



Department of Energy

Washington, DC 20585

February 28, 2007

Teresa L. G. Lewis
U.S Small Business Administrator
Assistant Administrator
Office of Federal Contract Assistance
for Veteran Business Owners
409 Third Street S.W.
Mail Code 6520, 8th Floor
Washington, D.C. 20416

Dear Ms. Lewis:

Provided herewith is the Department of Energy (DOE)'s report of the implementation of the Service-Disabled Veteran-Owned (SDVOSB) Strategic Plan. The report consists of one enclosure. Enclosure (1) is the report in response to the requirement of Executive Order 13360. We are pleased to inform you that the DOE exceeded its FY 2006 SDVOSB prime contracting goal. We have identified our strategy, service-disabled veteran-owned small business prime contract achievement, training, prime and subcontract initiatives, impact statement, and recommendations.

Please feel free to contact me directly or my staffer, Nickolas A. Demer if you have any questions.

Very Respectfully,

A handwritten signature in cursive script that reads "Theresa Speake".

Theresa-Alvillar Speake
Director,
Office of Economic Impact and Diversity

Encl:



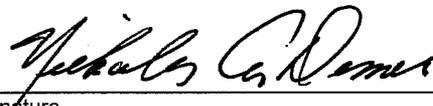
Reporting Requirements in Accordance with Executive Order (EO) 13360
February 28, 2007

Consistent with Section 2(b) of Executive Order 13360, this report, requested by the Small Business Administration (SBA), has been prepared in accordance with the report format provided in Appendix 1. This report covers fiscal year (FY) 2006 – October 1, 2005 through September 30, 2006.

Part 1 - Agency Information

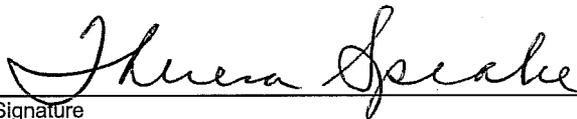
- U.S. Department of Energy
- Samuel W. Bodman, Secretary of energy
- 1000 Independence Avenue, S.W.
Washington, D.C. 20585

- **Person Preparing the Report**
Nickolas A. Demer
Senior Procurement Analyst
Office of Small and Disadvantaged Business Utilization (OSDBU)
202-586-1614
Nickolas.Demer@Hq.DOE.Gov



Signature

- **Designated Senior-level Official**
Theresa Alvillar-Speake
Director, Office of Economic Impact and Diversity
202-586-8383
Theresa.Speake@Hq.DOE.Gov



Signature

Part 2 - Agency Strategy. Please explain the strategies implemented by your agency to meet the Government-wide goal of participation by Service-Disabled Veteran-Owned Small Business (SDVOSB)s in at least 3 percent (%) of the total value of all prime contract and subcontract awards, as required by under Section 15(g) of the Small Business Act (15 U.S.C. 644(g)).

Agency Strategy:

The actions below provide opportunities for SDVOSB concerns to significantly increase their contracting and subcontracting with the Department of Energy:

1. **Secretarial Policy Letters:** The Department has issued two Secretarial policy letters dated July 15, 2004 and June 7, 2005, endorsing the procurement authority in Section 308 of the Veterans Benefit Act of 2003 and launching EO 13360 to meet the SDVOSB government-wide goal of 3%, respectively.
2. **Desk Reference for small business program managers (SBPMs):** The OSDDBU has prepared a comprehensive loose leaf bound SBPM Desk Reference which is a working guide to headquarters and field SBPMs on the implementation of small business programs. This document includes a separate section on the SDVOSB Program.
3. **Policy Flash:** On August 23, 2005, the Office of Procurement Policy issued a *Policy Flash* on "How to Increase Awards to SDVOSBs" (see Appendix 5).
4. **Acquisition Letter:** On June 10, 2005, the Office of Procurement Policy issued an *Acquisition Letter* (AL) on the implementation of "Small Business Programs". The AL includes a section on procuring with SDVOSB concerns.
5. **HCA Letter:** On August 19, 2005, the Head of the Headquarters (HQ) Contracting Activity (HCA) issued a Letter emphasizing outreach to SDVOSB concerns when conducting market research.
6. **Incorporation of SBA's Recommendations to Strategic Plan:** By letter dated August 16, 2005, Theresa Alvillar-Speake, OSDDBU Director and DOE EO 13360 Senior level Designated Official acknowledged and incorporated the Small Business Administration (SBA)'s recommendations to the DOE Strategic Plan.

