



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OCT 15 2003

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

The Honorable Joshua B. Bolten
Director, Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Mr. Bolten:

The Environmental Protection Agency is pleased to submit the attached supplemental information to support our request for an executive agent designation for Recycling Electronics and Asset Disposition (READ) services. The information focuses on key issues regarding our Agency's commitment to earn this designation.

Section I describes the planned Government Wide Acquisition Contract (GWAC) including an overview of the statement of objectives delineating the functional services to be offered under the GWAC, information regarding the planned source selection evaluation, and the projected contract administration requirements.

Section II presents the business case supporting the READ program. We believe this GWAC accomplishes four significant goals:

- Providing an effective contract vehicle for addressing the proper disposition of Federal electronic equipment in an environmentally responsible manner;
- Ensuring appropriate levels of security for sensitive electronic data contained in obsolete equipment currently stocked in Federal warehouses;
- Creating an audit trail of the equipment's final destination to ensure that reclamation and recycling efforts are reportable; and
- Establishing a means to realize value and maximize potential revenues from electronic equipment currently in storage.

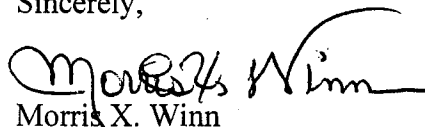
We believe that these contracts will fulfill a need in the current Federal marketplace by providing an environmentally responsible process for properly handling and reporting on the large quantities of obsolete electronic equipment inventoried throughout the Federal sector. The primary objective of the READ program is to provide Federal agencies with a reliable vehicle for recycling excess electronic equipment. The proposed GWAC will provide a source of high quality businesses that agencies can readily access for asset disposition services.

Section III discusses the rationale for EPA taking this action and how this initiative is directly related to the Agency's core mission and strategic goals.

We understand that an executive agent designation places significant responsibilities on the Agency to ensure that task orders placed against our contracts meet the highest quality standards and comply with all applicable acquisition regulations and sound business practices. As evidenced by the supplemental information enclosed, EPA is ready and able to meet these standards. We believe that the READ GWAC will fulfill a needed service for electronic asset disposition that will be accomplished in a manner which serves the best interests of the Government.

If you have any questions regarding the supplemental information, or if we can be of any assistance in this request, please feel free to contact me at (202)564-4600, or Judy Davis, Director of the Office of Acquisition Management, at (202)564-4310.

Sincerely,



Morris X. Winn
Assistant Administrator

Enclosure

U.S. Environmental Protection Agency

Recycling Electronics and Asset Disposition Services

Executive Agent Designation Supplemental Information

Section I:	Description of the Proposed Government..... Wide Acquisition Contract (GWAC)	Page 1
Section II:	Business Case Supporting the Acquisition.....	Page 3
Section III:	Rationale for Why EPA Proposes to..... Provide Contracting Services for Other Government Agencies	Page 4

I. Description of the Proposed GWAC

The Environmental Protection Agency's vision for this initiative is to promote and advance the disposition, reclamation, reuse, and recycling of electronic assets held throughout the Federal sector in order to enhance public health and environmental protection. The principle objective of the Recycling Electronics and Asset Disposition (READ) services program is to provide Federal agencies with a government-wide procurement tool to properly manage electronic inventories and to recycle and properly dispose of excess or obsolete electronic personal property in an environmentally responsible manner. Under the statutory authority of the Clinger-Cohen Act, EPA plans to provide a pool of exceptionally qualified contractors who specialize in complete asset management services that will ensure proper disposition of Federal electronic assets. The contractor pool will provide the following functional services:

- **Logistical/Inventory Support** - The contractor will provide logistical support associated with inventory management which includes coordinating electronic equipment pick-up, transporting items to a central location for testing and auditing, and/or redistributing items depending on the item's condition. Of the equipment collected, certain items will be donated or redeployed, other items will be upgraded, re-marketed and resold, and the remaining items will be dismantled, reclaimed, and recycled.
- **Testing, Auditing, and Tracking** - Once equipment has been received and is centrally located, the contractor will perform testing and auditing services to determine the usefulness of the item and to capture important tracking information from each major component.

