

## Contracting Community Highlights



In keeping with the 50th anniversary theme of this issue of *Army AL&T* Magazine and the showcasing of evolutionary weapon technological capability through the years, I want to address some significant changes to the contracting mission. Technology evolution traditionally builds on previous capability, with each subsequent generation (upgrade) a natural progression to enhancement. Changes to contracting, however, are neither progressive nor sequential. They are often an abrupt change in statute, policy, regulation, and clause, which must be immediately interpreted and implemented by the contracting officer (KO) and specialist, and then articulated to the industrial and vendor base.

We have been, and continue to be, under a microscope on contracting. Specifically, during the past 2 years we have received guidance from, or have had to justify our contracting actions to:

- The President of the United States.
- Commission on Wartime Contracting (COWC).
- Office of Management and Budget (OMB).
- Congress.
- DOD Task Force on COWC.
- DOD Inspector General (IG).
- Department of Army IG.
- Special IG for Afghanistan Reconstruction.
- Special IG for Iraq Reconstruction.
- U.S. Army Audit Agency.
- Panel on Contracting Integrity.
- Commission on Army Acquisition and Program Management in Expeditionary Operations (Gansler Commission).

The President issued guidance on March 4, 2009, requiring greater emphasis on competition, the minimal use of no-bid contracts, and stipulations that the government will not engage in noncompetitive contracts without full justification. This memo marks the first time we received language from an administration regarding the proper mix of contractors and civilians in the federal workforce and the potential problem of inherently governmental duties being performed by contractors. Further, we must now clarify when government outsourcing for services is, and is not, appropriate.

OMB issued implementing guidance on the President's letter for Phase I on July 29, 2009, and for Phase II on Oct. 27,

2009. Phase I requires a 7-percent savings to baseline contract spending by the end of FY11 and a 10-percent reduction in the share of dollars obligated in FY10 for new contract actions. The administration set a net savings target of \$40 billion a year; each agency must develop a plan to save 3.5 percent in FY10 and an additional 3.5 percent in FY11.

Phase II provided implementing guidelines for increasing competition and structuring contracts, listing three questions with accompanying considerations to specifically address the questions during the contract pre- and/or post-award phases.

Another significant change in recent years is the *Weapon Systems Acquisition Reform Act (WSARA)*, signed into law May 22, 2009, which contains many initiatives affecting the acquisition community (see related article on Page 64). Of special interest to contracting professionals is the provision addressing organizational conflicts of interest (OCI). The *WSARA* requires the Secretary of Defense (SECDEF) to revise the *Defense Federal Acquisition Regulation Supplement (DFARS)* to provide "uniform guidance and tighten existing requirements for OCI by contractors in major defense acquisition programs."

The SECDEF was directed to consider recommendations from two sources: the DOD Panel on Contracting Integrity and a similar ongoing study by the Office of Federal Procurement Policy.

Recommendations from the Panel on Contracting Integrity addressed actions that program executive officers and program managers must take. Their recommendations for KOs require that offerors fully disclose all contracts and subcontracts they perform in support of an agency or organization whose requirements are being solicited for proposals; that OCI determination is made before awarding each contract and task order; and that annual OCI training occurs. The *Defense Acquisition Regulations Council* has drafted a proposed rule to the *DFARS* that is being reviewed by the appropriate regulatory offices within OMB.

Army contracting professionals are well trained and flexible. They react quickly to implement any mandated change. We keep ourselves apprised of the latest rulings and policies to maintain that professional edge. What will not change, however, are the values, integrity, and commitment we bring to the job as we continue to serve those who serve.

**Edward M. Harrington**

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## Defense Acquisition Regulations Council Corner

*Ann Budd*

On May 22, 2009, the *Weapon Systems Acquisition Reform Act (WSARA) of 2009* was signed into law. Two sections of this act—Section 202, *Acquisition Strategies to Ensure Competition Throughout the Lifecycle of Major Defense Acquisition Programs*, and Section 207, *Organizational Conflicts of Interest in Major Defense Acquisition Programs*—required the initiation of two *Defense Federal Acquisition Regulation Supplement (DFARS)* cases.