7. Incorporate SDVOSB Concerns in SDVOSB Database: The OSDDBU expanded the current customized DOE small business database to incorporate and identify SDVOSB's for use by program offices, procurement officers and prime contractors proposing acquisitions. (<https://hqlnc.doe.gov/Contacts>).

- Approximately 450 SDVOSB concerns identified in a General Services Administration (GSA) catalog ("Is your agency doing its part for veterans?") as Federal Supply Schedule (FSS) contract holders were incorporated in our database. This addition, in conjunction with the August 19, 2005 HCA letter launched a best practice to HQ procurement personnel, that when placing task orders under FSS contracts at least one SDVOSB concern must be solicited.

8. Utilization of Vetbiz.Gov: Promote the utilization of the Department of Veteran Affairs' (VA) website at <http://VIP.vetbiz.gov/search/default.asp> and the Association of Service Disabled Veterans' (ASDV) website at <http://www.asdv.org> in conducting market research to identify SDVOSBs.

- The August 19, 2005 HCA Letter recommends the use of the Center for Veterans Enterprise (CVE) website at <http://www.vetbiz.gov> when looking for sources. Moreover, the DOE OSDDBU website (<https://smallbusiness/doe.gov>) includes links to SBA's Office of Veterans Business Development and to the Association of Service-Disabled Veterans (ASDV).

9. Secretarial Small Business Award: Incorporate an award category to SDVOSB concerns as prime and subcontractors in the Secretarial Small Awards program.

Awards will be presented to two SDVOSB concerns for outstanding performance as a prime and subcontractor of the year.

Team: Include SDVOSB organization(s) as a part of DOE SB team.

2. John K. Lopez, Chairman of the ASDV, is a member of the DOE SB Advisory Team. The Advisory Team consists of members of small business organizations that provide guidance and a referral service about DOE's contracting opportunities. The team includes representatives from each of the small business socio-economic groups for which DOE has procurement goals.

11. SDVOSB Panel: Include a SDVOSB component in the Annual DOE Small Business Conference.

** new award categories*

3. During the period of June 27-30, 2006, the OSDBU hosted the DOE Seventh Annual Small Business Conference in Seattle, Washington. Over 1,400 contractors and government personnel attended the conference. At the conference, Nickolas Demer, OSDBU SDVOSB Advocate, hosted an SDVOSB panel consisting of several SDVOSB Chief Executive Officers. The panel informed approximately 75 SDVOSB firms on (1) business development, (2) how to succeed in the Federal Government arena, and (3) how to do business with the DOE.

12. Outreach: Participate in conferences primarily dedicated to reaching SDVOSB firms. The OSDBU has placed announcements in the Veterans Business Journal.

13. SDVOSB Advocate: Designate an OSDBU staffer as the Point of Contact for the program.

14. Prime Contracting:

- Incorporate SDVOSB goals as part of the Department's overall SB prime contracting goals negotiated with the SBA and in all achievement reports prepared by DOE.
- Incorporate achievements of SDVOSB goals as a performance element in the annual evaluation plan of the officials who influence the acquisition process.
- Development of an Advanced Planning Acquisition Team (APAT). The APAT is a team of Directors from Procurement, Requirement Program Offices, OSDBU, and the SBA Procurement Center Representative (PCR). The purpose of the APAT is to review high dollar procurements during the acquisition planning stage, while the acquisition plan is still in deliberation, in order to maximize the identification of identify small, socio-economic, and SDVOSB business opportunities at the earliest time possible.
- OSDBU review of all procurement equal to and exceeding \$3 Million for small, socio-economic, and SDVOSB business opportunities.
 - (1) Development of a current Small Business Review Form (DOE F 4220.2) that is utilized by (1) Procurement to ensure all procurements over the simplified threshold have been scrutinized by the SBA-PCR for small, socio-economic, and SDVOSB business opportunities and (2)

the OSDBU to ensure that procurements equal to and greater than \$3.0 Million and have been scrutinized for small, socio-economic, and SDVOSB business opportunities to the maximum extent possible.

