

# Procurement Alert Notice

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from BUSINESS MANAGEMENT RESEARCH ASSOCIATES, INC.

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## PRESIDENT'S MESSAGE

### A NEW OFFICE, A NEW DECADE, A NEW CHALLENGE!

After months of preparation and anticipation (and more than one misstep on moving day), we are finally in our new building. We are just about 3/10 of a mile from our old building. We have twice as much space and a very large conference/classroom. It will hold 30 students very comfortably. Courses are scheduled for the classroom this summer.

It will take many months before we are completely settled in, but everyone is rolling up his or her sleeves. Unfortunately, the move was delayed due to the renovation of the facility. We were originally scheduled to move in June 1<sup>st</sup>, but it wasn't until late June that we were given the green light to occupy the new space. Moving day was the 28th. We are still waiting for a final inspection by Fairfax County Inspectors and hopefully that will go without a hitch.

There are still several punch-list items to take care of, but we will be ready for our annual inservice training, which will be held on August 23rd. Since this will be the BMRA's 30th Anniversary, we have invited Don Sowle, founder of BMRA and former Administrator of the Office of Federal Procurement Policy, to be our honored guest.

There are many new challenges ahead of us:

- Putting our new classroom to full use will be a challenge.
- To meet new training requirements, we are implementing electronic student

registration/enrollment and course presentation scheduling. We expect the system to be up and running in August.

- In only a few months we will begin our second series of e-learning courses.

All this will present us with challenges and we fully expect success because of the excellence of our staff.

## BMRA'S NEW ADDRESS

BMRA's new address is:

3949 Pender Drive, Suite 300  
Fairfax VA 22030

Our phone numbers have not changed:

703-691-0868 (voice)  
703-691-2731 (fax)

### INSIDE THIS PAN

PRESIDENT'S MESSAGE .....	1
BMRA'S NEW ADDRESS .....	1
BMRA CELEBRATES 30TH ANNIVERSARY .....	2
INSERVICE TRAINING TO BE HELD AUGUST 23 <sup>RD</sup> .....	2
HOUSE PASSES DOD SPENDING BILL .....	2
DEFENSE AUTHORIZATION BILL WOULD CURTAIL BUNDLING ...	3
NEW SINGLE BENEFIT RATE FOR SCA .....	3
GAO SUSTAINS PROTEST ON BUNDLING .....	3
SARA ON THE MOVE .....	3
FAC 01-14 RELEASED .....	4



## **BMRA CELEBRATES 30TH ANNIVERSARY**

On August 14, 1973, Don Sowle Associates, Inc. became a Virginia corporation. The first officers of the corporation were Don E. Sowle, President and Treasurer, and Lawrence R. Cahill, Secretary. Most of the original members of the firm had served together on the Commission on Government Procurement (COGP) and had leadership roles on the various committees in the COGP.

During the next two years, the Board of Directors expanded to include George S. Ostrowski, Earnest S. Brackett, John A. O'Leary, and Alan P. Laskin. George Ostrowski became the Executive Vice President in 1974 and Alan Laskin became Vice President for Administration in February 1975.

In 1975 the firm moved from McLean, Virginia to 1911 Jefferson Davis Highway, Arlington, Virginia (Crystal City). It remained in Crystal City until 1993 when it moved to Fairfax.

In February 1981, Don Sowle resigned to become the Executive Director of the Office of Federal Procurement Policy. Lawrence Cahill also resigned. At that time, the firm's name was changed to Business Management Research Associates, Inc. George Ostrowski was elected Chairman of the Board and President, and Jack O'Leary (former member of the COGP and the Executive Director of NCMA) became the Executive Vice President. Earnest Brackett became the Secretary-Treasurer.

In July of 1982, George Ostrowski had an accident at his home and died as a result. His wife Hilda was elected to the Board of Directors as Chairperson and Treasurer and Jack O'Leary became the President. Hilda played an active roll in company operations until she left the firm in 1993. Bob Lucas (former Dean at the Defense Systems Management College) became the BMRA's Executive Vice President and President of BMRA's subsidiary, Commercial Products Incorporation (CPI).

