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# United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

EMILIA DISANTO, STAFF DIRECTOR  
PATRICIA R. FORBES, DEMOCRATIC STAFF DIRECTOR AND COUNSEL

December 13, 2000

The Honorable Bill Richardson  
Secretary of Energy  
1000 Independence Avenue SW  
Washington, DC 20585

Dear Mr. Secretary:

We appreciate the effort you and your staffs at the Department of Energy (Department) have made to improve small business' access to prime contracts at the Department. The "Memorandum for Heads of All Departmental Elements and Major DoE Contractors" (February 11, 2000--copy attached) was exactly the kind of high-profile Secretarial action on small business procurement goals that we hoped to see as a result of our discussions with the Department. The consistent theme we have encountered, across the Government, is that small business programs succeed within an agency only when backed by clear determination at the highest levels.

Our staffs have been briefed about the challenges facing the Department in its small business contracting goals, now that contracts awarded by Management & Operating (M & O), Management & Integration (M & I), and Environmental Restoration Management Contracts (ERMC) contractors must be reported as Departmental subcontracting achievements and not as Departmental prime contracting achievements. We appreciate being kept informed of this situation.

We understand from the most recent staff briefing that the Department's Fiscal 2000 prime contracting goal was actually unachievable. About 90% of the Department's procurement dollars are locked up in the site and facility management contracts (M & Os, M & Is, and ERMCs), and these contracts typically extend for five year periods. Any review or adaptation of such contracts will require five years to phase-in. The other 10% of Departmental contracting (non-site/non-facility management) would not be sufficient to make the Department meet its prime contracting goals even if all expiring contracts were awarded to small business.

We expected that the corrected reporting of site and facility management contracts would have a significant impact on the Department's ability to achieve its goals, and we recognized that adaptation to the new reporting environment would require time to implement. Thus, while we are unable to offer a "waiver" as such from the goals set under the authority of the Small Business Act, the Committee usually focuses its oversight activity on agencies failing to make progress or comply with existing goals.

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We understand the Department intends to submit, as part of its annual report to our Committee, a three-year plan to phase-in higher levels of small business contracting. This will be a very welcome step in the right direction. Parceling out goals to the program manager level will help the day-to-day decision makers keep in mind the importance of their actions in meeting those goals. Continuous effort to increase small business access to the non-site/non-facility management contracts undoubtedly offers the most immediate prospects for improving small business participation.

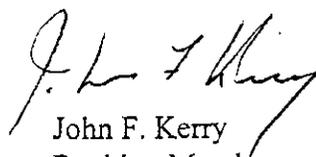
We do emphasize the importance of continuing to review the site and facility management contracts, as well, for small business contracting opportunities. As such contracts expire and are re-awarded, we believe the Department must carefully evaluate those contracts for the possibility of small business teaming arrangements, partial set-asides for small business awards, and other strategies to enhance small business access. We are interested in how these contracts have been evaluated during the past year, and to this end have attached questions to request further details. We would appreciate a response to these questions not later than January 15, 2001.

If you have questions about this letter, please feel free to contact Cordell Smith of the Small Business Committee majority staff on (202)224-5175, or John DaSilva of the Small Business Committee minority staff on (202)224-8496.

Sincerely,



Christopher S. Bond  
Chairman



John F. Kerry  
Ranking Member

## Questions concerning Site and Facility Management Contracts

[1] How many Management & Operating (M & O), Management & Integration (M & I), and Environmental Restoration Management Contracts (ERMCs) does the Department of Energy hold? (Please identify a total for each of the three categories.) In terms of dollar value, what are the largest and smallest contracts in each of those three categories?

[2] How many M & O, M & I, and ERMC contracts expired in Fiscal 2000? How many have been re-awarded for a new term? How long is the term for each one that was re-awarded? (Please specify the contract term and option years separately.) What is the dollar value for each contract that was re-awarded?

[3] Were each of the re-awarded contracts reviewed for small business teaming arrangements, partial set-asides for small business, or other strategies? Were any such approaches adopted in the final award, and if not, why not?

[4] How many dollars are expected to be awarded to small businesses as a result of the re-awarded M & O, M & I, and ERMC contracts? What fraction of this figure is represented by prime contracts, and what fraction by subcontracts?

We would appreciate a response to these questions not later than January 15, 2001. If you have questions about this request, please contact Cordell Smith of the Small Business Committee majority staff on (202)224-5175, or John DaSilva of the Small Business Committee minority staff on (202)224-8496.



The Secretary of Energy

Washington, DC 20585

February 11, 2000

MEMORANDUM FOR HEADS OF ALL DEPARTMENTAL ELEMENTS  
AND MAJOR DOE CONTRACTORS

FROM:

BILL RICHARDSON

A handwritten signature in black ink that reads "Bill Richardson".