- Develop justification(s) for SDVOSB sole source acquisition, as appropriate.
- Include a prime contractor's past performance in contracting with SDVOSB's as an evaluation factor in solicitations.
- Develop a customized DOE database to be used by program offices and procurement officers and encourage the utilization of the Department of Veteran Affairs' (VA) website at <http://VIP.vetbiz.gov/search/default.asp>, the Association of Service Disabled Veterans' (ASDV) website at <http://www.asdv.org>, and the DOE OSDBU's database at <https://hqinc.doe.gov/Contacts> to search for responsible SDVOSB concerns.

15. Subcontracting:

- Incorporate SDVOSB goals as part of the Department's overall SB subcontracting goals negotiated with the SBA.
- Provide all DOE prime contractors with the DOE subcontracting goals negotiated with SBA and require that these goals be included in all subcontracting plans.
- DOE's facility management contractors (FMC) which include the National Laboratories, spend about 86 % of DOE's total procurement base. These FMCs have performance-based contracts with incentives to achieve and or exceed their subcontracting goals. The incentives affect additional performance term or award fee. The incentives are in consonance with Federal Acquisition Regulation (FAR) 52.219-10, Incentive Subcontracting Program. DOE's FMCs are strongly encouraged to agree to the Departmental Subcontracting Goals negotiated with the SBA as the floor agreement in their subcontracting plan. On-site small business program managers review all FMC subcontracting plans. The OSDBU reviews all FMC subcontracting plans that are non-compliant with the Departmental Subcontracting Goals.
- The DOE Office of Procurement Policy along with advice from the OSDBU developed "Section H" special contract provisions that require contracting officers to review all subcontracts that come to completion for conversion as breakouts for prime contract

possibilities or for conversion to small, disadvantaged, and SDVOSB business subcontracts.

- The DOE Office of Procurement Policy along with advice from the OSDDBU developed "Section H" special contract provisions that require FMCs to have at least one Mentor-Protégé contract for the entire contract term. The purpose of this clause is to encourage mentoring with small disadvantaged including SDVOSB concerns.
- The OSDDBU developed a subcontracting guidelines manual that delineates the division of labor for negotiating contracting goals, reviewing subcontracting plans, and performing subcontract plan audits.
- The OSDDBU is in process of establishing a SDVOSB pilot program permitting departmental facility management contractors to sole source to SDVOSB concerns.

16. Education, Training, and Outreach:

- Ensure all program element heads, acquisition personnel (including contracting officers) and small business managers are aware of the SDVOSB laws and regulations through the DOE Acquisition Letters, Flash announcements and other communications.
- Require all departmental contracting personnel to successfully complete, as needed, the SDVOSB utilization on-line course provided by the Defense Acquisition University (DAU).
- In-house training presentations to small business program managers and procurement personnel, prepared by the Office of Procurement Policy, on Section 308 of the Veterans Benefit Act of 2003, FAR Part 19.1400, and E.O. 13360.
- Provide SDVOSB concerns with technical assistance to assist them in getting certified by the SBA, as 8(a) or HUBZone or in getting on the General Services Administration (GSA) federal supply schedules.
- Any other needs such as loans, bonding, staffing, and security clearances can be obtained from the SBA, Veterans Administration (VA), or the procurement technical assistance centers (PTACS).
- Meet with the SBA and Association of Service Disabled Veterans on a quarterly basis to discuss progress on the utilization of SDVOSB concerns.

The report format requires discussion for Parts 3 through 8 if discussion was not already included in Part 2.

Part 3: In accordance with Section 2 of E.O. 13360, paragraph (e)(ii), please explain the accomplishments by your agency to encourage and facilitate participation by SDVOSBs in competitions for award of agency contracts. Include any outreach efforts made by your agency to enter into contracts with SDVOSBs.