In 1983, George Strouse became a member of the Board of Directors. Previously, he was the Chairman of the DOD Pricing Review panel, which produced the Armed Services Pricing Manual. John C. Lynch (former Director of Contracting for the Air Force Communications Command) joined the company at that time.

In 1984 Ernie Bracket retired due to health reasons, and resigned from the Board of Directors. Bob Lucas took over his position as Secretary-Treasurer. John Lynch was elected to the Board of Directors in 1984.

In 1987 Bob Lucas resigned and John Lynch was elected Executive Vice President, a position he held until he became President.

In 1994, after Hilda Ostrowski resigned, John Lynch was elected President and CEO. Bill Comstock (the former Dean of the Air Force Institute of Technology) became Executive Vice President. Roger Anderson and John Langford joined the Board of Directors in 1996. In 1998, Bill Comstock passed away after a long illness and Jim Harper became Executive Vice President. Annemarie Lynch became Chairperson and Vice President of Human Relations.

## **INSERVICE TRAINING TO BE HELD AUGUST 23<sup>RD</sup>**

*BMRA's 11th annual in service training will be held on Saturday, August 23.* The program will be held at our new offices in our new Conference Room, which is much larger than our old Conference Room. The one-month delay in our move has delayed sending notices out, but your invitation will be sent by August 1<sup>st</sup>.

The program this year will be one of the best. Mr. Frank Anderson, (BG USAF Retired) President of the Defense Acquisition University has accepted an invitation to speak. Other leaders from local colleges have been invited. I hope you all can participate in this year's program.

## **HOUSE PASSES DOD SPENDING BILL**

The House overwhelmingly passed the FY 2004 Defense spending bill. The amount was over \$360 billion with much emphasis on war fighting and faster mobilization of our forces. The bill calls for an increase in research, development, test and evaluation. No doubt, there will be a lot of "horse trading" before the bill is final. The one area that has caused the administration concern is the reduction in Information Technology spending, which amounts to about \$300 million.



## DEFENSE AUTHORIZATION BILL WOULD CURTAIL BUNDLING

In late May, the Senate passed an amendment to the 2004 Defense Authorization bill. It requires department, agency or service heads to review all bundled contracts in excess of \$5 million before the procurement can move forward.

In addition to the bundling curtailment proposed by the lawmakers, in January of this year the Office of Federal Procurement Policy and the Small Business Administration proposed rules that would make it harder for agencies to bundle contracts and require justification of the decision to do so.

There are several reasons that this change was forthcoming. However others believe bundling is advantageous for the Government. Many people feel that the proliferation of contract bundling at the Defense Department and other executive agencies has dramatically reduced the Government's contractor base. The small business community is particularly concerned because bundling can increase the scope of work beyond their capabilities, eliminating many from competition. On the other hand, some would argue that unbundling contracts could produce higher prices by depriving the Government of quantity discounts.

Evidence on the effects of bundling is mixed. The Office of Management and Budget statistics indicate that small businesses received 26,500 new contracts in 1991 compared to only 11,500 contracts in 2001. Conversely, the Pentagon reported on May 19 that small business won \$5 billion more in DOD contracts in fiscal year 2002 than they won in fiscal year 2001.

## NEW SINGLE BENEFIT RATE FOR SCA

The Service Contract Act (SCA) requires that wage determinations specify vacation and holiday benefits based on local prevailing benefits. A single benefit rate is based on the sum of benefits contained in the Bureau of Labor Statistics, Employment Cost Index (ECI), and the Employer Cost Employee Compensation.

As of June 1, 2003, the new single benefit rate will increase fringe benefits from \$2.15 per hour to \$2.36 per hour, or a new benefit of \$94.40 per week.

