consultants, experts, contractor employees, COTRs, members of the Senior Executive Service, and members of the awards selection panel are not eligible. Supervisory personnel are excluded from all awards except the supervisory award. For the awards presented this year, 40 nominations were received.

Welcome to **Valerie Stucky**, a resources specialist in the Contract Management Division (Code HK) at Headquarters. Stucky, who is working primarily on Contractor Metrics, came to the Office of Procurement from the Space Station office in Reston, Virginia.

### KSC Procurement Director Retired

Wesley "Wes" Dean, director of the Procurement Office at Kennedy Space Center, retired October 1. He had been in the position since 1987. As the director, Dean had responsibility for the center's acquisitions of launch services, institutional support, facilities design and construction, equipment, and supplies. Acquisitions by the center total approximately \$1 billion each year. Dean joined KSC in 1965. He became deputy director of Procurement in 1984. Linda Rogers, Dean's deputy, is now the acting director.



# Contract/Subcontract Management Course

For the third consecutive year, the Office of Procurement, Contract Management Division, will be offering a course in Contract and Subcontract Management (NASA CON 2X1) at the Wallops Flight Facility (WFF) in Virginia. The one-week course is designed for intermediate level professional procurement personnel and is planned to be a Level II core, i.e. mandatory, course. Only individuals at the grade of GS-9 or above, with at least one year experience in R&D, service, or hardware/systems contracting are eligible to attend. The course is planned to focus on key and

topical areas in contract management, such as: proposal evaluations; service contracts; Government property; and financial management.

Contract and Subcontract Management is run and taught entirely by NASA contracting professionals. The five-day course will be offered twice, beginning Sunday evenings, March 27 and July 10.

There is no tuition required for this course. Each installation has been delegated a specific number of students to attend each course. Furthermore, for the first offering, NASA Headquarters will provide funds for travel

and per diem but not for rental cars. For the second offering, installations are requested to cover all expenses except for meals and lodging at the WFF. (However, if lack of center funds would preclude or reduce attendance, then Headquarters may be able to work toward obtaining supplementary funds.)

If you are interested in attending, then apply through the Procurement Office at your installation. If you would like to know more about the course please call Ken Sateriale, 202-358-0491, or Frances Sullivan, 202-358-0488.

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## Reinventing NASA

*(continued from page 1)*

**“We are looking closely at our own processes to make needed improvements.”**

the way to do business. “Changing the way we do things is not always easy,” she said. There was originally talk of working without the FAR, but that was vetoed because of the statutory difficulties involved. “Most of the FAR is based on law,” said Layton. “We cannot just decide to ignore laws. We do not have that authority. So we would have had to go through the FAR with a fine-tooth comb to find the regulations that were not bound by law.”

Another major change in the internal way Code HW works is the development of the Candidates for Reinvention. This is a format in which anyone can submit a proposed change. A board determines which suggestions can be implemented immediately, which ones need further study, and which ones cannot be implemented. Few of the suggestions are rejected.

Those suggestions that are not implemented are usually turned down because of the cost involved or because they are not practical.

Layton is very enthusiastic about the suggestion program and the responses it has returned. As this newsletter went to press, 127 suggestions had been turned in. Many of those submitted require research to see if implementation is feasible. For that reason, many of the suggestions have not been fully implemented yet. The changes have ranged from reusing office products to implementing the use of a simplified contract form. More than a third of the proposed changes have already been given the go-ahead and are now underway.

Layton stresses that Code HW will take suggestions for reinvention from anyone. After all, if reinventing the government

is very successful, the experiment may spread to other centers after the first year. That means taking the adopted changes and using them outside Code HW. So anyone who has ideas about how to better the procurement process is strongly encouraged to submit them.

With three-quarters of the experiment still to go, Layton is optimistic that the Reinvention Lab will bring about many good changes in the way they do business, but she is not certain that after the fiscal year is over the major changes, like increased ADP thresholds, will continue. Instead she looks at the smaller changes. “The little steps make a big difference,” notes Layton. “We are looking closely at our own processes to make needed improvements.” And that, after all, is what reinventing government is all about.

# Design-Build

by Doris Roberson, Kennedy Space Center

Design-build is a relatively new construction approach for an age old procurement problem -- how to get the biggest bang for your buck! Having found success on the commercial market, the design-build process is gradually finding its way into federal procurements as well. Although it's not a panacea for the economic woes of the 90s, the design-build approach, which grew out of economic problems of the 80s, has become a viable contracting alternative. During



the mid-80s the government's belt was also being tightened, and we at Kennedy decided design-build might be a more cost effective way of acquiring facilities.