1. The FY 2006 DOE SDVOSB prime contract achievement was \$158,987,867¹. This amount represents 0.7% of DOE total prime contract obligations. The SDVOSB group has had the largest increase in prime contracting achievement of all of the socio-economic small business groups from FY 2005 to FY 2006 (see Appendix 2). Appendix 2 is a FPDS-NG ad hoc report that illustrates the SDVOSB number of actions, obligations, and extent competed. The DOE obligated over \$102 Million to actions reserved exclusively for SDVOSB participation. Moreover, the DOE obligated over \$3.6 Million to SDVOSBs on a sole source basis.
2. The Department hosts a matchmaking session at each annual small business conference.
3. The OSDDBU hosts an SDVOSB panel at its annual small business conference consisting of several SDVOSB executives informing the audience on business development practices.
4. The OSDDBU provides small business program managers as exhibitors to support SDVOSB conferences.

Part 4: In accordance with Section 2 of E.O. 13360, paragraph (e)(iv), please describe the training provided to agency personnel, including contracting officers and program managers.

1. Refer to Part 2, Section 16, herein.

Part 5: In accordance with Section 2 of E.O. 13360, paragraph (e)(iii), agencies shall encourage contractors to subcontract with SDVOSBs and actively monitor and evaluate contractor's efforts. Please explain you agency's efforts to encourage prime contractors

¹ This data was based on an FPDS-NG ad hoc Report generated February 1, 2007. The FPDS-NG database is continuous running of total obligations and deobligations. It does not freeze data for future referrals.

in achieving the 3 % subcontracting goal for SDVOSBs.

1. Refer to Part 2, Section 15, herein.

Part 6: Impact Statement: What is the impact of your actions? Provide a brief, clear summary of the result of your agency's efforts. Explain how your agency's efforts address a specific problem/challenge. Explain the reportable differences your agency has made SDVOSBs. Provide actual impact once a strategy is completed. If objectives have not been accomplished, report intended or potential impact.

1. In FY 2006, SDVOSBs were awarded prime contracts with obligations equaling \$158,964,867. This represents 0.7% of total obligations.

From FY 2002 (the first year federal agencies were required to collect SDVOSB achievements, PL 106-50) through FY 2006 the DOE increased its SDVOSB achievement from 0.01% to 0.71%. This reflects a "7,000 percent-increase²". In terms of dollars, the SDVOSB achievement increased from \$1,350,000 in FY 2002 to \$156,421,000³ in FY 2006. This equates to a "1, 187 percent-increase". The percent-increases in SDVOSB achievement over the past five years has been astronomical considering that DOE's total prime small business DOLLAR achievement during the same time period increased by only 100% (\$591,000 in FY 2002 to \$1.2 Billion in FY 2006). The SDVOSB group has had the largest increase in prime contracting achievement of all of the socio-economic small business groups. The reasons contributing to this increase are:

- In FY 2006, the Office of Environmental Management awarded remediation contracts to SDVOSB joint ventures exceeding \$165 million.
- The DOE OSDBU sponsors a Veterans panel at its annual small business conference. The panel consists of several SDVOSB executives that inform the audience on business development practices.
- The OSDBU has included several hundred SDVOSB concerns in our OSDBU database that are on Federal Supply Schedules (FSS).
- The OSDBU counsel on SDVOSB concerns on a one-to-one basis on how to do business with DOE.
- The OSDBU hosts a panel on business development at DOE's annual SB Conferences.

² Percent-Increase is illustrated as the quotient of $((0.71\% \text{ less } 0.01\%) + 0.01\%)$ multiplied by 100.

³ This figure was based on FPDS-NG data generated December 5, 2006.

- We provide small business program managers as exhibitors to support SDVOSB conferences.
- We have SDVOSB protégés that are being mentored by our facility management contractors.
- The OSDBU hosts a match making session at the DOE annual small business conference.

Part 7: If strategies and goals have not been met, please explain. Also, provide any additional efforts that should be or that your agency is planning to make to increase contract awards to SDVOSBs.