SUBJECT:

Maximizing Small Business Utilization

The Department of Energy is committed to fully engaging small businesses, including small disadvantaged, 8(a), women-owned businesses, and HUBZone small business concerns, in DOE's core missions and programs. In addition, DOE's scientific, technical, and energy and environmental operations provide a unique opportunity for small businesses to engage in interesting and innovative program activities. The Department plays a key role in supporting small business success in technical and energy fields. Likewise, the Department has benefited from small business innovations.

Recent guidance from the Office of Management and Budget, Office of Federal Procurement Policy, has changed the way the Department reports its prime contract awards to small businesses. This results in a change in the methodology used for compiling small business goals and achievements reported to the Small Business Administration (SBA). We will see a reduction in DOE's small business prime contracting goals; however, the aggregate prime contracting and subcontracting opportunities that DOE provides to small businesses will remain largely unchanged. The Department is proud to provide over \$3 billion in combined prime and subcontracting opportunities to small businesses, including small disadvantaged, women-owned, and HUBZone small business concerns.

I want to see the Department build on this record by setting a combined prime and subcontracting goal of \$3.3B in Fiscal Year 2000, including \$757.6M in prime contracting to small businesses as assigned by SBA. To accomplish this, the Office of Small and Disadvantaged Business Utilization (OSDBU) within the Office of Economic Impact and Diversity (ED), will work with all departmental elements and provide guidance for achieving this goal.

Also, in order to enhance our small business program, I have created a Small Business Committee as part of the Field Management Council. This Committee reports to me and the Deputy Secretary, and is co-chaired by the Director of the Office of Economic Impact and Diversity (ED) and the Director of the Office of Procurement and Assistance Management, and includes representatives from the



program offices, field activities, and major contractors. The Committee will develop and monitor the implementation of small business strategies to maximize small business participation in program activities. Specifically, I am directing this Committee to develop and report to me on the progress of the following initiatives:

- Innovative Opportunities for Small Businesses: All departmental elements will work with ED to maximize small business utilization in their core missions, including contracts, financial assistance, and collaborative research efforts, and develop technical assistance and innovative incubator programs to include small businesses in emerging technologies and disciplines. Departmental elements will develop plans for forging innovative partnerships with small business concerns to afford them an opportunity to become involved in technology transfer and commercialization.
- Procurement Tools and Guidance: The Office of Procurement and Assistance Management will issue additional procurement guidance, identifying tools and techniques to maximize small business participation in the award of both DOE prime contracts and management and operating contract subcontracts. This includes maximizing the use of the 8(a) program, the 8(a) pilot program, the Mentor-Protégé program, and the HUBZone program, as well as anti-bundling policies.
- Enhancing the Small Business Program: The OSDBU office will develop a new policy for the conduct of their operations. This includes improving the OSDBU process for reviewing offices' contracts through: 1) increased involvement in acquisition planning and 2) enhanced review of contracts of \$3 million and above. Also, this office will serve as a focal point in tracking major initiatives and announcements by all departmental elements and major contractors, including grants, financial assistance, contracts, technology transfer and collaborative research efforts, and other program activities that have an impact on small business.
- Enhancing Program, Field Office and Contractor Small Business Functions: The Small Business Committee will recommend a structure that will enhance the small business function in all program and field offices and major contracting facilities to strengthen their authority to have an impact on procurement planning and forecasting, and promote small business interests in other collaborative research and partnership efforts. The Committee will identify best practices and explore commercial business models that promote small business advocacy and interaction with the small business community.

- Monitoring and Tracking Prime Contracting and Subcontracting Performance: The Committee will have oversight in the development and reporting of prime and subcontract goals and monitoring the progress in achieving these goals, as well as other collaborative research efforts that impact small business. In addition, the Office of Small and Disadvantaged Business Utilization will develop guidelines for monitoring performance. Also, the Office of Procurement and Assistance Management will enhance the departmental subcontracting reporting system that tracks small business award accomplishments and provides data to determine whether individual contractor goals have been achieved.
- Outreach to Small Business: The Committee will promote innovative outreach initiatives to the small business community, including the establishment of an annual DOE-wide conference to include prime contractors. **I am pleased to announce the next DOE-wide small business conference will be held in April 27-28, 2000, in Denver, CO.** The purpose of the conference is to have ED, OSDBU, program offices, and major contractors educate the small business community about our business lines, forecasts, collaborative research, and other opportunities. In addition, the conference will provide an opportunity to highlight innovative programs and recognize elements that have excelled in meeting small business goals.

The Department has exciting opportunities for small businesses in technical and energy fields that are provided through a variety of mechanisms. Our task is to fully integrate small businesses, including small disadvantaged, 8(a), and women-owned, and HUBZone small business concerns, into program activities. These initial steps are vital to maximizing small business utilization throughout all DOE.