A design-build procurement is simply a hybrid contract that combines two different products or services -- construction and architect-engineer (A-E) -- under a single contract. With proper use, it can result in significant cost savings. The FAR requires that for hybrid contracts, the contract type (and size standard) shall be selected based on the product or service industry accounting for the greatest percentage of the contract price (FAR 19.102). Since the construction portion typically accounts for over 90 percent of the contract price, design-build acquisitions are classified as construction contracts and are governed by FAR and NFS Parts 36 and other FAR and NFS

parts and subparts, as appropriate.

It was ultimately decided that cost plus fixed fee would be the best contract approach because, lacking detailed specs and drawings, the exact nature of the work could not be established in advance. At KSC, design-build acquisitions are negotiated, competitive procurements conducted in accordance with NHB 5103.6, NASA Source Evaluation Board Handbook, or KHB 5103.1, Competitive Negotiations Not Involving Source Evaluation Boards. They have a contract ceiling price which is negotiated after award but prior to notice to proceed with construction. Solicitations are not released to the general public prior to receipt of all required deviations and approvals. Following are two deviations and approvals typically used at KSC:

1. FAR 36.209 stipulates that no contract for the construction of a project shall be awarded to the firm that designed the project, except with NASA Headquarters approval. This prohibition is enforced by inclusion of NFS 18-52.209-71, "Limitation of Future Contracting" in contracts for A-E services acquired under the Brooks Act selection process. Because of the nature of design-build projects, with one contractor designing and constructing a project, organizational conflicts of interest are avoided by the nature of the acquisition process itself. However, approval must be obtained pursuant to NFS 18-36.209(c) (a) (i).

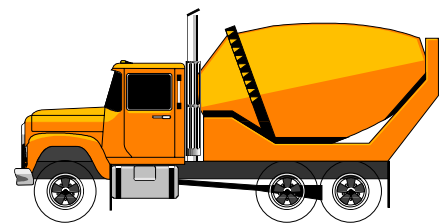
2. A deviation is required to FAR 52.232-22, "Limitation of Funds" clause to accommodate the contract ceiling price. This

deviation should be requested concurrent with the request for design-build approval.

For an agency to realize the economies associated with design-build acquisition, early identification of candidate design-build projects is essential. The original CDB synopsis of discrete projects that are design-build candidates should include the proviso that the A-E selected to perform project studies or the Preliminary Engineering Report (PER) will be ineligible for the design-build competition.

Upon selection of a facility project for design-build acquisition, a procurement development team (PDT) or a source evaluation panel/board (SEP/SEB) is appointed. The PDT or SEP/SEB team is responsible for obtaining and/or generating the facility base-line requirements, including information available in existing studies or PERs.

A SF1442 construction solicitation is used which includes all FAR and NFS clauses and provisions applicable to cost



reimbursement negotiated contracts, along with all KSC unique construction clauses and special and general provisions. Local clauses and provisions applicable to fixed price construction contracts are appropriately altered if required to convert from fixed price to cost

*(continued on page 7)*

# NASA Achieves Its Small Disadvantaged Business Goal

by Deborah O'Neill, HQ Procurement Policy Division

What goal did NASA reach and exceed at the end of fiscal year 1993? The answer, if you have not heard, is NASA's legislatively mandated 8 percent goal. Not only did NASA reach the goal, NASA exceeded 8 percent at the end of FY 93 to attain 8.5 percent.

What is the 8 percent goal and how was it established? The answer can be found in NASA's 1990 Appropriation Act. In the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, for FY 90, (Public Law 101-144), NASA received a congressional mandate that stated, "The NASA Administrator shall annually establish a goal of at least 8 percent of the total value of prime and subcontracts awarded in support of authorized programs, including the space station by the time operational status is obtained, which funds will be made available to small business concerns or other organizations owned or controlled by socially disadvantaged individuals...including Historically Black Colleges and Universities and minority educational institutions."

As part of the FY 91 VA-HUD-Independent Agencies Appropriations bill (Public Law 101-507), Congress clarified its intention with respect to women-owned businesses. The modified provision was stated as follows, "The NASA Administrator shall, to the fullest extent possible, ensure that at least 8 percent of federal funding for prime and subcontracts awarded in support

of authorized programs, including the space station by the time operational status is obtained, be made available to business concerns or other organizations controlled by socially and economically disadvantaged individuals...including Historically Black Colleges and Universities. For purposes of this section, economically and socially disadvantaged individuals shall be deemed to include women."

## 8% in FY 94

NASA was allowed to choose when this goal would be accomplished. NASA selected the end of FY 94 as the target date for achieving the 8 percent goal but established several interim goals, including 7.5 percent for FY 93, to attain before meeting the goal.