1. The Department of Energy negotiated its FY 2006 SB prime and subcontracting goals with SBA. The FY 2006 negotiated SDVOSB prime contracting goals were 0.04 and 1.3%, respectively. The FY 2006 DOE SDVOSB prime contracting achievement was 0.71%⁴. We do not have complete FY 2006 subcontracting achievement data from the eSRS at this time. The DOE indeed exceeded its FY 2006 SDVOSB negotiated prime contracting goal by “1,685” percent-increase⁵. The SDVOSB group has had the largest increase in prime contracting achievement of all of the socio-economic small business groups.
2. At this time, there is one more additional effort strategized by the OSDBU to increase SDVOSB awards. In the future, we plan to administer a survey to program elements and field offices to check current knowledge and awareness of Section 308 of the Service Benefit Act of 2003 and proper implementation of FAR 19.14.

Part 8: Please provide any recommendations that you may have to improve the implementation of the SDVOSB Program.

1. **Lowest priority** in the hierarchy of small business set-aside authorities:
 - Even though EO 13360 encourages procurement personnel to contract with SDVOSBs to meet the three (3) % statutory SDVOSB goal, it does not require set-asides for SDVOSB concerns⁶ or change the Section 308 of the Veterans Benefit Act of 2003, Public Law (PL) 108-183.

⁴ FPDS-NG Report, run date October 17th, 2006

⁵ Percent-Increase is illustrated as the quotient of $((0.71\% \text{ less } 0.04\%) \div 0.04\%)$ multiplied by 100.

⁶ Section 9(d) of EO 13360 states, “This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, instrumentalities, its officers, employees or agents, or any person”.

2. **Accessibility:** Procuring through FSS and/or GWACs (ref. FAR 8.002) is a priority over the authority for use of sealed bidding (ref. FAR 14), negotiated contracts (ref. FAR 15), and small business set-aside regulations (FAR 19). Therefore, unless SDVOSB firms become FSS and/or GWAC contract holders, the risk of losing procurement opportunities to 8(a) and HUBZone concerns is very high.

3. **Limited Opportunities for Information Technology (IT) at DOE:** On December 5, 2005, award of the Letter of Obligation (LOO) to the Federal Most Effective Organization (MEO) and the contract to its private sector partner, Energy Enterprise Services LLC, an 8(a) firm. This award is intended to create a single IT technology infrastructure throughout the Department, thereby limiting IT contract awards.



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

FEB 15 2006

Ms. Theresa Speake, OSDDBU
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Ms. Speake:

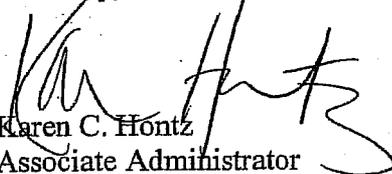
On July 20, 2005, the U.S. Small Business Administration (SBA) forwarded to each Federal Agency the result of our review of each Agency's implementation strategy, in accordance with Executive Order 13360 (E.O. 13360). We also included the annual reporting requirements that were to be submitted to SBA no later than November 30, 2005. However, many Agencies' Veterans Program Managers asked that SBA reconsider some of the data that was requested. Therefore, we extended the submission date to December 31, 2005.

On December 1, 2005, we met with representatives of the E.O. 13360 Working Group to discuss the reporting requirements. After careful consideration, we have revised the reporting requirements for Fiscal Year 2005, as attached. We have also extended the reporting date to February 28, 2006.

Once we review the data that is collected, we will determine if additional information will be needed to meet our statutory reporting requirements. These requirements include collection of information concerning the procurement practices and procedures of each department and Agency having procurement authority; publication and dissemination of such information to procurement officers in all Federal Agencies; and making such information available to any small business concern requesting such information. We will also use the data collected in our annual report to the President.

If you have any questions regarding this matter, please contact Teresa Lewis, Assistant Administrator for Federal Contract Assistance for Veteran Business Owners at (202) 619-1624.

Sincerely,


Karen C. Hontz
Associate Administrator
Office of Government Contracting

Enclosure

cc: Honorable Samuel W. Bodman



**Reporting Requirements
in accordance with
Executive Order 13360,
Contracting with Service-Disabled Veteran' Businesses**

In accordance with Executive Order 13360, Federal Agencies are required to report annually to the U.S. Small Business Administration (SBA) their progress towards accomplishing goals and objectives, as stated in each Agency's strategic plan. These reports will allow SBA to formulate and strengthen its policies and programs that support service-disabled veteran-owned small business concerns (SDVO SBCs). These reports will also be used to promote the good work that each Agency is doing to assist SDVO SBCs with succeeding in the Federal procurement arena.

