



GENERAL MEMBERSHIP MEETING

Crystal Gateway Marriott

December 3, 2002

Slide Presentations

SEBAC Issues Update

–David Bluestein.....3

Small Business Issues

–Louise Slates, Naval Facilities Engineering
Command, OSDBU.....11

Small Business Size Standards

–Gary Jackson, Small Business
Administration.....24



UPDATE



Size Standards for NAICS 562910 (Remediation Services)

- **Size standard adjustment for inflation in January 2002**
- **Remediation services dollar standard raised to \$12 million**
- **Federal Register notice created confusion - environmental remediation services employee cap not eliminated**
- **SEBAC's comment requested clarification in the final rule**
- **Correction published in Federal Register September 6, 2002 listing remediation services at 500 employees**

Contract Bundling

- **March 2002 – President Bush asked OMB to prepare strategy for unbundling contracts**
- **SEBAC attended meeting of OFPP and submitted comments on July 1, 2002**
- **October 30, 2002 – OFPP Unveiled Action Plan**
 - **Requires more agency accountability and leadership**
 - **Closes loopholes**
 - **Expands teaming agreements and joint ventures to open opportunities for small businesses**

Section 803

- **April 1, 2002 – DOD issued proposed rule to implement Section 803 of the National Defense Authorization Act of 2002**
- **SEBAC submitted comments expressing concern that the proposed rule may negatively impact small businesses**
- **October 25, 2002 – DOD published Final Rule amending DFARS**
 - **FSS Procedures – for service orders over \$100,000, DOD must contact as many offerors as practicable and ensure at least three responses**

Section 803 (continued)

- **MACs – Applies to all orders for services over \$100,000 on or after October 25, 2002, but excludes architect-engineer services**
- **Defines competitive basis**
- **Additional regulatory guidance needed**
- **Training for contracting personnel**

Change to AFARS 5137.1

- **Revision to AFARS 5137.1 required all solicitations for service contracts to be performance-based and fixed-price**
- **Would have applied to environmental remediation contractors**
- **Remediation work inherently too uncertain for fixed-priced contracting**
- **SEBAC successfully petitioned for exclusion of remediation from rule**

Other Procurement Actions

- **Omaha**
- **Aberdeen Proving Ground**
- **Los Alamos National Laboratory**



EPA Superfund Advisory Subcommittee

- **The National Advisory Council for Environmental Policy and Technology Superfund Subcommittee formed on May 30, 2002 by Administrator Whitman**
- **Purpose: to make recommendations on the role of the Superfund in addressing the Nation's most polluted and costly hazardous waste sites**
- **SEBAC expressed concern to EPA that small business is not adequately represented and asked to be included on the Subcommittee**
- **EPA invited SEBAC to attend all open meetings and participate informally but chose not to add additional members to the Subcommittee**

Naval Facilities Engineering Command



SEBAC

3 December 2002

Louise F. Slates

Head, Strategic Programs & Community Management

Naval Facilities Engineering Command



Small and Disadvantaged Business Utilization

Percentage of Contracts Awarded by SB Categories

SB Category		SB	SBSA	SDB	WO	HZ	VET	HBCU/ MI *	R&D	8(a)
	Target	39.1%	N/A	15.1%	4.6%	2.5%	3%	1.2%	N/A	N/A
Location	Contract Total									
Atlantic Division	\$1,558 M	41.4	7.0	18.7	5.0	2.8	.41	100.0	\$173K	8.0
Southern Division	\$973 M	45.6	8.8	19.6	7.0	7.1	.09	0.0	NA	11.1
Southwest Division	\$1,221 M	47.0	9.9	21.6	5.9	6.2	.73	0.0	NA	8.7
Pacific Division	\$687 M	27.4	3.4	24.1	3.3	.64	0.0	0.0	NA	11.7
NAVFACCO	\$201 M	59.4	2.1	18.4	10.1	3.7	.73	0.0	\$8.3 M	8.7
NAVFAC	\$4,642 M	42.5	7.4	20.4	5.6	4.3	*.35	22.8	\$10.1 M	10.4
Overall										

SB - Small Business

WO - Woman Owned

HBCU/MI - Historically Black Colleges &

SBSA - Small Business Set Aside
Institutions

HZ - Hub Zone

University and Minority

SDB - Small Disadvantaged Business
Development

VET - Service Disabled Veteran Owned

R&D - Research and

*HBCU/MI is percentage of total awards to Higher Education Institutions.

* Achieved 2.5% for Veteran Owned Small Business.