Why is NASA's achievement so outstanding? As stated above, NASA not only reached but exceeded the goal a year earlier than required by attaining 8.5 percent of the funding for prime and subcontracts in FY 93. As late as FY 90, only 5.3 percent of NASA's prime and subcontract funding was being awarded to small disadvantaged businesses (SDBs). Great strides have been made in three years. How was this possible?

One answer lies with the NASA Administrator himself. Daniel Goldin is committed to SDB contracting. So much in fact, that in September 1992 he established a six point program. Three of these points deal with the procurement process. One item of the program is placing responsibility for achieving the 8

percent goal with the technical community. Center Directors and Associate Administrators have an element in their performance evaluations which measures the success toward achieving the 8 percent goal.

## D&Fs

Another item in the plan is the use of a Determination and Findings which provided for SDB set-aside procurements from all centers totaling \$310 million. The Administrator executed this document in December 1992. A third item deals with contract consolidations. Prior to effecting a contract consolidation valued at \$5 million or more, including options, which will not be exclusively reserved for small or 8(a) firms, an impact assessment of the effects of consolidation on the present and future NASA small disadvantaged business shall be prepared by the center, submitted to the Office of Procurement, and concurred in by the cognizant Associate Administrator and the Office of Small and Disadvantaged Business Utilization, and approved by the Chief of Staff. This action was taken to highlight that a contract consolidation can impact an SDB's ability to compete for larger contracts.

Another reason NASA reached its SDB goal a year early is the support from NASA contractors. NASA emphasized to its prime contractors the importance of subcontracting to SDBs. NASA has been including in its contracts a mandatory goal for subcontracting to SDBs. The

*(continued on page 10)*

# Design-Build

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reimbursement contracting.

A special clause entitled "Contract Ceiling Price" has been developed at KSC for use in all design-build contracts. This clause requires the contractor to submit a ceiling price proposal no later than 120 days after contract award, and to negotiate a contract ceiling price (cost plus fee). This contract ceiling price represents the maximum liability of the government to the contractor for completion of the project. This clause also stipulates that where the parties cannot agree to a contract ceiling price, the government may terminate the contract in whole or in part, or unilaterally establish a reasonable ceiling price.

The SOW will eventually

become the contract base-line for design and construction. The contract as awarded, with the SOW, provides the base-line for contractor performance.

Unfortunately, no process is perfect, and the design-build acquisition process has several disadvantages. The SEB/SEP procedure is labor intensive and consumes considerable government resources during the evaluation and award phase. Also proposal effort is expensive and this may limit competition. An additional consideration is that some construction contractors may be unfamiliar with cost-reimbursement contracts.

However, for the design-build projects undertaken at KSC, the advantages have more than offset the disadvantages.

We started with a small project of less than a million dollars and gradually increased the size and complexity of the projects. Of the six design-build projects completed thus far, all have been successful, with prices per square foot well below conventional acquisitions. Other advantages include reduced change order activity, reduced involvement in day-to-day construction activities, shortening of construction schedules, and elimination of designer-constructor conflicts.

In summary, it should be remembered that design-build is not the perfect answer to an imperfect world. However, if the projects are selected with care, design-build can be a cost effective tool for acquiring real property improvements.

## NASA Selects Phase II Small Business Projects

NASA announced December 15, 1993, the selection of 130 research proposals for negotiation of Phase II contract awards in NASA's Small Business Innovation Research Program (SBIR).

SBIR goals are to stimulate technological innovation, increase the use of small business (including minority and disadvantaged firms) in meeting federal research and development needs, and increase private sector commercialization of results of federally funded research.

Phase I project objectives are to determine feasibility of research innovations meeting agency needs. Phase II continues development of the most promising Phase I projects. Selection

criteria include technical merit and innovation, Phase I results, value to NASA, commercial potential, and company capabilities. Funding for Phase II contracts may be up to \$500,000 for a 2-year performance period.

The selected Phase II projects, which have a total value of approximately \$65 million, will be conducted by 108 small, high-technology firms located in 22 states. About 40 additional Phase II selections will be made in January 1994.

A total of 327 proposals were submitted by SBIR contractors completing Phase I projects that were initiated in 1992. When the selection process is completed, the total value of the contracts will approach \$85 million.

On February 4, 1994, NASA announced the selection of 42 additional proposals for negotiation of Phase II contract awards in NASA's Small Business Innovation Research Program (SBIR). These selections are in addition to the 130 announced in December 1993, making a total of 172 Phase II selections in the current program.