All bids opened or other service contracts awarded on or after June 1, 2003 must include an updated SCA wage determination (WD) issued IAW the regulatory health and welfare fringe benefit determination methodology. Contracts with wage determination currently requiring health and welfare benefits costing an average of \$2.56 per hour are not affected by this change.

## GAO SUSTAINS PROTEST ON BUNDLING

EDP Enterprises, Inc protested the terms of a Request for Proposal issued by the Department of the Army pursuant to OMB Circular A-76. The purpose of this A-76 study was to determine whether it would be more economical to perform installation-level logistics support function in-house at Fort Riley, Kansas, or to contract for these services.

EDP, the incumbent small business food service provider at Fort Riley, argued that the Army improperly bundled food services and dining facility attendant service with other logistics support functions, thereby unduly restricting the private-sector portion of this A-76 competition.

The General Accounting Office (GAO) (B-284533.6, May 19, 2003 issued a decision to sustain the protest.

(<http://www.gao.gov/decisions/bidpro/2845336.htm>)

## SARA ON THE MOVE

The Service Acquisition Reform Act (SARA) provides for training an acquisition work force within federal agencies and incorporates commercial contracting practices. On May 7th a House committee approved sweeping services acquisition reform, including several measures to bring more oversight to the process. Representative Tom Davis (R-Va.) is the primary author of the bill. Representative Davis also Chairs the House Government Reform Committee. The bill has been criticized as offering too few safeguards against abuse. Under the Federal Acquisition Regulation, commercial item contracts escape some of the scrutiny that other contracts get, including the Truth in Negotiations Act (TINA) The committee amended SARA to include oversight procedures for commercial item contracts but exempted commercial acquisitions of less than \$15 million.



## FAC 01-14 RELEASED

Effective June 23, FAC 2001-14 amended the FAR as follows.

**Item I—Geographic Use of the Term “United States”.** This final rule amends the FAR to clarify the use of the term “United States.” The term is defined in FAR 2.101 to include the 50 States and the District of Columbia. Where a wider area of applicability is intended, the term is redefined or supplemented in the appropriate part or subpart of the FAR.

**Item II—Miscellaneous Cost Principles.** This final rule amends the FAR by deleting the cost principle at FAR 31.205-45, and streamlining the cost principles at FAR 31.205-10, FAR 31.205-28 and FAR 31.205-48. The rule will only affect contracting officers that are required by a contract clause to use cost principles for the determination, negotiation, or allowance of contract costs.

**Item III—Prompt Payment Under Cost-Reimbursement Contracts for Services.** The final rule, implements statutory and regulatory changes related to late payment of an interim payment under a cost reimbursement contract for services.

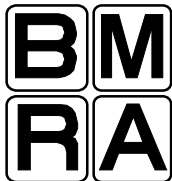
**Item IV—Electronic Signatures.** This final rule adds a statement at FAR Subpart 4.5, Electronic Commerce in Contracting, clarifying that agencies are permitted to accept

electronic signatures and records in connection with Government contracts.

**Item V—Increased Federal Prison Industries, Inc. Waiver Threshold (Interim).** This interim rule increases the Federal Prison Industries, Inc.’s (FPI) clearance exception threshold at 8.606(e) from \$25 to \$2,500 and eliminates the criterion that delivery is required within 10 days. Federal agencies will not be required to make purchases from FPI of products on FPI’s Schedule that are at or below this threshold.

**Item VI—Past Performance Evaluation of Federal Prison Industries Contracts.** This final rule requires agencies to evaluate Federal Prison Industries’ contract performance. This change will permit Federal customers to rate FPI performance, compare FPI to private sector providers, and give FPI important feedback on previously awarded contracts.

**Item VII—Contract Terms and Conditions Required to Implement Statute or Executive Orders—Commercial Items.** This final rule amends the clause at 52.212-5, Contract Terms and Conditions Required to Implement Statute or Executive Orders—Commercial Items, to ensure that certain required statutes enacted subsequent to FASA are included on the list.



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