NAVFAC SB GOALS

PRIME	FY02	FY03	FY04	FY05	FY06
SB	39.1%	39.9%	40.75%	41.3%	41.86%
HUBZONE	2.5%	3.0%	3.1%	3.1%	3.2%
SDB	15.1%	15.4%	15.7%	15.9%	16.1%
WOSB	4.6%	5.1%	5.8%	6.4%	7.0%
SDVOSB	3.0%	3.0%	3.0%	3.0%	3.0%
HBCU/MI	1.2%	1.2%	1.3%	1.3%	1.3%
SUB CONTRAC					
SB	62.9%	64.3%	65.4%	66.4%	67.3%
HUBZONE	2.5%	3.0%	3.1%	3.1%	3.2%
SDB	14.5%	14.8%	15.1%	15.3%	15.5%
WOSB	13.6%	14.4%	14.7%	15.0%	15.2%
SDVOSB	3.0%	3.0%	3.0%	3.0%	3.0%



NAVFAC SB Initiatives

- ◆ **Request establishment of one goal for prime and sub awards**
 - SB prime awards not adversely affected
- ◆ **Impacts:**
 - BRAC
 - SB Competitiveness Demonstration Program
 - Increasing SB competing programs
- ◆ **Purpose: Visibility of SB dollars**
- ◆ **Reporting: one set of goals; primes to report down to 4th sub tier**
- ◆ **Example: \$2B to subs in FY02 + \$2B to primes = \$4B overall for SB**



NAVFAC ENVIRONMENTAL ACQUISITION STRATEGY MEETING

- ◆ **Further define NAVFAC's corporate environmental acquisition strategy**
 - Previous policy promulgated 28 Sep 01 for FY02-07
- ◆ **Meeting held 11-12 Sep 02 with HQ and EFD/A CCOs and BLMs**
- ◆ **EFD/As presented their environmental acquisition strategies**
 - Review to ensure alignment, including policies and NAVFAC SB goals
 - Compilation to update environmental strategy FY03-08



NAVFAC Environmental Acquisition Strategy

Meeting Objectives

- ◆ **Define a plan to meet the acquisition needs of our environmental programs**
 - Meet our present and projected workload demands
 - Provide a full array of contract vehicle options
 - Meet NAVFAC and client needs for timeliness, quality products and services, and cost effectiveness
 - Promote acquisition management best practices and consistency across the corporation
 - Work within the given acquisition regulations, legislative constraints, and political influences
 - FAR/DFARS/NAPS/NFAS
 - Legislation limits on large IDIQs (> \$130M)
 - NAVFAC small business goals



Current Environmental Acquisition Strategy

- ◆ **Incorporate a variety of contract tools to meet our program requirements**
 - Increased use of fixed-price contract vehicles as suitable, but continue the use of cost contracts as appropriate
 - Expanded use of EMACs and other fixed-price IDIQ vehicles
 - Accessibility by each EFD/A to at least one cost-reimbursement contract
 - App. 32% of contract obligations to fixed-price in FY01 & 02
- ◆ **Continue the trend towards greater small business participation**
- ◆ **Expedite close-out of task orders in existing and expiring contracts**



Current Environmental Acquisition Strategy

- ◆ **Key highlights of 28 Sep 01 strategy:**
 - Increase of fixed-price awards from 32% in FY01 to 52% on average in FY02 – FY07
 - Increase of SB prime awards from 9% in FY01 and 13% in FY02 to 29% on average in FY02 – FY07
- ◆ **EFD/A strategies for FY03-08 being compiled for update of environmental acquisition strategy**
 - FY03 – 40% average to SB
 - FY04 – 45% average to SB



Enhanced Acquisition Strategy Development Needs

- ◆ **More coordinated and strategically oriented approach**
 - Communication of goals
 - Development of corporate metrics
- ◆ **Provide for greater integration/interdependability while maintaining EFD/As' regional flexibility**



SECTION 803

Competition Requirement for Purchase of Services Under Multiple Award Contracts

- ◆ **Service task orders > \$100K under multiple award contracts made on competitive basis**
 - Fair notice of intent to all contractors under the multiple award contract and fair opportunity to make an offer and be fairly considered; or
 - Notice to as many contractors as practicable
 - Receives offers from at least three qualified contractors; or
 - Written determination on reasonable efforts