*DFARS Case 2009-D014* was initiated to implement Section 202 of the *WSARA*. This section directed the Secretary of Defense (SECDEF) to ensure that the acquisition strategy for each major defense acquisition program (MDAP) included measures to ensure competition at both the prime contract and subcontract levels of the program throughout its life cycle, as a means to improve contractor performance; and adequate documentation of the rationale for selecting the subcontractor tier or tiers. It also outlined the measures to ensure such competition. Furthermore, it required the SECDEF to take specific actions to ensure fair and objective “make-buy” decisions by prime contractors on MDAPs. Whenever a decision regarding the source of repair results in a plan to award a contract for performance of maintenance and sustainment of a major weapon system, actions are also required that will ensure that the resulting contract is awarded on a competitive basis with full consideration of all sources.

An interim rule was prepared with a request for comments. It outlined a new *DFARS* Subpart 207.106, *Additional requirements for major systems*. The rule was published in the *Federal Register (FR)* on Feb. 24, 2010, with public comments requested by April 26, 2010. Since no public comments were received, the *Defense Acquisition Regulations (DAR)* Council approved conversion of the interim rule to a final rule without change. The final rule was published Sept. 8, 2010.

The second *DFARS* case, *2009-D015*, was initiated to implement Section 207 of the *WSARA*. It required revisions to the *DFARS* to “provide uniform guidance and [tighten] existing requirements for organizational conflicts of interest by contractors in major defense acquisition programs.” The statute specified the minimum requirements to be incorporated into the regulation and required that the case developers consult with the DOD Panel on Contracting Integrity to ensure that its recommendations were considered during the case development. The panel’s recommendations were due to the SECDEF within 90 days after the enactment of the *WSARA*.

In addition, review and consideration were required of the findings and recommendations of the Administrator of the Office of Federal Procurement Policy and the Director of the Office of Government Ethics, pursuant to Section 841(b) of the *National Defense Authorization Act for Fiscal Year 2009, Review of Federal Acquisition Regulation Relating to Conflicts of Interest*.

This case was published in the *FR* on April 22, 2010, with a request for comments by June 21, 2010. Following receipt of a request from the Aerospace Industries Association to extend the deadline, the date was extended by 30 days. As of late summer 2010, comments were being compiled for submission to the appropriate *DFARS* committee to address. After the *DAR* Council reviews and analyzes the committee case report and the recommendations proposed therein, the council will determine whether the issuance of a final rule is appropriate.

The rules that result from both of the above cases will be published in the *FR* at a future date. To keep abreast of the two *DFARS* cases included in this article, go to <http://www.gpo.access.gov/fr/index.html> and browse the table of contents daily. The two *DFARS* rules will be published under the *DAR* system.

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## AbilityOne Base Supply Center Forges Win-Win Relationship with Fort Detrick Partners

*Jack Meikrantz*

On June 4, 2009, AbilityOne opened its 136th Base Supply Center (BSC) to serve the Fort Detrick, MD, community. One year later, nearly 20 of the installation’s 40-plus “mission partners” are regular customers. “Mission partners” are a specific group of primarily large, on-post organizations and customers that support the U.S. Army Medical Research and Materiel Command (USAMRMC) mission. The AbilityOne store also serves many other Fort Detrick tenants, such as the U.S. Department of Veterans Affairs, the U.S. Department of Homeland Security, and the National Cancer Institute; they are customers, but not mission partners.



Dan Bailey, Director of Federal Sales for IB Milwaukee, is seated with “Phelps.” Behind them are the Fort Detrick IB Express Store management team: from left, Assistant Manager George Leary, Manager Tim Selby, and Customer Service Expert Todd Thomas. The AbilityOne Program and the Fort Detrick IB Express Store are driven by their mission of providing jobs for the blind and severely disabled. (U.S. Army photo by Larry Sorcher, Fort Detrick Directorate of Plans, Training, Mobility, and Security.)

For many, the Industries for the Blind (IB) Express Store has quickly become the “go-to” source for competitively priced office and cleaning supplies, furniture, and personalized customer service. “It’s convenient; if they don’t have it, they get it faster and cheaper than anyone else—then, they deliver,” said Mary Lusby, U.S. Department of Agriculture Purchasing Agent.

“The products are good, competitively priced, and they always make things right,” said Eric Lesnow, Chief, Materiel Control Branch, U.S. Army Medical Research Institute of Infectious Diseases, the store’s largest customer. “I would support AbilityOne even if it weren’t a *Federal Acquisition Regulation* requirement.”