The additional 42 Phase II projects are expected to have a total contract value of approximately \$21 million. They will be conducted by 38 small, high-technology firms located in 16 states.

A listing of companies selected for this program is available at NASA Headquarters and all NASA field centers.



# Perspective on Reforms: COTR Training

**“The overarching goal is to have effective contract management... We want to say, ‘Here is what you must cover. How you cover it is up to you.’”**

Teamwork pays off, especially if all of the players understand what the others expect of them and why they are important to the team. That is one of the forces behind the procurement initiative dealing with Contracting Officer’s Technical Representative (COTR) training.

Originally this initiative was envisioned exclusively as training for the COTRs to help them understand how to perform their duties effectively while complying with the regulations. However, implementation of this initiative will be addressed in three parts. The first part provides the contract specialists with a review of the contracting officer-COTR relationship as part of the Contract and Subcontract Management seminar. (See the article on page 4.) The second part will identify in the NFS mandatory core COTR training areas for center implementation. The third part will integrate the COTR role as a required part of the training of project managers.

“Almost all of the NASA installations already offer local courses for training COTRs,” said Ken Sateriale, of the Contract Management Division (Code HK). “Those courses are generally of high quality and tailored to the needs of the individual installation,” he added.

Because so much training for COTRs already exists, and because each center’s courses vary in material covered, length, and whether they are voluntary or mandatory, Sateriale thinks forcing all NASA installations to adopt a standard course would be counterproductive.

The training which COTRs need varies with the nature of the

specific contracts their centers manage. For example, KSC has primarily service contracts, whereas Langley has primarily R&D contracts. The COTRs at those centers do different jobs and need different training. One NASA-wide course would be too broad to be useful, according to Sateriale. Therefore, he plans to update the NFS to specify top-level requirements for COTR training and then empower the centers to implement the training.

“The overarching goal is to have effective contract management. We do need a mandatory core of COTR instruction, but we don’t want to force everyone to create a new course. Instead we want to say, ‘Here is what you must cover. How you cover it is up to you.’”

Code HK is also responsible for a Contract and Subcontract Management seminar that is held at NASA’s Wallops Flight Facility. The week-long course is taught entirely by NASA employees and features the Code HK staff discussing the contracting specialists’ role, including how they should work with COTRs. The course includes a one-hour block of instruction on the relationship between contracting officers and COTRs from the procurement viewpoint.

Sateriale said this course is strongly encouraged for all contracting specialists. The number of students enrolled in the course doubled in the last year. But as the course only holds 45 people, it will take a while to train everyone.

The Contract and Subcontract Management seminar has been included as a required portion of the core training

currently being developed under the agency’s Procurement Career Development Program. This program is designed to provide a centralized series of mandatory courses that will ensure standardized training for all procurement professionals NASA-wide.

The reaction to the Contract and Subcontract Management course, now in its third year, has been very positive. “We think it is an important seminar. We’ve put lots of work into it. We aim to provide useful training and to promote professional interaction among the students from various centers,” Sateriale said.

Sateriale is very pleased with the way it is going, but cautions that COTR training -- whether at Wallops or at the centers -- is going to take time. Once that is done, however, NASA will reap the benefits of effective contract management through the use of well trained COTRs.

## The Next Issue...

of *Procurement Countdown* will be out in mid-May. The deadline for any material submitted is Friday, April 15th. Articles, questions to the AA, calendar of events, and personnel items are all accepted. For more information, contact Susie Marucci on (202) 358-1896.

## OOPS!

In the last issue of *Procurement Countdown*, the author of the article, “NASA and Industry Working Toward a Common Goal” was inadvertently omitted. The author was Dave Muzio of the Procurement Policy Division at NASA Headquarters.



# Acquisition Streamlining; Identification of Repetitive Issues and Concerns

Short leadtimes contribute to efficient and cost-effective programs. Inefficiency results when a significant issue is raised either by a center, or Headquarters, then resolved, only to arise on a different acquisition at a different center. Perhaps even more common are instances where the same issue is raised on different programs at the same center.

We asked the General Counsel's Office, the Office of Safety and Mission Assurance, and the Office of Small and Disadvantaged Business Utilization to identify issues or concerns at the Headquarters level that are repetitive in nature. Several issues have been identified:

**Level of Effort (LOE)/Task Order Contract Structure:** Address the mechanics of contract operation. Include how the task orders will be issued and who will sign them.

**Award Fee Structure:** Comply with the final NASA award fee policy, which was published on October 8, 1993.

**Contract Type Determination Method:** Conduct a thorough assessment, considering at a minimum, the procurement phase, technical complexity, and distribution of risk. Avoid de facto adoption of the contract type used in preceding efforts and formally determine that the contract type selected is most appropriate.