- **Data Security** - Due to the sensitive information contained in almost all electronic memory components, the contractor must follow a stringent data management process to ensure that sensitive data is not inadvertently compromised.
- **Valuation Process** - The contractor will determine current market conditions and identify equipment that can be resold at a fair and reasonable price. Part of the valuation process includes a determination on what type of a return-on-investment (ROI) can be achieved.
- **Recycling** - The contractor will dismantle electronic equipment that has been determined to be beyond upgrade or refurbishment. Reclamation of this type of equipment will involve a decision process regarding which parts can be recycled for possible use in other equipment, which parts can be resold on the commercial market, and which parts have no useful market value and must be properly disposed in an environmentally responsible manner.
- **Management and Technical Support** - Contractors will be required to provide management and technical advice regarding all of the elements described above. The contractor must manage the entire process to ensure that electronic items are not merely sent to landfills. Part of the management process includes: overseeing the testing, de-manufacture, and reclamation process; determining the feasibility of redeployment and re-marketing; reporting on the destination of major components; and certifying that unusable items are reduced to re-usable components and/or recycled.

In accordance with Federal Acquisition Regulation (FAR) Part 16.5, EPA intends to award multiple fixed-price / indefinite quantity (FP-IQ) contracts to cover these functional areas. Consistent with fair opportunity procedures, the contract award structure will require post-award competition for each requirement. All competed task orders will contain a performance work statement (PWS) with clearly stated objectives, measurable performance standards, and a quality assurance surveillance plan to monitor actual contractor performance. Performance standards to be measured include: customer satisfaction with services provided; timeliness and accuracy of reporting and IT tracking information; timeliness of coordination efforts and disposition services; the contractor's ability to meet revenue expectations delineated in their task order proposal; small business participation (for large businesses); and the contractor's record on ensuring that equipment containing sensitive information is not compromised. The contracts will identify a FP-IQ pricing structure and the majority of requirements to be competed will be awarded as fixed-price, performance-based task orders.

Contracts will have a five year period of performance (one-year base period with four one-year option periods). Initially, EPA plans to award ten (10) contracts to cover the entire cadre of services described above. We will set aside the majority of these contracts for small business and depending upon the outcome of our market survey, we may set aside the entire requirement. While no maximum number of contracts has been determined at this time, EPA will keep the number of awards to a reasonable level to ensure that adequate competition is

maintained, contractors receive a meaningful level of task orders, and contract administration efforts remain reasonable.

We anticipate that the READ GWAC administration and placement support will require services from an acquisition team consisting of one Contracting Officer, one Contract Specialist, and one Project Officer. The acquisition team will not only manage EPA's asset disposition requirements, but will also provide support to customer agencies who require assistance in placing task orders under the GWAC. We expect to place between three to five task orders per month throughout the first year of contract performance, which includes both EPA's orders and orders placed on behalf of customer agencies. We also anticipate that certain agencies will place their own task orders (between two to four per month) against this GWAC without EPA assistance. Overall, we are planning to issue ten contracts and approximately 60-70 task orders during the first year of contract performance.

II. Business Case Supporting the Acquisition

EPA has determined that a need exists throughout the Federal Government for environmentally responsible disposition of electronic assets. The READ GWAC vehicle will fulfill this need by allowing agencies to reclaim, recycle and re-market obsolete electronic equipment stored in Federal warehouses throughout the country. We believe this GWAC accomplishes four significant goals by:

- Providing an effective contract vehicle for addressing the proper disposition of Federal electronic equipment in an environmentally responsible manner and in accordance with goals established under Executive Order 13101;
- Ensuring appropriate levels of security for sensitive electronic data contained in electronic equipment currently stocked in Federal warehouses;
- Creating an audit trail of the equipment's final destination to ensure that reclamation and recycling efforts are reportable; and
- Establishing a means to realize value and maximize potential revenues from electronic equipment currently in storage.

EPA understands that in order for the READ GWAC to be successful, the program must provide a valuable service that answers an unfulfilled need. Although GSA currently handles asset disposition requirements in accordance with the Federal Property Management Regulations (FPMR), most agencies surveyed for this project have stated that the FPMR process does not address environmental considerations nor does the process maximize the potential value of electronic items awaiting disposition. Essentially, current regulations do not address the basic need to recycle the enormous amount of Federal electronic equipment that will soon become a significant threat to the environment. The Office of Personnel Management estimates that there are 1.8M Federal civilian employees, almost all of whom have a personal computer. Given a computer's 3-year life cycle, approximately 10,000 Federal computers enter the waste stream

every week. EPA's READ contract will provide the Government sector with an effective procurement tool for proper recycling and disposition of electronic assets.