### Year-One Successes

Asked to assess first-year operations, IB Express Store Manager Tim Selby said, “We’ve been blessed. We opened our doors with very high expectations, and we’ve exceeded them all.” Selby explained that in-store sales (including calls, faxes, and e-mails) have increased for each of the last 9 months and have substantially exceeded initial sales projections. Internet sales, which were strong even before the store opened, have continued strong, and market penetration (the percentage of mission partners served) is approaching 50 percent.

“These are impressive year-one accomplishments,” noted Todd Hobart, Director of BSC East Division, which oversees six BSCs. “They are the direct result of our solution-oriented approach to customer service; store employees’ unwavering commitment to AbilityOne’s mission of generating gainful employment for visually impaired and severely disabled individuals; the support of the Fort Detrick and Forest Glen, MD, communities; and the steady leadership and support provided by USAMRMC and Fort Detrick Commander MG James K. Gilman, U.S. Army Garrison Commander COL Judith Robinson, and USAMRMC Principal Assistant Responsible for Contracting Dr. Paul Michaels.”

The store has seven employees, four of whom are legally blind. One of these employees, Karen Brake, the store’s inventory control associate, was the IB Express employee of the month in June. The newest employee is 42-year-old Stacey Goff. Blind since birth, Goff is beginning her first job as a merchandising associate. “She’s already a huge contributor,” said Selby. Brake and Goff are just two of the more than 43,000 blind and severely disabled Americans employed by the AbilityOne Program.

“Our Fort Detrick customers are driven by their mission of supporting the warfighter,” said Dan Bailey, Director of Federal Sales for IB Milwaukee. “They let us know early on that every dollar saved on products and services purchased from AbilityOne is a dollar they can use on research to support the warfighter. Similarly, the AbilityOne Program, and specifically the Post IB Express Store, are driven by their mission of providing jobs for the blind and severely disabled.”

“What’s neat about the IB Store’s relationship with Fort Detrick is that the success of AbilityOne’s mission is totally dependent on our ability to meet our customers’ needs, not just ‘wowing’ them with our capabilities and selling them stuff,” said Selby. He and his staff have demonstrated that AbilityOne can compete head-to-head against anyone’s prices, including the office super stores, and win nine out of 10 times.

### Future Expectations

Expectations for next year continue to run high. The 2011 walk-in sales are projected to increase substantially, while AbilityOne maintains current Internet sales levels. Also, the percentage of mission partners served is expected to increase from 50 to 75 percent. AbilityOne Milwaukee is developing a strategy to make this happen with input from Robinson and Michaels. Accomplishing these goals will generate the resources to hire at least two additional visually impaired employees, while increasing Fort Detrick’s contribution to AbilityOne’s job training and gainful employment programs nationally.

Fort Detrick was also selected to “test drive” the IB Express Mobile Store concept. Designed to save customers time with

on-the-spot sales at the customer's location, the Mobile Store is stocked with more than 125 top-selling products such as toner, writing implements, and paper.

"We expected the IB Express Store-Fort Detrick partnership to be a huge success even before the doors opened," said Hobart. "Fort Detrick has vigorously supported AbilityOne for nearly 10 years via its online e-commerce program. Typically, Internet sales take a big hit when we open a new store. Not only have Fort Detrick's Internet sales remained strong, but Fort Detrick continues to lead all IB Milwaukee BSCs in gross Internet sales, even though many of our BSCs are much larger."

In June, just 1 year after it opened, the Fort Detrick AbilityOne Store was selected by the National Industries for the Blind to be one out of eight cornerstone BSCs, of a total of 136, to be showcased as part of the 15th anniversary celebration of the national BSC program.

### AbilityOne History

The AbilityOne Program, formerly the Javits-Wagner-O'Day Program, was established by Congress in 1938. It is the country's largest source of employment for blind and severely disabled individuals. It coordinates the participation of 650 nonprofit agencies throughout the country that hire and train blind and severely disabled Americans to produce many of the products and services purchased by the federal government. The program operates at nearly 1,000 locations nationally, including 136 military bases.

The Fort Detrick IB Express store stocks more than 1,300 "in-demand" products, including office products, cleaning supplies, clothing, and mission-essential items. In addition, mission partners have access to more than 500,000 commercial products and services, ranging from information management and information technology to full "turn-key" furniture solutions, through AbilityOne's network of authorized manufacturers and distributors. Post customers are assured that all purchases from IB Express stores comply with federal procurement regulations.

