

October 4, 2001

The Honorable Angela B. Styles
Administrator
Office of Federal Procurement Policy
Office of Management and Budget
Washington, D.C. 20503

Dear Ms. Styles:

This letter is to provide the results of the U.S. Nuclear Regulatory Commission's (NRC) "Focused Source Selection" pilot project and to request your authorization under 41 U.S.C. 413 to continue testing these procedures. The Office of Federal Procurement Policy initially authorized the NRC to conduct this interactive, web-based electronic commerce project under Section 5061 of the Federal Acquisition Streamlining Act. Our test began on December 17, 1999, and concluded when authorization expired on January 01, 2001. The test website is http://www.nrc.gov/ADM/CONTRACT/demo_pg1.html.

Our test was limited to management and support services requirements over the simplified acquisition threshold. During the "Focused Source Selection" project, the NRC awarded four management and support services contracts with a total estimated life cycle value of \$9,403,519. Using the test procedures, the NRC was able to determine early in the procurement process which companies had the best chance for award based upon non-priced capability statements. The pilot project successfully achieved acquisition efficiency and cost savings for the NRC and its business partners. The process also successfully achieved fairness without sacrificing the quality of management and support services needed by the NRC staff.

- Innovations used by the "Focused Source Selection" pilot tests decreased procurement acquisition lead time more than fifty days. All businesses were given immediate Internet access to the NRC's draft Statement of Work and simplified past performance evaluation criteria on the same day the requirement was synopsised in the *CBDNet*. This information helped a business quickly decide if their capability to perform a resultant contract justified the investment of time and resources required for a competition. Businesses deciding to compete did so through electronic submittal of a non-priced past performance statement demonstrating their qualifications to perform the draft Statement of Work. Because the process required little or no investment, it served as an incentive for small businesses to compete.
- The NRC negotiated savings that exceeded negotiated savings on similar contracts by an average of 12 percent. The NRC evaluated these past performance statements and selected the three highest-ranked firms to submit cost and limited technical proposals. Negotiations focused on the single top-ranked proposal offering the best integrated technical/cost value to the agency.

Businesses and agency technical evaluators gave “Focused Source Selection” procurements high customer service ratings.

- Small businesses felt that the pilot test’s most beneficial aspect was the past performance evaluation phase that allowed them to compete solely on their credentials.
- Businesses responded that the source selection procedures were quicker and much easier to follow than the standard Federal solicitation procedures.
- Businesses noted that the test’s website was easy to navigate, that the on-line directions were easy to follow, and that the on-line forms were easy to use.
- The agency’s technical evaluators appreciated the pilot test’s down-select process that allowed them to focus on a firm’s capability to perform the contract requirements successfully.
- Technical evaluators also appreciated the simplified procedures. Technical evaluators noted that the simplified procedures enabled them to receive the high quality services they needed quickly and freed them up to manage ongoing projects better.

Due to the limited time and scope of this web-based project, we would like to extend it for two additional years. We would report the test results to your office annually. During this two-year period, we would like to have the opportunity to apply these procedures when other available procedures do not offer equivalent efficiencies and cost savings. We would exclude construction projects and those projects in which an initial screening of past performance information would not produce the desired procurement result. Such an expansion would be consistent with the Office of Management and Budget’s directive to all agencies to expand their electronic commerce objectives and to encourage the business community to become involved as the agency’s business partner at the very outset of agency procurements.

The NRC has carefully considered other streamlining options currently offered under the Federal Acquisition Regulation (FAR). We have determined that these options are not comparable to the innovative web-based streamlining procedures implemented as a part of our “Focused Source Selection” pilot project. For example, the combined synopsis process permitted by FAR Part 12 could not have been used for any of the procurements included in the test so far. The advisory multi-step process prescribed in FAR 15.202 does not allow interested businesses to concurrently comment on a proposed statement of work and submit a proposal, and does not allow an abbreviated non-priced capability statement as the basis of the down-selection. As evidenced by the comments received (see above), the business community and the NRC have benefitted from these “Focused Source Selection” features.

The following is a list of regulations, including those required by law, for which a waiver is necessary for the successful continuation of the “Focused Source Selection” pilot program:

- For those limited cases where non-commercial contracts will result, the time standards set forth in FAR 5.203, which implements the Office of Federal

Procurement Policy Act (41 U.S.C. 416(a)(3)) and the Small Business Act (15 U.S.C. 637(e)(3)) in order to waive the 15-day period and structure a process that allows for flexible deadlines for preparation and submission of materials by interested parties.

- FAR 5.207(c)(2)(xv), which implements the Office of Federal Procurement Policy Act (41 U.S.C. 416(b)(4)) and the Small Business Act (15 U.S.C. 637(f)(4)) which requires that presolicitation notices include a statement that, "all responsible sources may submit a bid, proposal, or quotation (as appropriate) which shall be considered by the agency."
- FAR 6.003, which defines "full and open competition" to mean that all responsible sources are permitted to compete, implementing the Office of Federal Procurement Policy Act (41 U.S.C. 403(6)), and FAR 6.101, implementing the policy of full and open competition set forth in the Federal Property and Administrative Procedures Act (41 U.S.C. 253).
- FAR 15.306(d), which requires negotiations with all offerors in the competitive range implementing the Federal Property and Administrative Procedures Act (41 U.S.C. 253b(d)(1)(A)) and FAR 15.306(c) which effectively requires consideration of cost in making down-select decisions.

A successful acquisition program requires an environment of mutual respect and trust. From the first day, the "Focused Source Selection" pilot test encourages the agency's acquisition and technical staff to interact with each other informally and also with the business community to establish that mutual respect and trust. As the results above illustrate, the "Focused Source Selection" pilot test allows the business community, the agency, and ultimately the taxpayer to benefit from this new acquisition culture and commitment to change.

We look forward to hearing from you. We will be happy to discuss our pilot program and request with you and your staff. Timothy F. Hagan, Director, Division of Contracts and Property Management, is available on 301-415-7305, to answer any questions your staff may have regarding our request.

Sincerely,

/RA/

Patricia G. Norry
Deputy Executive Director
for Management Services

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Mutual respect and trust are hallmarks of a successful acquisition organization. From the first day, the "Focused Source Selection" pilot test encouraged the agency's acquisition and technical staff to interact with each other informally and also with the business community to establish that mutual respect and trust. As the results above illustrate, the "Focused Source Selection" pilot test allowed the business community, the agency, and ultimately the taxpayer to benefit from this new acquisition culture and commitment to change.

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 Patricia G. Norry
 Deputy Executive Director
 for Management Services

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