EPA plans to pro-actively promote this initiative throughout the Federal Government. After establishing multiple award contracts, EPA plans to utilize a marketing plan that will increase the READ GWAC's visibility in the Federal sector. EPA's marketing plan will include: regularly addressing this issue at the quarterly government-wide Interagency Committee on Property Management meetings; presenting information at the Property Management Executive Council meetings; promoting the program's availability through the GSA's Marketing and Media Strategy Schedule; developing a user-friendly website that guides customer agencies through the disposition process; providing one-on-one consultation to all agencies who have a need for the service; and creating incentives for Agencies to utilize the government wide contract. Incentives will include elements such as addressing federal Performance Based Service Contracting (PBSC) goals, assisting agencies in meeting small business/socioeconomic set-aside goals, and addressing environmental goals set forth in Executive Order (E.O.) 13101, "Greening the Government through Waste Prevention, Recycling, and Acquisition." We believe that sharing EPA's technical and programmatic expertise in the area of recycling and reclamation will benefit the mission of the Government as a whole.

By utilizing performance based acquisition procedures and Performance Work Statements, contractors will be able to create innovative methodologies for meeting objectives established under each task order. For each fair-opportunity task order competition, the READ contractor will be free to identify and propose the best possible solution for the identified requirements. The focus of this contract is results. The READ acquisition team will carefully track contractor performance to ensure a consistently high level of performance and customer satisfaction. EPA will track each contractor's past performance through the National Institute of Health's internet-based Contractor Performance System. This system is widely recognized as the best tool available for continually monitoring contractor performance. Contractor performance incentives (e.g., greater revenue shares) will be based on innovative solutions that are implemented and actual results that are achieved.

Given the constant competitive environment that is realized under a multiple award contract, and the nature of the services to be provided by the contractor community, we believe that contractors will establish methods not previously envisioned in the recycling arena. Furthermore, performance incentives will enhance contractor efficiencies and most likely result in higher revenues being generated from refurbished and re-marketed equipment.

III. Rationale for Why EPA Proposes to Provide Contracting Services for Other Government Agencies

EPA considers the operation of an electronic recycling GWAC to be a key aspect of our Agency's original organizing statute. An essential part of EPA's core mission, as stated in our

Strategic Plan, is to protect human health and to safeguard the natural environment. EPA's overall purpose is to ensure that all Americans are protected from significant risk to human health and the environment where they live, learn, and work. Recycling electronics and asset disposition services supports EPA's strategic goals to:

- Protect, sustain, and restore the health of people, communities and ecosystems by using integrated and comprehensive approaches and partnerships;
- Improve environmental performance through pollution prevention, promoting environmental stewardship and encouraging innovation; and
- Preserve and restore the land by reducing the release of harmful substances and promoting recycling and innovative waste management practices.

Electronic equipment contains hazardous substances such as lead (6 lbs./computer monitor), mercury, chromium, cadmium, and beryllium. All of this equipment contains components that can be recycled, reclaimed, and/or reused in the current marketplace. Historically, agencies have followed FPMR procedures to dispose of excess electronics equipment. The FPMR contains minimal provisions for recycling. A GWAC to assist agencies in addressing potential consequences associated with electronic end-of-life issues will be a large step in confronting this growing problem in the Federal sector.

In addition, a government-wide recycling contract will help Federal agencies meet requirements associated with E.O. 13101, which requires agencies to incorporate waste prevention and recycling into the agency's daily operation, and E.O. 13148, "Greening the Government through Leadership in Environmental Management," which requires agencies to implement formal environmental management systems addressing life cycle assessments in purchasing. The READ GWAC will provide a much needed procurement tool for assisting agencies in fulfilling these federal initiatives.

In summary, we believe that providing EPA's technical and programmatic expertise in the areas of recycling and reclamation in conjunction with innovative recycling techniques currently offered in the commercial marketplace would be beneficial to the mission of the Government. If a GWAC designation is not authorized for this initiative, the government-wide problem associated with obsolete electronics and overcrowded warehouses will continue to grow. An OMB executive agent designation for a READ GWAC could prove to be the best method for reducing duplication of costs among Federal entities associated with meeting the need to recycle and dispose of electronic assets.