Additional information about the AbilityOne Program is available at [www.abilityone.gov](http://www.abilityone.gov). Products and services can be purchased online through AbilityOne's e-commerce program at [www.basesupply.com](http://www.basesupply.com).

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## Contracting Lessons Learned and Used During Haiti Deployment

*Larry D. McCaskill*

Members of the U.S. Army Expeditionary Contracting Command (ECC) nullified potential problems during their contingency deployment to *Operation Unified Response*, the Haiti humanitarian assistance disaster relief mission that ended June 1, 2010.

The first ECC Soldier arrived in Haiti within 48 hours after the devastating 7.0 earthquake rocked the country on Jan. 12, 2010. The deployment provided opportunities to use lessons learned from previous military deployments, as well as to capture new ones.

During *Operation Unified Response*, ECC contracted for supplies, services, and equipment for military and federal responders, as well as Haitians affected by the earthquake. At one point, ECC helped to supply and deliver more than 15 million meals to the Haitian population within 10 days, establishing distribution points for families to receive 25- and 30-pound bags of rice, beans, and cooking oil. ECC contracting efforts also helped turn dangerous rudimentary shelters into areas with safer tents where water and meals were delivered on a routine basis. By the end of the mission, ECC had created more than 380 contracting actions valued at almost \$12 million.

"We took advantage of a lot of lessons learned from previous deployments," said BG Joseph L. Bass, Commander, ECC. "We didn't do these types of things early on in *Operations Enduring* and *Iraqi Freedom*. However, we learned those lessons and brought these capabilities to Haiti early on. We were very proactive from the beginning, deploying the right personnel mix needed to provide quality assurance, legal, policy, and other



During *Operation Unified Response*, ECC contracted for supplies, services, and equipment for military and federal responders, as well as Haitians affected by the earthquake. (U.S. Army photo.)

areas of expertise where we could address issues on the front end rather than after they've been done.”

Bass said actions such as establishing contracting reachback support stateside, bringing in logistics civil augmentation program planners in the early stages, and working with units to establish coalition and joint acquisition review boards were based on lessons from previous military deployments to Iraq and Afghanistan.

The concept of reaching back to contracting centers away from the Area of Operations was first used to support operations in Kuwait, Iraq, and Afghanistan. The Rock Island Contracting Center (RICC), IL, provided support on an on-call basis rather than as an active participant. This allowed contingency contracting officers (CCOs) to concentrate on immediate onsite requirements, leaving complex actions for the RICC.

“Learning from the past helped us deploy quicker and smarter,” Bass said. “Just as we gathered lessons learned from previous deployments, we have gathered some from the Haiti deployment that should help us the next time we have to deploy.”

### Further Improvements Identified

During the Haiti deployment, contracting officers (KOs) identified areas where challenges still existed, even as they responded to a host of immediate needs. “This is the first time the command has been involved in a disaster relief effort of this magnitude,” said John Hess, ECC, Principal Assistant to the Director, Mission Operations. The Joint Task Force-Haiti Regional Contracting Center developed contracts for latrine services; water; support to current facilities; vehicles; and other assets needed by military personnel supporting the relief effort.

As CCOs arrived in Haiti, they relied heavily on outside units and agencies for basic life support services. The immediate mission for the contracting Soldiers was obtaining the supplies and services needed by those providing the direct assistance to the Haitian people.

“The lack or limitation of resources within country, and the speed in which contracting requirements came in for action and award, was a challenge,” said LTC Lynda Royse, 410th Contracting Support Brigade.

“As with any disaster type-relief operation, there were immediate needs-type items,” Royse said. “As they [Combined Joint Task Force-Haiti responders] were planning, they were coming in with requirements needing a quick turnaround, usually for the next day.”

To ease the initial burden, ECC developed prepositioned deployable equipment packages for its contracting teams as part of an early-entry equipment capability.

Building upon lessons learned, it was determined that a contract review threshold should be established early to allow CCOs to adjust to the administrative requirements of contracting operations in a deployed environment. This would also allow oversight, management control, and quality control of high-dollar contract actions.

In addition, it was evident that the decision to issue a contracting warrant should be based upon the CCO's experience level. The fact that the simplified acquisition threshold increases from \$100,000 to \$1 million during a declared contingency operation does not mean that all CCOs should be issued a \$1 million warrant. Warrants should be issued based upon a CCO's contracting experience and the dollar size of actions needed to meet the mission. The bottom line: it takes time to train KOs and for them to gain experience.