Section 803 Implementation

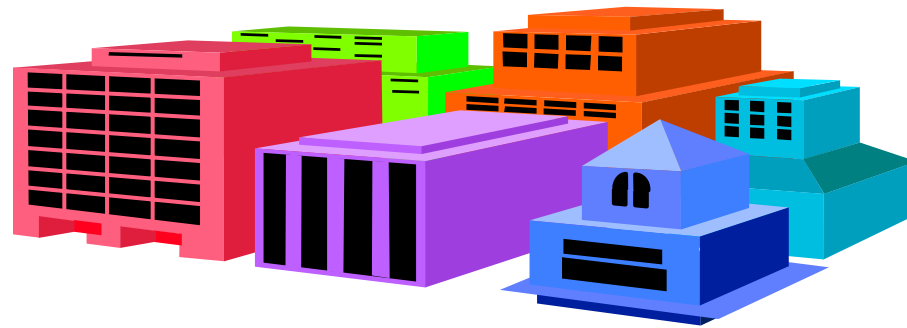
- ◆ **Final DFARS rule (Case D001-2017) published and effective 25 Oct 02 in Federal Register**
- ◆ **Applicable to all orders for services exceeding \$100,000 placed under multiple award contracts, regardless of when the multiple award contracts were awarded**
- ◆ **NAVFAC HQ has not provided any amplifying or additional guidance on implementation of Section 803 and does not anticipate doing so.**
 - NAVFAC was already competing task orders under our MASC, MACC, and EMAC contracts against all awardees under those IDIQ contracts.



Summary

- ◆ **Increased standardization of processes across NAVFAC**
- ◆ **Increase in fixed price awards**
- ◆ **Increased competition under Multiple Award service contracts (Section 803)**
- ◆ **Increase in awards to Small Businesses**

SMALL BUSINESS SIZE STANDARDS



PROGRAM BRIEFING

by

OFFICE OF SIZE STANDARDS

U.S. SMALL BUSINESS ADMINISTRATION



WHAT ARE SIZE STANDARDS

- Definition of Small Business Concern
- Numerical Size Measure:
 - Receipts
 - Employees
 - Assets
- Definitions & Other Requirements



WHAT IS A SMALL BUSINESS? STATUTORY CRITERIA

- ☑ Independently Owned and Operated
- ☑ Not Dominant in its Field of Operation
- ☑ Meets Detailed Definition Established SBA Administrator

Size Standards Vary to Reflect Industry Differences



Section 3(a) of Small Business Act



SIZE STANDARDS BY INDUSTRY DIVISION

Industry Division

Most Commonly Used Size Standards

Manufacturing

500 Employees

Wholesale Trade

100 Employees

Construction

General & Heavy
Special Trades

\$28.5 Million
\$12.0 Million

Retail Trade & Services

\$6.0 Million

Agriculture

\$0.75 Million



Development of Size Standards

- Industry Comparisons
- Anchor Size Standards
 - 500 Employees -- Manufacturing Industries
 - \$6 -- Million Non-manufacturing Industries
- Analysis of Industry Factors



Development of Size Standards

Primary Factors

- Degree of Industry Competition
- Average Firm Size in an Industry
- Start-up Costs and Entry Barriers
- Distribution of Firms, Sales,
and Employment by Firm Size



Development of Size Standards

Other Factors

- Impact on Small Business Programs
- Administration Policies
- Public Comments on Proposed Rules



Economic Significance of Small Business by Percent of Firms, Employment & Sales

<u>Size Criteria</u>	<u>Firms</u>	<u>Employment</u>	<u>Sales</u>
SBA Size Stds	98.1	41.1	22.2
100 Employee	98.2	36.5	28.7
500 Employees	99.7	54.4	41.0
\$1.0 Million	80.0	16.7	6.1
\$5.0 Million	94.9	32.3	15.0
\$10 Million	97.3	38.7	19.7
\$25 Million	98.9	46.6	26.7

Source: SBA Tabulation of the 1997 Economic Census,
Bureau of the Census



Environmental Size Standards

- Environmental Remediation Services (Old SIC 8744)
 - Established September 1994
 - 500 Employee Size Standard
 - Three Activity Requirement
 - Proposed Clarification Nov. 22, 2002
- North American Industry Classification System
 - NAICS 562910 - Environmental Remediation
 - NAICS 541620 - Environmental Consulting Services



Related Environmental Size Standards

- ❑ Architectural & Engineering Services
Industry Review May 1999
Inflation Review ????
- ❑ Construction & Refuse Industries
Inflation Adjustments, 1999 and 2002
- ❑ Testing Laboratories
Proposed Rule, April 2002
Inflation Adjustment 2002



Size Standards Information

Internet: www.sba.gov/size

Library & Resources
Size Guide, Regulations, Size Standard
Table

What's New
Proposed & Final Rules
Current Projects

Tel: (202) 205-6618

Fax: (202) 205-6390

E-Mail: Sizestandards@sba.gov