**Logistics Support:** Address logistics support requirements for the instant effort as well as any follow-on requirements in

the Acquisition Strategy Meeting or the Procurement Plan.

**Completion vs. Level of Effort:** Discuss whether the contract is completion or LOE in ASMs, Procurement Plans, and Notices of Significant Contract Actions. If both completion and LOE, discuss the effort associated with each, including with nature of the respective deliverables.

**Inherently Governmental Functions:** Ensure that contractors are not inadvertently or overtly performing functions that should be performed by government personnel. Review Office of Federal Procurement Policy Letters 92-1 and 92-2, and associated OMB Administrator correspondence. Consider training sessions for government and contractor personnel to heighten awareness of IGF issues.

**"Flex" Options in LOE Contracts:** We have detected a significant rise in the quantity of hours included in the options, relative to the quantity of hours ordered under the basic contract (sometimes greater than 100 percent). Diligently defining the basic scope will more accurately scope the quantity of option hours required. The process used to establish the option quantity, and how the option hours can be ordered (in blocks vs. at award), shall be discussed at the ASM or in the Procurement Plan.

**Cost Realism:** Address in ASMs and Requests for Proposals center efforts to promote realistic cost proposals from offerors.

**Evaluation Criteria:** Centers should diligently assess evaluation criteria for relevance to requirements and proper weighting.

**Mandatory Goals for Small/Small Disadvantaged Businesses:** Public Laws 101-144 and 101-507 required NASA to establish a goal of at least 8 percent of the total value of prime and subcontracts to make available to organizations owned or controlled by socially and economically disadvantaged individuals, including women, Historically Black Colleges and Universities, and other minority educational institutions. NASA has chosen to achieve the 8 percent goal by the end of FY 1994 through the use of 8(a) procurements, an SDB set-aside Determination and Findings, and mandatory subcontracting goals with small disadvantaged businesses (SDBs). The term "mandatory goal" was developed to reflect the importance of the SDB subcontracting goal and to indicate that contractors must make a serious, concerted effort to achieve the goal.

[Since this article was written NASA has met its 8 percent goal a year early. - ed]

For more information, contact Charles W. Duff II in the Headquarters Competition and Program Operations Division (Code HS) at (202) 358-0430.

# JSC Employee is Contract Specialist of the Year

by Lucy Yates, JSC

JSC had one of its own selected for a NASA Headquarters Procurement Award. Kellye Welch, who joined JSC in January 1989, was selected by NASA's Associate Administrator for Procurement, Deidre A. Lee, as the Contract Specialist of the Year. Welch has worked in the Research and Engineering Procurement Division since joining JSC and has handled a wide variety of hardware, study, and service contracts in support of JSC's Engineering Directorate. Her experience culminated in her assignment to the Engineering Support Contract (ESC), JSC's second largest support contract, in 1992. As the contract specialist assigned to the ESC contract, Welch performed prime and subcontract adminis-

tration and has worked to support the recompetition of the ESC contract. The follow-on contract, titled Engineering, Test, and Analysis Contract, was awarded in December 1993 with



a value of \$1.1 billion. Welch not only acted as the procurement contract specialist but also as the recorder on this major Source Evaluation Board.

Welch was cited specifically for her efforts in contract

administration. She pursued a contractor for damages to government property and performed her contract administration responsibilities on the ESC contract with minimum supervision of a Contracting Officer. Welch demonstrates strong technical and professional skills and personal attributes which will continue to benefit JSC's procurement organization and the people that work with her.

Welch has a Masters in Business Administration which she completed in December 1992. She is an active member of the National Contract Management Association and participates in professional training to improve her skills.

Congratulations to Kellye Welch on a well-deserved award!

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## NASA Makes SDB Goal

*(continued from page 6)*

exact SDB subcontracting goal is determined on a contract-by-contract basis; however, NASA pursues aggressive, yet, realistic goals from the prime contractor in this area.

Increased NASA use of the Small Business Administration's 8(a) program is a third reason for exceeding the goal. For example, NASA has awarded the

largest contract in the history of the 8(a) program.

Finally, exceeding the goal was a result of the NASA procurement community being committed to attaining the goal and striving for ways to realize the goal. Without the perseverance of procurement professionals, including small business specialists, this achievement would not have been possible.

NASA should be proud of this significant accomplishment. It represented a true team effort. However, it is imperative that we continue to work together and emphasize our commitment to the legislatively mandated goal and to the SDB community. As Administrator Goldin has stated, "SDB contracting is good for the country, good for the company, and good for the customer."

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## Procurement Countdown

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