Bass would also like to improve the ECC's reachback capabilities by creating standardized reachback support for contingency operations. “We're looking into the possibility of establishing a reachback center of excellence for global contingencies that would include creating points of contact [POCs] aligned regionally with the combatant command and the contracting support brigades,” Bass said. “There's a lot more to it, including integrating the reachback POC into our training events and exercises, creating a logistics planning team for contracting, and providing assistance for immediate and/or complex requirements.

“Moving forward means reviewing what we've done and how we have done it in the past, then reviewing it again and constantly using those lessons to better ourselves with each new challenge,” Bass concluded.

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## Unit Readiness Means Train and Train Some More

*MAJ Thomas Lutz*

The Commission on Wartime Contracting indicated in a 2009 interim report that there was an inadequate number of trained contracting officer's representatives (CORs) assigned to contractor oversight in Iraq and Afghanistan. In response to that report, the 413th Contracting Support Brigade (CSB), Fort Shafter, HI, a subordinate command of the U.S. Army Expeditionary Contracting Command, is doing its part to

ensure that deploying units go into theater with initial COR training. Additional specialized training unique to the COR's assigned contracts is accomplished in-theater, enabling the COR to effectively oversee contractor performance.

### Professional Development

The 413th CSB ended the second quarter of 2010 focusing on the professional development of contingency contracting officers (CCOs). The quarterly training is based on three tenets: contracting, leader development, and warrior development.

COL Michael Hoskin, 413th CSB Commander, kicked off the training with an Army contracting transformation update and lessons learned from contracting and reconstruction in a wartime environment. Other specific contracting-related tasks involved a detailed focus on predeployment advance echelon operations, market research, and COR program training.

The brigade benefited from joint training opportunities with participation from the U.S. Air Force's 15th Contracting Support Squadron, Joint Base Pearl Harbor-Hickam, HI, and the 1950th Contingency Contracting Team (CCT) of the Hawaii Army National Guard.

### Predeployment Training

The standards of conducting mission analysis, identifying requirements for deployment, and effectively preparing oneself and equipment for deployment helped CCOs provide immediate contracting support upon arrival in theater. In situations or exercises that allowed for site surveys and advanced liaison requirements, CCOs learned market research techniques to help them become better business advisors while conducting contracting support to tactical and operational forces.

Training CORs is one of the contracting officer's many responsibilities to ensure the oversight of contractor performance. The COR training re-emphasized the critical skills that units nominating CORs must consider, including the technical aspects, monitoring frequency, and monetary value of the requirement, to ensure that the COR's subject matter expertise and availability are commensurate with these factors.

The joint training provided substantial value as CCOs from different services participated in an open forum panel that provided newly assessed contracting Soldiers with feedback from CCOs who had multiple years of experience. More than 30 percent of the CCOs assigned to the 413th CSB have less than 6 months' contracting experience, making the discussion and the rest of the training even more essential.

### Tools and Topics

Throughout these classes, significant emphasis was placed on using *Contingency Contracting: A Joint Handbook for the 21st*



Combined training prepares CCOs to provide the best support possible to deployed forces. Here, 413th CSB Soldiers CPT Michael Deems (left) and MAJ Isaac Torres maneuver over the reverse climbing obstacle during training at Bellows Air Force Station, Waimanalo, Oahu, HI. (U.S. Army photo.)

*Century*. The handbook, a key training component and valuable resource, contains task checklists, training, templates, resources, tools, and other information essential for meeting the challenges faced by CCOs, regardless of mission or environment.

For leadership development, Hoskin reviewed manning and leadership opportunities for CCO career progression. SSG Artenillo Gutierrez, a CCO with the 617th CCT, Schofield Barracks, HI, emphasized the noncommissioned officer's role. The brigade also used this training to ensure that every CCO understood the brigade mission-essential task list, operational mission, contingency support, exercise support, and the way ahead to achieve fully operational capability status.

Completing warrior task training requirements was another focus of CCO professional development. This quarter's focus was training Soldiers on movement through an urban area, hand and arm signals, and room clearing. Additionally, all Soldiers participated in combatives training and a 13-station obstacle course.

The training concluded with an after-action review and an in-depth focus of CCO skills referred to as a "deep dive," to maximize future opportunities that lend themselves well to collective training. Topics such as government purchase card, unauthorized commitments, and sole-source justifications will be featured in future scenario-based training.

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