The reports will be disseminated to Congress, the President, and the general public. Reporting will allow your Agency to assess progress, performance and achievements towards increasing the number of service-disabled veterans awarded Government contracts. It will assist the Agency with developing future programs, projects and policies that affect service-disabled veterans. Reporting will serve as an opportunity to evaluate your projects and make improvements, where necessary. It will also facilitate networking among service-disabled veterans and other Federal agencies.

The report should cover the period of October 1, 2004 – September 30, 2005 and should be submitted in the following format:

Part 1: Agency Information:

- **Department or Agency**
- **Name of Agency Head**
- **Agency Address**
- **Person Preparing Report** (name, title, phone number, e-mail address, and signature)
- **Designated Senior-level Official** (name, title and signature)

Part 2: Please explain the strategies implemented by your Agency to meet the Government-wide goal of participation by SDVO SBCs in at least 3 percent of the total value of all prime contract and subcontract awards, as required under Section 15(g) of the Small Business Act (15 U.S.C. 644(g)).

If the following areas were not already included in Part 2 of the report, please ensure that you discuss the following:

Part 3: In accordance with Section 2 of E.O. 13360, paragraph (e)(ii), please explain the accomplishments by your Agency to encourage and facilitate participation by SDVO SBs in

competitions for award of agency contracts. Include any outreach efforts made by your Agency to enter into contracts with SDVO SBCs.

Part 4: In accordance with Section 2 of E.O. 13360, paragraph (e)(iv), please describe the training provided to Agency personnel, including contracting officers and program managers.

Part 5: In accordance with Section 2 of E.O. 13360, paragraph (e)(iii), Agencies shall encourage contractors to subcontract with SDVO SBCs and actively monitor and evaluate contractors' efforts. Please explain your Agency's effort to encourage prime contractors in achieving the 3 percent subcontracting goal for SDVO SBCs.

Part 6: Impact Statement: What is the impact of your actions? Provide a brief, clear summary of the result of your Agency's efforts. Explain how your Agency's efforts address a specific problem/challenge. Explain the reportable differences your Agency has made for service-disabled veteran-owned small businesses. Provide actual impact once a strategy is completed. If objectives have not been accomplished, report intended or potential impact.

Part 7: If strategies and goals have not been met, please explain. Also, provide any additional efforts that should be or that your Agency is planning to make to increase contract awards to SDVO SBCs.

Part 8: Please provide any recommendations that you may have to improve the implementation of the Service-Disabled Veteran-Owned Small Business Program.

These reports should be forwarded via e-mail in *pdf* format to Teresa Lewis at teresa.lewis@sba.gov and Michael Gerich at mgerich@omb.eop.gov. If you have any questions regarding the above reporting requirements, please contact Ms. Lewis directly.

SDVOSB Competition 2006

Description:
Filters: Contracting Department ID only show values equal to '8900', Is Vendor - Service Disabled Vet only show values equal to 'YES'

Contracting Department ID	Is Vendor - Service Disabled Vet	Extent Competed	Action Obligation	Actions
8900	YES	COMPETED UNDER SAT	\$249,501	20
8900	YES	COMPETITIVE DELIVERY ORDER	\$8,748,093	27
8900	YES	FOLLOW ON TO COMPETED ACTION	\$495,549	9
8900	YES	FULL AND OPEN COMPETITION	\$18,086,120	39
8900	YES	FULL AND OPEN COMPETITION AFTER EXCLUSION OF SOURCES	\$102,225,401	44
8900	YES	NOT AVAILABLE FOR COMPETITION	\$3,354,884	29
8900	YES	NOT COMPETED	\$228,779	11
8900	YES	NOT COMPETED UNDER SAT	\$55,308	7
8900	YES		\$25,521,233	12
Sum			\$158,964,867	198